



CALSTRS

MOVING AHEAD

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
A COMPONENT UNIT OF THE STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CALSTRS[®]

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

A Component Unit of the State of California
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2014

Prepared by CalSTRS staff

▶ MISSION

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

▶ STRATEGIC GOALS

Financial

Ensure a financially sound retirement system.

Risk Management

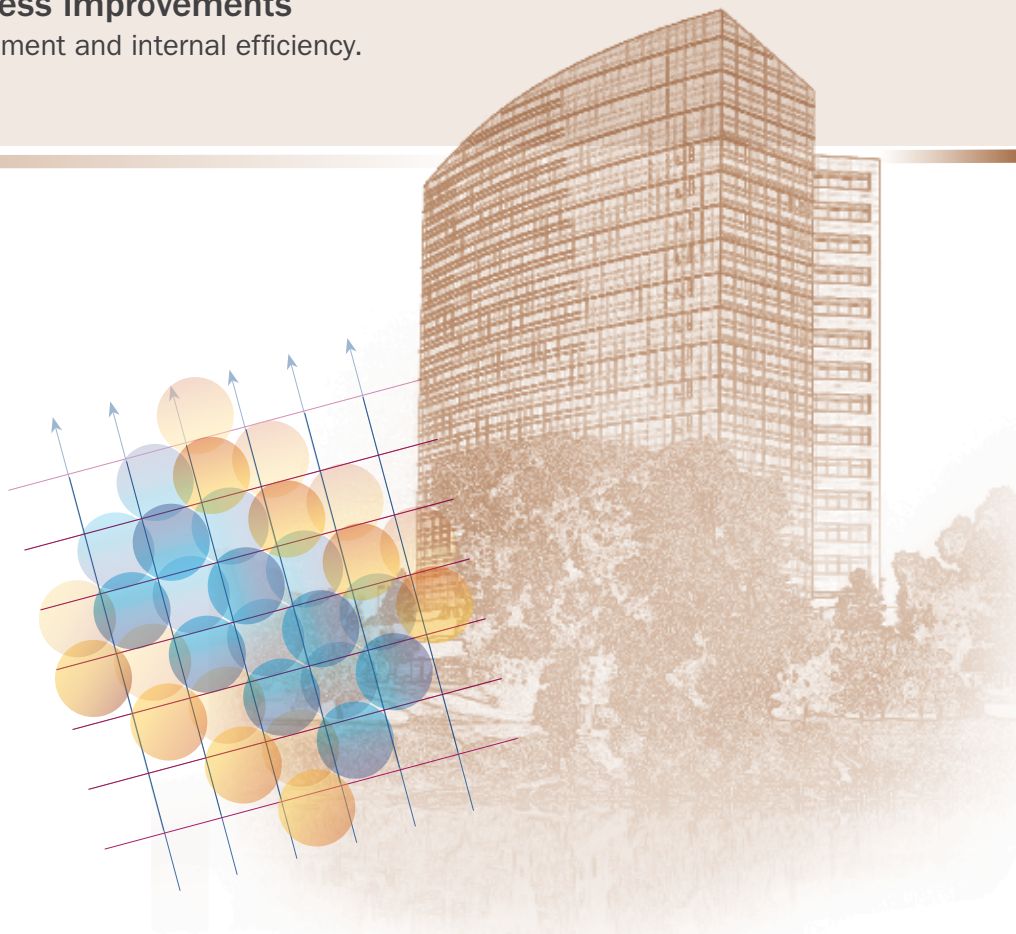
Responsibly manage risk to the organization.

Member/Customer

Enhance services to members and customers.

Workforce and Process Improvements

Improve the work environment and internal efficiency.



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



December 19, 2014

The Comprehensive Annual Financial Report issued by the California State Teachers' Retirement System details the system's performance for the fiscal year ending June 30, 2014. One year following its centennial anniversary in 2013, CalSTRS has experienced yet another historic milestone.

In June 2014, the Legislature passed and Governor Edmund G. Brown Jr. signed into law Chapter 47, Statutes of 2014 (Assembly Bill 1469–Bonta), which establishes a statutory solution to fully fund the CalSTRS Defined Benefit Program. This tremendous accomplishment concludes a nearly decade-long effort to bridge the \$73.7 billion unfunded actuarial liability as of June 30, 2013, and sets the program on a sustainable course.

Funding History

As a financial services organization, CalSTRS history dates back to 1913. In its 101 years, CalSTRS has weathered the ups and downs of a variety of financial markets. Deficiencies in funding often overshadowed the Defined Benefit Program. Until 1972, CalSTRS operated on a pay-as-you-go basis.

However, increased contributions from the state beginning in 1990, together with a balanced portfolio administered with the patience of a long-term investor, sustained a period of growth for the fund. Ultimately, this put CalSTRS in a strong financial position. In 2000, and for the first time in CalSTRS' history, the program was more than 100 percent funded. Unfortunately, this financial standing did not last.

While CalSTRS' assets were at an all-time high at the beginning of the past decade, and more than adequate to meet future obligations, the downturns that occurred with the dot-com bust in 2001 and the Great Recession in 2008 led to lower than expected investment returns. In fiscal year 2009, the fund experienced a 25 percent loss. While this event alone was a devastating experience, it is the loss of an entire 10-year period—from 2000–2010—that severely harmed the Defined Benefit Program funded status.

For the first time, CalSTRS could project that, even if the investment portfolio could consistently earn its investment return assumption, the fund would still deplete its assets in about 30 years. Thus, assumed market gains in future years would not be sufficient to address such significant losses. A change in the program funding and contribution rates from all parties would be required to reach adequate funding.

For many pension plans, responses to losses of this magnitude would typically be accompanied by an adjustment in pension funding. Although the Teachers' Retirement Board is responsible for administering CalSTRS and assessing the financial state of the system, contribution rates for the program are set in statute. Unlike other pension funds in California, the board lacked the authority to adjust contribution rates and had to rely on a legislative remedy instead.

Lacking the authority to adjust contribution rates, CalSTRS began what would become a comprehensive effort to educate the Legislature, the Administration and influential stakeholders on the need to address the unfunded liability. For close to a decade, CalSTRS conducted extensive legislative, media and stakeholder briefings, and engaged in very public board discussions with a consistent message: absent any changes in contribution rates or liabilities, current calculations projected that the program would deplete its assets in about 30 years.

It took many years to cultivate the alignment of interests necessary to achieve a legislative plan that would address the CalSTRS funding shortfall. The succession of complex issues that surrounded this effort also placed tremendous importance on CalSTRS' transparency throughout this process. The needs of the CalSTRS Defined Benefit Program often competed with constrained government budgets.

Funding Plan Enacted

This year, consensus recognition of the need to stabilize CalSTRS' funding emerged with the enactment of the funding solution detailed in Assembly Bill 1469. The shared-responsibility plan gradually increases contribution rates from all plan contributors by an amount that is projected to fully fund the Defined Benefit Program in about 32 years.

The initial increases in employee, employer and state contributions took effect July 1, 2014, and will continue to rise incrementally over the next several fiscal years. Member contribution increases will be phased in over the next three years and increase by an additional 2.25 percent of payroll for CalSTRS 2% at 60 members, and an additional 1.205 percent for CalSTRS 2% at 62 members. Member contribution rates last changed 42 years ago in 1972.

In exchange for member contributions rate increases, the Legislature cannot reduce the 2 percent annual benefit adjustment or improvement factor, for members working or retiring in 2014 and after. Prior to this exchange, the Legislature explicitly reserved the right to reduce or eliminate the improvement factor and still maintains this right with regard to members who retired before 2014.

School employers will see their contribution rates rise a total of 10.85 percent phased in over the next seven fiscal years. The state's contribution rate to the Defined Benefit Program will increase by 4.311 percent phased in over the next three years. The legislation also grants the Teachers' Retirement Board limited rate setting authority to adjust up or down employer and state rates if necessary to fully fund the Defined Benefit Program. Member rates are not subject to this adjustment.

The funding approach in AB 1469 is predicated on the actuarial assumption that CalSTRS will earn a 7.5 percent annual rate of return throughout the life of the plan. To facilitate the monitoring of its progress toward full funding, CalSTRS is also required to submit a report on the fiscal health of the Defined Benefit Program to the Legislature every five years beginning July 1, 2019.

The most significant accomplishment contained within the legislative funding solution is that CalSTRS is no longer projected to deplete its assets. CalSTRS is on target to meet the promise of a secure financial future due to California's educators. The dynamic leadership of our Governor, the Legislature and stakeholders has been remarkable in reaching this historic accomplishment and milestone.

Impacts of a Funding Plan

The June 30, 2013 valuation of the Defined Benefit Program showed a \$2.7 billion increase in the funding shortfall from the previous valuation. The growth of the funding gap projected prior to enactment of AB 1469 put CalSTRS at a 66.9 percent funded ratio. Beginning this year, however, enactment of the new funding plan in AB 1469 will affect valuations and financial statements with regard to new accounting standards changes imposed by the Governmental Accounting Standards Board.

Specifically, GASB issued Statements 67 and 68, which revise the required disclosure of pension liabilities by public pension plans and public employers. Among the changes in those statements is a requirement that a new Net Pension Liability (NPL) be determined and disclosed by CalSTRS and presented in the financial statements for plan employers (school districts) and non-employer contributing entity (the state for CalSTRS). For pension plans that project asset depletion, the GASB standards require the use of a blended discount rate, reflecting a lower municipal bond rate as well as the assumed investment return rate, to calculate pension liabilities.

Based on the June 30, 2013 valuation of the Defined Benefit Program, the NPL, which would have been reflected in CalSTRS financial statements and subsequently on state and school employer statements after this year, was projected to be about \$167 billion. With the enactment of AB 1469, actuarial projections indicate that assets are not projected to be depleted, and will be sufficient to pay benefits in future years. Thus, CalSTRS no longer is required to use the blended discount rate under the GASB standards. As a result, actuarial projections of the NPL for the State Teachers' Retirement Plan—the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit, Supplemental Benefit Maintenance Account and Replacement Benefit programs—is \$58.4 billion as of June 30, 2014. This represents an almost two-thirds reduction.

Moving Ahead—Addressing Climate Change Through Risk Management and Investment Opportunities

CalSTRS seeks to accomplish its mission of providing a secure retirement to California's educators by prudently managing the investment portfolio with the least amount of risk. Toward this end, CalSTRS actively engages its portfolio companies on the importance of assessing and disclosing their levels of exposure to environmental risk.

Although climate change poses significant risk issues, it also opens up new investment opportunities. CalSTRS believes that the underlying risks of climate change should be addressed now. The Teachers' Retirement Board has also clearly expressed its priority in the consideration that climate change plays in the investment process.

Based on our experience, an effective strategy to mitigate risk such as climate change is through engagement. Recently, CalSTRS expanded its effort to manage risk with regard to climate change to include engagement on fossil fuel valuation. CalSTRS believes the issues presented in *Carbon Tracker's Unburnable Carbon 2013: Wasted Capital and Stranded Assets* report call for appropriate action.

Of the top 200 global fossil fuel companies listed on the Carbon Tracker website, CalSTRS has engaged 44 U.S. companies held in its portfolio requesting dialogues on fossil fuel reserve valuations. CalSTRS believes engagement through educated dialogue will create a platform for companies to assess and disclose the real material risks impacted by climate change.

According to the International Energy Agency, the world must invest at least an additional \$1 trillion per year—a Clean Trillion—into clean energy by 2050 if we have any hope of limiting global warming to 2 degrees Celsius and avoiding the worst impacts of climate change on our environment, health and the global economy.

In support of scaling up clean energy investments, CalSTRS announced plans to increase clean energy and technology investments of \$1.4 billion to \$3.7 billion by 2019. CalSTRS did so after evaluating how clean energy investment opportunities were likely to grow and which opportunities would be appropriate for CalSTRS. This announcement came in response to United Nations Secretary-General Ban Ki-moon's call for bold action to reduce carbon emissions and build resilience to the impacts of climate change that coincided with the United Nations 2014 Climate Summit, which CalSTRS participated in. At the summit, CalSTRS sought to bring attention to the role large institutional investors could play in financing clean energy and climate change initiatives.

CalSTRS sees a growing number of investment opportunities in low-carbon solutions, especially as renewable energy technology costs come down and regional clean energy policies take hold. CalSTRS also believes that increasing exposure to the clean energy and technology sector provides a good investment opportunity because it positions CalSTRS for a low-carbon future. With this commitment, CalSTRS hopes to catalyze incentives for stronger, more comprehensive policies that support clean energy and reduce the risks associated with climate change.

More than 100 years ago, the Legislature established the Teachers' Retirement Fund as a means to provide a secure retirement to the devoted educators of this state and keeping that promise has been no simple task. CalSTRS commends the Legislature, the Governor and our stakeholders for their leadership in this tremendous achievement.

CalSTRS is responsible for the financial future of hundreds of thousands of educators and their families. With a solid financial plan in place and prudent investment strategy, CalSTRS can confidently carry out its mission, which is to secure the financial future and sustain the trust of our membership.

Member Profile

Established 101 years ago, CalSTRS, with a \$190.5 billion in net position as of June 30, 2014, is the largest educator-only pension fund in the world. It administers retirement, disability and survivor benefits for California's 879,329 public school educators and their beneficiaries, from prekindergarten through community college. The Teachers' Retirement Law, part of the California Education Code, established the programs with CalSTRS as the administrator. The law sets required member, employer and state contribution rates. CalSTRS members include employees of approximately 1,700 school districts, community college districts, county offices of education and regional occupational programs as of June 30, 2014. Our membership spans from the new teacher just starting out to the retired educator enjoying the fruits of decades of teaching in the classroom.

The median CalSTRS pension replaced less than 60 percent of final salary for the members who retired last year. CalSTRS recommends income replacement of 80 percent to 90 percent to maintain a similar lifestyle in retirement. Public educators do not receive Social Security benefits for their CalSTRS service. Moreover, due to the federal Government Pension Offset and Windfall Elimination Provision, retirees often have their Social Security benefits reduced when receiving a CalSTRS benefit. Most retired educators also do not have employer-funded health insurance after age 65.

We continue to reach members in their communities—from Crescent City to San Diego—with online services, counseling services and workshops that explain retirement options and stress the need for early savings. With Web-based information and more than 40 publications, we strive to be members' trusted guide to retirement.

Financial Statements

The financial statements and notes along with the Management Discussion and Analysis in this report present and analyze the changes in CalSTRS fiduciary net position for the fiscal year ended June 30, 2014. The markets are dynamic and fluid; any judgment of the financial statements should also consider current market conditions.

Schedule of Proportionate Share and Schedule of Aggregate Pension Amounts

CalSTRS has provided two new audited schedules in its financial statements. The first schedule, the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity, provides the amount of contributions due to CalSTRS during fiscal year 2013–14 by employer and for the State of California as well as the percentage of total contributions due associated with each employer and the State of California. The second schedule, the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity, presents the aggregate net pension liability, pension expense, and deferred inflows and outflows of resources associated with the State Teachers' Retirement Plan (STRP) as a whole. Notes accompanying each schedule present the policies and other information critical to understanding the information in each schedule.

School districts and other employers that participate in the STRP may be required to implement GASB 68 in their financial statements beginning in fiscal year 2014–15. GASB 68 requires employers that participate in cost-sharing defined benefit plans such as the STRP to record their proportionate share of the net pension liability, pension expense and deferred items. GASB 68 also mandates additional note disclosures and schedules related to pensions.

Management Responsibility For Financial Reporting And Internal Controls

The financial statements were prepared in accordance with accounting principles generally accepted in the United States. Management is responsible for the integrity and fairness of the information presented in the financial statements, including data that, out of necessity, is based on estimates and judgments. Management is also responsible for establishing and maintaining an effective internal control structure. A system of internal controls provides reasonable, but not absolute, assurance that assets are properly safeguarded and that financial statements are reliable. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and second, the valuation of the cost and benefits requires estimates and judgments by management. We believe that the internal controls currently in place support this purpose, and that the financial statements, accompanying schedules and statistical tables are fairly presented in all material respects.

Investments Overview

The CalSTRS Investment Portfolio increased by \$23.3 billion over the past 12 months. The CalSTRS portfolio is broadly diversified, holding investments ranging from publicly traded short-term bonds to privately held partnerships. 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. Over the last year, the CalSTRS Investment Portfolio generated a 18.7 percent one-year return calculated on a time-weighted performance basis.

See the Investments section for more detailed information on the performance of the CalSTRS Investment Portfolio.

Actuarial Reports

A summary of demographic and economic assumptions adopted from experience studies that CalSTRS conducts every four years is highlighted in this section. These assumptions are applied to an actuarial valuation that is generally performed on an annual basis. The actuarial valuation provides a picture of the overall funding health of our programs, including the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit and Medicare Premium Payment programs.

Statistical Reports

This section includes tables that reflect financial trends of the State Teachers' Retirement Plan and demographic characteristics of the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit, CalSTRS Pension2, and Medicare Premium Payment programs. Also captured in the tables, when applicable, is information comparing the last nine years to the previous fiscal year. This look back reveals overall trends in our programs and membership demographics that help us accurately forecast our future ability to meet our members' retirement needs.

GFOA Award

The Government Finance Officers Association of the U.S. and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to CalSTRS for its comprehensive annual financial report for the year ended June 30, 2013. This is the 19th consecutive year CalSTRS has received this prestigious award. To be awarded the certificate, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Our report must satisfy both generally accepted accounting principles and applicable legal requirements.

PPCC Standards Award Program

The Public Pension Coordinating Council presented CalSTRS with its Recognition Award for Administration for meeting professional standards for plan administration as set forth in the Public Pension Standards. The Public Pension Coordinating Council is a coalition of three national associations that represent public retirement systems and administrators. The associations that form the PPCC are the National Association of State Retirement Administrators, National Council on Teacher Retirement and National Conference on Public Employee Retirement Systems. Together, these associations represent more than 500 of the largest pension plans in the U.S.

Acknowledgements

The 2014 Comprehensive Annual Financial Report demonstrates our commitment to ensure the financial security of California's educators. The accuracy of the financial data reflects CalSTRS' executive leadership and is a duty performed with prudence in perpetuity. The notion that ideas of the future are influenced by the day-to-day interactions teachers have with students today drives the high quality of service we provide. I would like to thank the many staff, advisors and stakeholder organizations dedicated to serving and securing the financial future of our members. CalSTRS is a unique pension system and it is of utmost importance we continue to sustain the trust and financial integrity of our members in their retirement.

Respectfully submitted,



Jack Ehnes
Chief Executive Officer



Government Finance Officers Association

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, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emen".

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Administration
2014***

Presented to

California State Teachers' Retirement System

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

TEACHERS' RETIREMENT BOARD (AS OF JUNE 30, 2014)



HARRY KEILEY
Board Chair
K-12 Classroom Teacher
Term: 01/01/12–12/31/15



SHARON HENDRICKS
Board Vice Chair
Community College Instructor
Term: 01/01/12–12/31/15



JOHN CHIANG
State Controller
Ex-Officio Member



MICHAEL COHEN
Director of Finance
Ex-Officio Member



DANA DILLON
K-12 Classroom Teacher
Term: 01/01/12–12/31/15



JOY HIGA
Public Representative
Term: 01/27/14–12/31/17



BILL LOCKYER
State Treasurer
Ex-Officio Member



PAUL ROSENSTIEL
Public Representative
Term: 11/30/11–12/31/14



TOM TORLAKSON
State Superintendent of
Public Instruction
Ex-Officio Member



THOMAS UNTERMAN
Public Representative
Term: 07/03/13–12/31/15

EXECUTIVE STAFF

Executive



JACK EHNES
Chief Executive Officer

Investments



CHRISTOPHER AILMAN
Chief Investment Officer



CASSANDRA LICHNOCK
Chief Operating Officer

Financial Services



ROBIN MADSEN
Chief Financial Officer

General Counsel



BRIAN J. BARTOW
General Counsel

Enterprise Initiatives and Technology



ASHISH JAIN
Chief Technology Officer

Plan Design and Communication



ED DERMAN
Deputy Chief Executive Officer

BusinessRenew



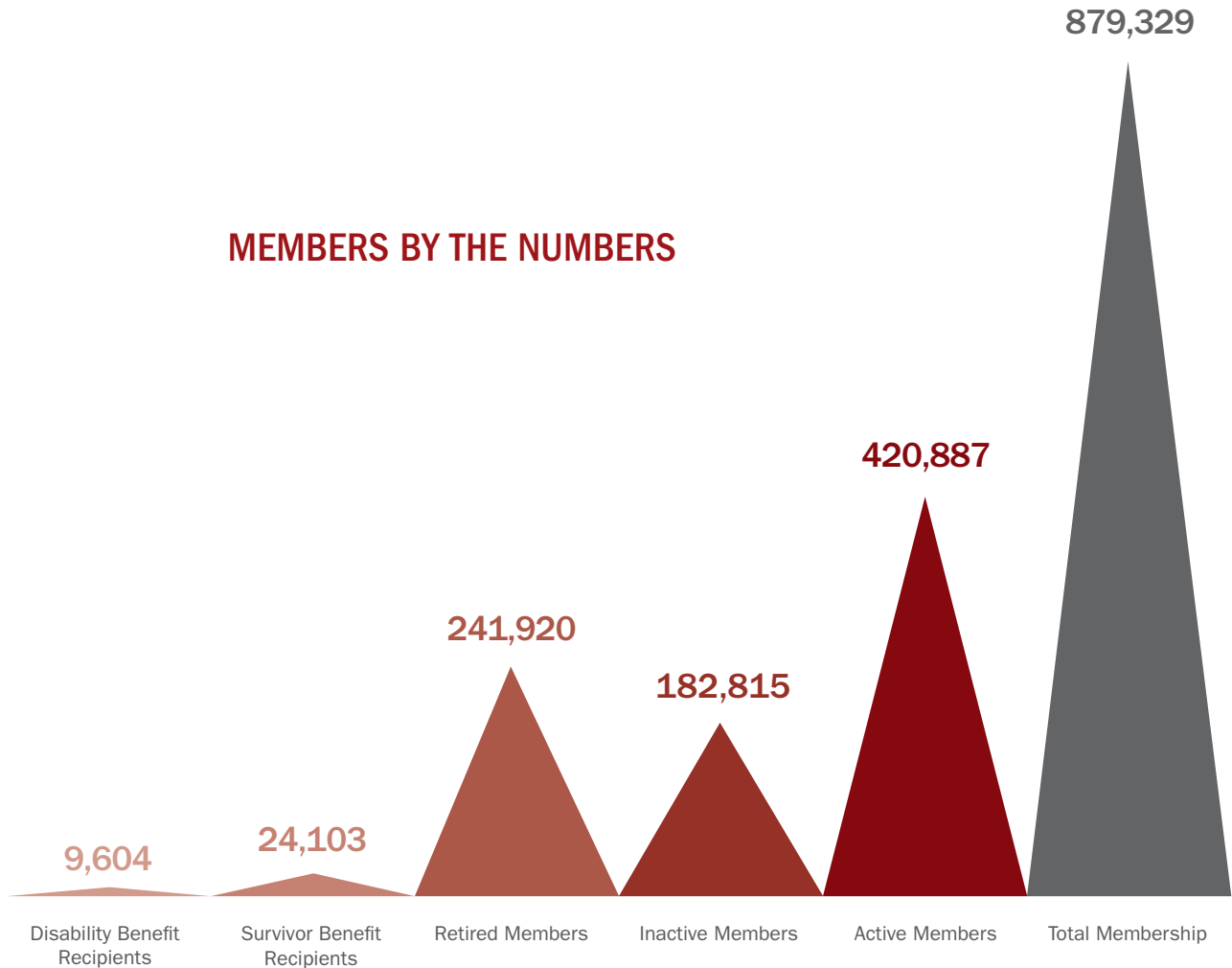
CHRIS CAIETTI
BusinessRenew Executive Officer

Benefits and Services



PEGGY PLETT
Deputy Chief Executive Officer

MEMBERS BY THE NUMBERS



Membership

Membership in the CalSTRS Defined Benefit Program includes California public school employees, prekindergarten through community college, who teach, are involved in selecting and preparing instructional materials, provide vocational or guidance counseling or are supervising people engaged in those activities. Membership is in effect as long as contributions remain on deposit with CalSTRS. Members are employed in approximately 1,700 public school districts, community college districts, county offices of education, Regional Occupational Centers and Programs, and select state agencies. The CalSTRS Defined Benefit

Program includes retirement, disability and survivor benefits. Beneficiaries of a retired member who elected an option receive a continuing lifetime benefit upon the member's death. The financial statements, presented in the financial section, contain Defined Benefit Program membership data as of June 30, 2013, due to the timing of the issuance of the basic financial statements, whereas the membership data presented on this page is as of June 30, 2014. Consequently, the membership data presented here and in the financial statements do not agree.

Benefits to Members and Benefit Recipients

Service Retirement

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

10,736 Members who retired in fiscal year 2013–14*

8 percent Decrease from fiscal year 2012–13

*Retirement applications processed as of June 30, 2014. This number does not include service retirements processed after June 30, 2014, including members who requested retirement with effective dates backdated between January 1, 2014 and June 30, 2014.

Disability Benefits

95 percent Applications processed within 150 days

812 Applications received

620 Applications approved

9 percent Decrease in number of disability applications received from fiscal year 2012–13

Survivor Benefits

59 percent Payments processed within 30 days of receiving all necessary information

7,787 Notifications of death received

4 percent Increase in number of notifications from fiscal year 2012–13

Communicating With Our Members and Beneficiaries

Customer Service

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

266,058 Member inquiries answered

34 percent Member calls answered within 30 seconds

368 seconds Average wait time to talk with Contact Center agent

22 percent Members who received a response to their secure online message within one business day

CalSTRS places great emphasis on customer satisfaction and regularly surveys members to ensure they receive accurate, timely and thorough answers to their questions.

➤ **72 percent** of members were “highly satisfied” with their Contact Center experience.

Member Communications

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

Newsletters

CalSTRS reaches out to members and beneficiaries through the *CalSTRS Connections: Reaching Your Retirement*, *CalSTRS Connections: Your Money Matters* and *Retired Educator* newsletters.

CalSTRS Connections: Reaching Your Retirement is mailed to active and inactive members age 50 and older in the spring and fall. It provides information about retirement planning and decisions, workshops and benefits counseling, legislative news and more.

CalSTRS Connections: Your Money Matters is mailed to active and inactive members age 49 and younger in the spring and fall. It provides updates on CalSTRS programs and services, articles on retirement and financial planning, legislative news and more.

Retired Educator is mailed to retired members and beneficiaries in the summer and winter. It provides information on benefits and services, legislation, investments and board updates.

Retirement Progress Report

Every year Defined Benefit members and Cash Balance Benefit participants receive a personalized *Retirement Progress Report* that contains retirement planning information and detailed account information as of June 30 of that school year. For Defined Benefit members age 45 and older, the report also includes retirement benefit estimates. The reports are available online in September in the member's myCalSTRS account and are mailed in October if requested. Retired members and other benefit recipients do not receive this report.

Member Informational Publications

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

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

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

CalSTRS Member Kits contain targeted retirement information and are mailed annually to three groups of CalSTRS members when they reach a career milestone. The three career milestones—newly vested, mid-career and near retirement—are based on the member's age and length of service.

In addition, CalSTRS produces publications that cover specific topics, including:

- *Cash Balance Benefit Program: A Retirement Plan for Part-Time and Adjunct Educators*
- *Community Property Guide*
- *Introduction to Disability Benefits*
- *Your Disability Benefits Guide*
- *Join CalSTRS? Join CalPERS?*
- *Purchase Additional Service Credit*
- *Refund: Consider the Consequences*
- *Social Security, CalSTRS and You*
- *Survivor Benefits: Remember Your Loved Ones*
- *Tax Considerations for Rollovers*
- *Welcome to CalSTRS*

CalSTRS Online

CalSTRS has four websites: CalSTRS.com, myCalSTRS, Pension2.com and 403bCompare.com.

CalSTRS.com is the main site for members, board members, employers and other business partners. Features include online calculators to estimate retirement benefits and the cost to purchase service credit or redeposit funds; CalSTRS publications and forms; and self-scheduling for workshops and benefit counseling sessions.

myCalSTRS, CalSTRS' self-service site for members, provides secure and convenient access to members' personal accounts. After registering for myCalSTRS, members can view their account balances, complete and submit forms online, keep their address current, view their *Retirement Progress Reports*, and ask questions and receive prompt answers.

Pension2.com is the website for Pension2's 403(b), 457(b) and Roth 403(b) plans. It also features online enrollment forms, financial planning tools, webinars and more.

At 403bCompare.com, members can compare fees charged by different mutual funds and insurance products.

Members can also stay connected to CalSTRS through its social media presence on Facebook, Twitter, Google+, LinkedIn, YouTube and Pinterest.

403bCompare Web Tool

The 403bCompare website is a bank of free objective information about 403(b) vendors and the products they offer.

With 403bCompare.com, members can easily compare tax-deferred 403(b) retirement investment products such as annuities and mutual funds. The tool features an option that allows members to compare up to three like products with a side by side comparison of fund descriptions, fees and returns.

Benefits Counseling

CalSTRS has four member service centers: West Sacramento (headquarters); Glendale, opened in January 2012; Santa Clara, opened in June 2013; and Irvine, which opened in May 2014. Member service center staff offer direct counseling and assistance to active and retired members, and provide benefits counseling and workshops in the greater Sacramento, Los Angeles County, Bay Area and Irvine/Orange County regions. Offices are open Monday through Friday, 8 a.m. to 5 p.m., and Saturdays by appointment.

One of the unique aspects of the centers is the ability for members to come in by appointment or on a walk-in basis to seek assistance with general information questions, have a CalSTRS representative review forms, or to drop off forms that need to be transmitted to headquarters. Since

opening, the four centers have exceeded our expectations by assisting more than 5,000 members on a walk-in basis.

In addition to the member service centers, CalSTRS has two leased office spaces staffed by CalSTRS staff and nine benefits counseling offices located in county offices of education located across the state. These offices provide workshops, group and individual benefit counseling sessions and walk-in assistance, and many offices also accept forms.

This year, 32,504 members attended a group or individual benefit counseling session or workshop. Additionally, 11,800 members took advantage of the opportunity to walk-in and receive immediate assistance. An additional 2,285 members received services at outreach activities, including job fairs and on-campus presentations.

Another convenient service for members is the estimate service, which last year provided 936 members with an updated retirement benefit estimate without requiring a second appointment.

We continue to focus our efforts on providing services that increase accessibility for members, reflect individual member needs and increase member self-education.

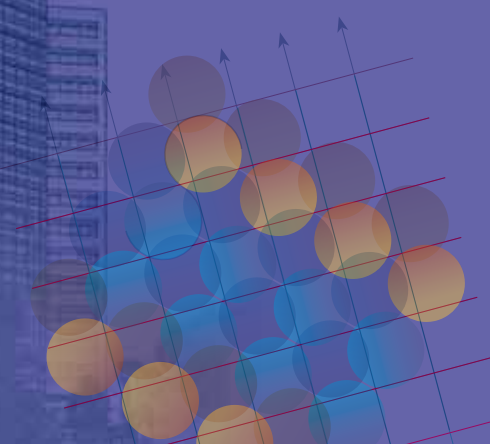
Services to Employers, Member and Client Organizations

CalSTRS staff supports the employer reporting process through education, collaboration and continuous improvement. CalSTRS has enhanced the delivery of information by making it available electronically and on demand for the employer. The Secure Employer Website, SEW, a secure solution for employers to submit their monthly reporting data, includes checks and balances to ensure the data is accurate and verified.

CalSTRS is committed to preventing pension abuse by automating the review of compensation credited to retirement benefits. The CalSTRS Compensation Review Unit has increased reviews of potential abuse cases through the Pension Abuse Reporting Hotline and online reporting form.

Professional Services

CalSTRS contracts for the services of various independent consultants essential to the effective and professional operation of the system. Milliman, Inc. provides actuarial services and the independent auditor is Crowe Horwath LLP. Lists of investment professionals for investment services and other consultants are provided on Schedules VII and VIII in the Financial section of the report. Table 8 in the Investments section also lists entities to whom CalSTRS paid global equity broker commissions during the fiscal year.



CalSTRS is **the largest educator-only pension fund in the world**, with a \$190.5 billion in net position as of June 30, 2014.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of California State Teachers' Retirement System (the System), a component unit of the State of California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of California State Teachers' Retirement System as of June 30, 2014, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Net Pension Liability of Employers and Nonemployer Contributing Entity

As described in Note 3, based on the most recent actuarial valuation as of June 30, 2013, the System's independent actuaries determined that, at June 30, 2014, the value of the State Teachers Retirement Plan (STRP) total pension liability exceeded the STRP fiduciary net position by \$58.4 billion. Our opinion is not modified with respect to this matter.

Fair Value of Investments

As described in Note 5, the financial statements include investment securities valued at approximately \$53.3 billion as of June 30, 2014, for which fair value has been estimated by general partners and investment advisors, and reviewed and approved by the System's management, in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation, the estimate of values may differ from the values that would have been used had a ready market existed for the investment securities, and the differences could be material. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the System's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 28-42 and the Schedule of Changes in Net Pension Liability of Employers and Nonemployer Contributing Entity, Schedule of Net Pension Liability of Employers and Nonemployer Contributing Entity, Schedule of Contributions from Employers and Nonemployer Contributing Entity, Schedule of Money-Weighted Investment Returns and Schedule of Funding Progress (Medicare Premium Payment Program only) on pages 77-82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The Introduction section, Schedule of Administrative Expenses, Schedule of Investment Expenses, Schedule of Consultant and Professional Services Expenses, Investments section, Actuarial section, and Statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Administrative Expenses, Schedule of Investment Expenses and Schedule of Consultant and Professional Services Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Administrative Expenses, Schedule of Investment Expenses and Schedule of Consultant and Professional Services Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introduction section, Investments section, Actuarial section and Statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2014 on our consideration of California State Teachers' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State Teachers' Retirement System's internal control over financial reporting and compliance.



Crowe Horwath LLP

October 1, 2014
Sacramento, California

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the California State Teachers' Retirement System's (CalSTRS) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2014. This discussion and analysis focuses on the year's activities, resulting changes, and currently known facts. This discussion is more meaningful when read in conjunction with CalSTRS financial statements and accompanying notes to the financial statements.

In addition to historical information, this discussion and analysis includes some forward-looking statements that involve uncertainties and risks. CalSTRS actual results, performance and achievements expressed or implied in these statements are subject to changes in interest rates, securities markets, general economic conditions, legislation, regulations, and other factors.

In October 2013, the Teachers' Retirement Board (board) reviewed and reevaluated its five-year strategic plan. In this first biennial review, the board reassessed its plans towards ensuring the long-term viability of CalSTRS benefit programs, managing risks to the organization, enhancing services to members, and continuing workforce and process improvements as primary focus areas. Besides recognizing additional impacts of a volatile economy and an environment of increased regulations, the viability of the Defined Benefit Program of the State Teachers' Retirement Plan (DB Program) remained a top priority for the board.

Under California law, the DB Program receives contributions from members and employers set as a percentage of members' earnings, in addition to contributions from the state's General Fund and other sources. CalSTRS investment earnings finance the cost of administering the plan and offset the amount of contributions required to fund benefits. Unlike most other pension plans in California, the board does not have broad authority to raise contribution rates¹. Because contribution rates are set in statute, the authority to adjust them rests with the Legislature and the Governor.

Since 1984-85, investment returns have financed approximately 62 percent of the retirement benefit. CalSTRS uses a time-weighted return methodology to calculate returns for portfolio performance purposes. CalSTRS earned an approximate 18.7 percent one-year return on a time-weighted return basis in fiscal year 2013-14. New Governmental Accounting Standards Board (GASB) pension accounting standards require disclosing the one-year money-weighted return, which was approximately 18.6 percent. Differences between the time-weighted and money-weighted returns are discussed further in the Investments section below.

Throughout fiscal year 2013-14, CalSTRS maintained its Standard and Poor's issuer credit rating of AA- and short-term rating of A-1+ with a stable outlook. In July 2014, Moody's Investors Service upgraded the issuer rating of CalSTRS from Aa3 to Aa2 and affirmed the short-term issuer rating at P-1, reflecting the State of California's improved credit profile and the enactment of Assembly Bill (AB) 1469 which contains a funding plan to address CalSTRS unfunded liability, described below.

At June 30, 2014, the net pension liability for the State Teachers' Retirement Plan is \$58.4 billion. The June 30, 2013 funding valuation shows a \$73.7 billion unfunded actuarial obligation for the DB program. The difference between these two amounts is explained in detail in the Actuarial Valuation section below.

On June 24, 2014, Governor Brown signed AB 1469 into law, which was enacted as part of the 2014-15 budget. AB 1469 addresses the CalSTRS DB Program unfunded liability and incorporates a detailed funding plan, recognizing the need to ensure the viability of the program. The legislation emphasizes the necessity for shared responsibility among the state, school districts and members to eliminate the

¹ The board has limited authority to adjust contribution rates for employers and the state from 2021-22 through 2045-2046 and 2017-2018 through 2045-2046, respectively. See Note 1 for more information.

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

unfunded liability by 2046. Specifically, the following contribution increases will apply to compensation that is creditable to the DB Program effective July 1, 2014:

- Member contributions for those under the 2% at 60 benefit structure will increase from 8 percent to a total of 10.25 percent of pay, phased in over the next three years. For members under the 2% at 62 benefit structure, the rate will increase from 8 percent to a projected 9.205 percent, phased in over the next three years.
- Employer contributions will increase from 8.25 percent to a total of 19.1 percent of payroll, phased in over the next seven years.
- The state's total contribution to the DB Program as a nonemployer contributing entity will increase incrementally from 3.041 percent in fiscal year 2013–14 to a total of 6.328 percent of payroll in fiscal year 2016–17. Additionally, the state will continue to pay 2.5 percent of payroll annually to fund the Purchasing Power Protection Program.

In June 2012, the Governmental Accounting Standards Board (GASB) released two new statements amending existing pension accounting standards for plans and employers— GASB 67 and GASB 68. Both of these statements represent significant changes for the affected entities and the changes related to GASB 67 are reflected in this year's notes, schedules, and required supplemental information. In addition, CalSTRS has provided other pension information to assist employers in implementing GASB 68.

The new standards change the emphasis of financial reporting for pensions by moving from an approach that focuses on the process by which employers finance their future projected cash outflows for pension benefits, to one that stresses the obligation an employer incurs through the employment-exchange process. In short, a pension liability, which was previously only disclosed in the notes to CalSTRS financial statements, will also be reported as a liability in the employers' financial statements.

GASB 67 focuses on plan financial reporting and changes CalSTRS financial statements by requiring additional note disclosures, actuarial calculations, and schedules. It also requires a different methodology to measure the liability for plan benefits. CalSTRS is now required to report a new pension obligation called the net pension liability (NPL) instead of the previously required unfunded actuarial accrued liability (UAAL). The difference between the NPL and the UAAL is discussed further in the Actuarial Valuation section below.

GASB 68 focuses on financial reporting of pensions by employers and is effective for periods beginning after June 15, 2014. GASB 68 requires employers and nonemployer contributing entities to report any NPL as a liability in their Statement of Net Position. GASB 68 will have an impact on CalSTRS financial statements as CalSTRS must reflect its proportionate share of any NPL under the state's defined benefit plan. See the paragraphs on GASB Statements No. 67 and 68 in Note 8 (New Accounting Pronouncements) for additional information on the new GASB standards.

CalSTRS is actively engaged with GASB on implementation issues surrounding the new standards and has continued informational outreach efforts with employers through various venues that include on-site meetings and webinars. New schedules were developed to: 1) identify the portion of annual contributions attributable to each CalSTRS employer and the nonemployer contributing entity (see Schedule IX), 2) provide the total NPL and changes in the NPL year over year (see Schedule I), and 3) provide aggregated pension expense information for employers and CalSTRS' nonemployer contributing entity, the State of California (see Schedule X). In addition to the audit opinion on the basic financial statements, the external auditor has provided a separate opinion on other pension information provided to assist employers in implementing GASB 68 (see Independent Auditor's report). The other pension information includes the Schedule of Proportionate Share of Contributions for Employers and

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

Nonemployer Contributing Entity (Schedule IX), the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity (Schedule X), and the notes to those schedules.

GASB releases exposure drafts for public comment on proposed new accounting standards before it issues a formal pronouncement to implement new standards. CalSTRS assesses the impact of these exposure drafts to its plans and provides input when appropriate. In May 2014, GASB released an exposure draft, *Fair Value Measurement and Application*, to address how fair value should be measured and applied. Under the proposal, investments would generally be required to be measured at fair value and reporting entities would have to expand the related scope of disclosures currently being made. The requirements of the proposal are expected to be effective for financial statements for periods beginning after June 2015. CalSTRS provided its comments on the exposure draft in August 2014.

In June 2014, GASB released two additional exposure drafts. *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses financial reporting by OPEB plans and *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* focuses on employer OPEB reporting requirements.

CalSTRS continues to make progress in its long-term, multi-year BusinessRenew Program which is undertaking the transformation of business processes and systems to enable CalSTRS to meet the objectives outlined in its strategic plans. BusinessRenew is a collection of work efforts to provide integrated business processes and systems across CalSTRS. BusinessRenew work efforts will be implemented over several years in a phased approach. One of the objectives of the project is to enhance CalSTRS internal controls through ongoing technology initiatives.

CalSTRS is currently focusing its efforts on the Pension Solution Project, a major BusinessRenew Program work effort which includes the replacement of CalSTRS legacy pension administration system. The Governor and Legislature enacted a budget bill that appropriates \$61.6 million in fiscal year 2014-15 for the Pension Solution Project and an additional \$151.4 million over the next six years. The new system will be designed to strengthen pension system internal controls, expand system functionality, enhance member and employer self-service, and maximize CalSTRS investment in the maintenance and support of its core business system. In November 2013, CalSTRS began efforts to secure a vendor to provide hardware, software, and implementation services for the new system. The project is now in the proposal evaluation phase. A pension system vendor is expected to be selected by the end of fiscal year 2014-15.

In order to manage the risks associated with a large, multi-year, complex, and costly pension system replacement, thorough planning is critical. In another BusinessRenew Program effort, the Data Preparation Project team is focused on the analysis of existing CalSTRS member and other entity data. The results of this effort will enable CalSTRS to make decisions on the resolution of data issues prior to data conversion to the new pension administration system.

FINANCIAL HIGHLIGHTS

- Total net position for the State Teachers' Retirement Plan (STRP) increased by \$24.1 billion or 14.5 percent to \$190.5 billion as a result of investment performance above the expected rate of return.
- Total member contributions for the STRP decreased by \$73.1 million or 3.1 percent to \$2.3 billion, mainly due to the decrease in the purchase of nonqualified service credit which was eliminated after December 31, 2012, under the California Public Employees' Pension Reform Act of 2013 (PEPRA).

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

- Total state contributions for the STRP increased by \$55.2 million or 4.2 percent to \$1.4 billion as a result of additional contribution requirements due to the unfunded obligation of the defined benefit program based on benefits in effect as of July 1, 1990.
- Net investment income for the STRP increased by \$9.7 billion or 47.0 percent to \$30.4 billion due to strong investment returns.
- Benefit payments for the STRP increased by \$572.8 million or 5.0 percent to \$11.9 billion, reflecting an increase in the number of retirees and beneficiaries and the postretirement annual benefit adjustment.
- At June 30, 2014, the STRP fiduciary net position as a percentage of the total pension liability was approximately 77 percent compared to 70 percent as of June 30, 2013. See Note 3 and Schedule II for additional information. The primary reason for the increase in plan net position is positive investment performance.

OVERVIEW OF FINANCIAL STATEMENTS

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

1. The Statement of Fiduciary Net Position
2. The Statement of Changes in Fiduciary Net Position
3. Notes to the Basic Financial Statements
4. Required Supplementary Information - Unaudited
5. Other Supplemental Information
6. Other Pension Information- State Teachers' Retirement Plan

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

The Statement of Changes in Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position shows how CalSTRS net position changed during the fiscal year, reflecting contributions earned, benefit payments made, investment returns, and the costs of plan administration.

Notes to the Basic Financial Statements. The Notes to the Basic Financial Statements provide information essential to a full understanding of fiduciary fund financial statements. The type of information provided in each of the notes to the financial statements is as follows:

- Note 1 provides a general description of CalSTRS, as well as a concise description of each of the plans and funds administered by CalSTRS.
- Note 2 provides a summary of significant accounting policies, including the basis of accounting for CalSTRS, management's use of estimates, cash and investment accounting policies, and other significant accounting policies.
- Note 3 provides a summary of the net pension liability of employers and the nonemployer contributing entity in accordance with GASB 67, *Financial Reporting for Pension Plans*.
- Note 4 provides a summary of CalSTRS funded status for the Medicare Premium Payment Program in accordance with GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

- Note 5 provides information related to deposits and investments including disclosures required by GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 67, *Financial Reporting for Pension Plans*. This note discloses information about CalSTRS investment performance and risks related to credit (including custodial credit and concentrations of credit risk), interest rate, and foreign currency. In an effort to provide increased visibility to investment holdings, Note 5 also includes a Schedule of Investments that discloses the types of investments within each broad investment category.
- Note 6 generally describes potential contingencies of CalSTRS.
- Note 7 provides a summary of CalSTRS significant commitments.
- Note 8 provides a summary of new accounting and financial reporting pronouncements.

Required Supplementary Information. The Required Supplementary Information consists of five schedules and related notes on the State Teachers' Retirement Plan's net pension liability and the other postemployment benefit plan's funding progress. It also provides a history of contributions from employers and the nonemployer contributing entity. These schedules provide historical information and actuarial assumptions and methods that assist in understanding the net pension liability of the STRP and the funded status of the Medicare Premium Payment Program. The information available in the Required Supplementary Information section includes:

- Schedule I– Schedule of Changes in Net Pension Liability of Employers and Nonemployer Contributing Entity
- Schedule II– Schedule of Net Pension Liability of Employers and Nonemployer Contributing Entity
- Schedule III– Schedule of Contributions from Employers and Nonemployer Contributing Entity
- Schedule IV– Schedule of Money-Weighted Investment Returns
- Schedule V – Schedule of Funding Progress (Medicare Premium Payment Program only)

Other Supplemental Information. Other Supplemental Information includes details on administrative expenses, investment expenses, and consultant and professional services expenses. The schedules available in the Other Supplemental Information section include:

- Schedule VI – Schedule of Administrative Expenses
- Schedule VII – Schedule of Investment Expenses
- Schedule VIII – Schedule of Consultant and Professional Services Expenses

Other Pension Information- State Teachers' Retirement Plan. Other Pension Information includes information on the proportionate share of contributions and aggregate pension amounts for employers and the nonemployer contributing entity. The information available in the Other Pension Information section includes:

- Schedule IX – Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity
- Schedule X – Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

- Notes to Other Pension Information

FINANCIAL ANALYSIS

State Teachers' Retirement Plan (STRP)

The table that follows presents comparative information and changes to plan net position for fiscal years 2013-14 and 2012-13.

NET POSITION

(Dollars in Thousands)

ASSETS	2014	2013	Percent Change
Investments ¹	\$ 214,193,243	\$ 190,407,340	12.5%
Cash	287,965	345,517	(16.7%)
Investment Receivables	2,637,163	3,587,362	(26.5%)
Member, Employer and Other Receivables	573,549	670,460	(14.5%)
Capital Assets	228,362	237,901	(4.0%)
TOTAL ASSETS	\$ 217,920,282	\$ 195,248,580	11.6%
LIABILITIES			
Benefits in Process of Payment	1,121,034	1,044,692	7.3%
Investment Payables	2,908,250	3,527,392	(17.6%)
Loan Payables	944,269	937,494	0.7%
Other	161,415	143,640	12.4%
Securities Lending Obligation	22,311,298	23,246,453	(4.0%)
TOTAL LIABILITIES	\$ 27,446,266	\$ 28,899,671	(5.0%)
NET POSITION	\$ 190,474,016	\$ 166,348,909	14.5%

¹ Includes securities lending collateral of \$22.3 billion.

STRP net position increased by \$24.1 billion or 14.5 percent to \$190.5 billion and investments, excluding securities lending collateral, increased by \$24.7 billion or 14.8 percent to \$191.9 billion. This increase is primarily attributable to strong investment returns across all major investment types, especially equity securities.

Cash decreased by \$57.6 million or 16.7 percent in fiscal year 2013-14 compared to the prior fiscal year. The balance fluctuation is based on the timing of when transactions were settled and cash was received and invested at year end.

Investment Receivables decreased by 26.5 percent from \$3.6 billion to \$2.6 billion as of June 30, 2014. Investment Payables also decreased by 17.6 percent from \$3.5 billion to \$2.9 billion as of June 30, 2014. These balances can fluctuate based on the open trades and dates of settlement.

Benefits in the process of payment increased \$76.3 million or 7.3 percent. This balance can change significantly depending on when benefit payments are processed at the end of the fiscal year.

Securities lending cash collateral and obligations decreased during the fiscal year by \$912.7 million and \$935.2 million to \$22,303 million and \$22,311 million, respectively. The Securities Lending Program is designed to use its existing asset base and investment expertise to generate a steady source of risk-controlled incremental income. Net income generated by the Securities Lending Program for fiscal year 2013-14 was \$90.5 million, compared to \$100.3 million, in fiscal year 2012-13.

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

CHANGES IN NET POSITION

(Dollars in Thousands)

ADDITIONS	2014	2013	Percent Change
Member	\$ 2,263,613	\$ 2,336,731	(3.1%)
Employer	2,272,166	2,283,263	(0.5%)
State	1,383,468	1,328,298	4.2%
Net Investment Income	30,401,903	20,682,156	47.0%
Other	2,055	1,744	17.8%
TOTAL ADDITIONS	\$ 36,323,205	\$ 26,632,192	36.4%
DEDUCTIONS			
Benefit Payments	11,927,556	11,354,733	5.0%
Refunds of Contributions	107,600	104,994	2.5%
Administrative Expenses	154,155	137,165	12.4%
Other	8,787	4,448	97.5%
TOTAL DEDUCTIONS	\$ 12,198,098	\$ 11,601,340	5.1%
NET POSITION INCREASE	24,125,107	15,030,852	60.5%
BEGINNING NET POSITION	166,348,909	151,318,057	9.9%
ENDING NET POSITION	\$ 190,474,016	\$ 166,348,909	14.5%

Additions to Plan Net Position

STRP benefits are funded from employer, member and state contributions, and investment earnings. State, employer and member contribution rates are established by state law. As per statute, CalSTRS received 1.024 percent more in state contributions as a percentage of creditable earnings for most of fiscal year 2013-14 due to the unfunded liability status of the DB Program based on benefits in place as of July 1, 1990.

STRP net investment income increased 47.0 percent to \$30.4 billion in fiscal year 2013-14 as compared to net income of \$20.7 billion in fiscal year 2012-13. This increase is primarily attributable to strong investment performance, which is discussed further in the 'Performance vs. Benchmarks' section.

Deductions from Plan Net Position

Benefit payments totaled \$11.9 billion in fiscal year 2013-14. The \$572.8 million or 5.0 percent increase over the prior year is primarily the result of an increase in retirees receiving benefit payments and an annual cost of living adjustment. The average monthly benefit paid is \$3,609 for fiscal year 2012-13 (the most recent available), which is a 2.6 percent increase from the \$3,517 average monthly benefit calculated for fiscal year 2011-12. This benefit payment is typically the single retirement benefit CalSTRS members receive as they do not participate in Social Security.

Refunds of contributions increased by 2.5 percent from \$105.0 million to \$107.6 million for fiscal year 2013-14. Refund requests and amounts fluctuate year to year due to changing demographic trends (i.e., mortality rates) and economic conditions (i.e., employment rates).

Administrative expenses increased by 12.4 percent from \$137.2 million to \$154.2 million. This increase is primarily attributable to an increase in the number of staff supporting IT infrastructure and for increased oversight and verification of reporting employers' compliance with the Teachers Retirement Law.

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

Other expenses increased by 97.5 percent from \$4.4 million to \$8.8 million mainly due to a change in the methodology used in calculating our reserves for doubtful accounts.

CalSTRS Pension2 Program

CalSTRS Pension2 (Pension2) offers Internal Revenue Code (IRC) section 403(b) and 457 tax-deferred defined contribution plans. Administration and trustee services over Pension2 are provided through a third party company. TIAA-CREF is currently contracted to provide these services. In April 2014, the board approved the selection of Voya Financial to take over the administration of Pension2. Under the new eight-year contract, Voya Financial will be providing administrative services for the Pension2 Program starting in November 2014. Certain assets and liabilities will remain with TIAA-CREF until the expiration of the contract in September 2015. Hence, for a period of time, Pension2 will have two administrators. Net position for Pension2 increased by \$111.7 million or 25.6 percent as combined contributions and net investment income of \$137.9 million exceeded distributions and administrative expenses of \$26.3 million. Contributions increased by 16.3 percent from fiscal year 2012-13 due to an increase in plan participants and net investment income increased \$23.7 million or 53.6 percent as a result of strong investment returns.

Teachers' Health Benefits Fund

The Teachers' Health Benefits Fund (THBF) is a trust fund created to administer health benefit programs established by statute. The Medicare Premium Payment Program (MPP Program), the only program within the fund, pays Medicare Part A premiums and surcharges and Part B surcharges for retired members of the DB Program who meet certain eligibility criteria.

Current contributions decreased by \$1.6 million to \$33.4 million during fiscal year 2013-14. The THBF paid benefits of \$32.6 million in the current fiscal year, a 6.0 percent decrease from the \$34.7 million in benefits paid in the prior year. Since the evaluated amount needed to fund the MPP Program in its entirety has not been transferred to the THBF, the funded ratio from a financial reporting perspective is 0.1 percent as of June 30, 2012. See Note 4 (Funded Status).

Teachers' Deferred Compensation Fund

The Teachers' Deferred Compensation Fund (TDCF) is a trust fund established to account for ancillary activities associated with various deferred compensation plans and programs offered by CalSTRS. The TDCF received fee revenues and interest of \$1.2 million, an increase of \$0.7 million or 120.0 percent from the prior year. The increase is primarily due to additional member participation in the deferred compensation plans.

PENSION VALUATION

As a result of GASB 67 and 68, CalSTRS has separate valuations performed for financial reporting and funding purposes.

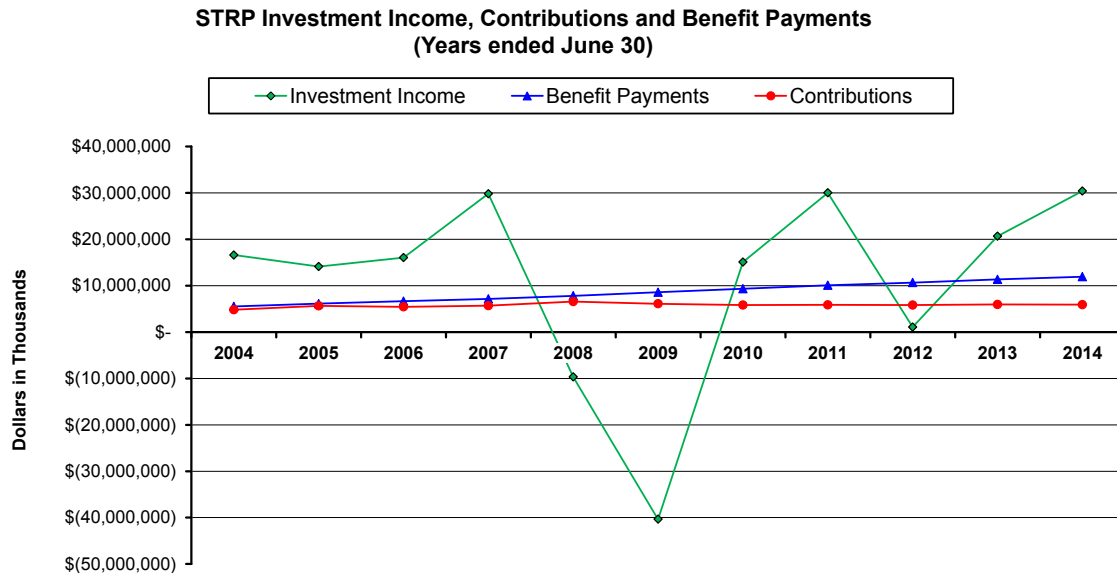
Pension System Funding Valuations

The purpose of the actuarial valuations for funding the programs within the STRP is to guide decisions necessary to sustain the long-term viability of the programs. Specifically, the primary purpose is to analyze the sufficiency of future contributions from members, employers and the state to meet current and future obligations. Separate funding valuations are performed for the Defined Benefit (DB), Defined Benefit Supplementary (DBS), and Cash Balance Benefit (CBB) Programs.

Historically, CalSTRS investment income has contributed over 60 percent of the total inflows to the STRP. Currently the investment rate of return and discount rate assumption for funding actuarial valuations is 7.5 percent. The investment return assumption, according to actuarial principles, should be based on an estimated long-term investment yield for the STRP, with consideration given to the nature and mix of current and expected plan investments, and is the basis for determining the actuarial value of assets. The investment return assumptions are developed by CalSTRS investment and

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actuarial consultants and are adopted by the board. The following chart is a 10-year historical comparison of investment income (including unrealized gains and losses), employer contributions and benefit payments.



The graph shows there is a growing gap between contributions and benefit payments. As mentioned previously, AB 1469 addresses the DB Program unfunded liability and incorporates a detailed funding plan.

The actuarial assumptions and methods used in the June 30, 2013, valuation were based on the 2010 Actuarial Experience Analysis adopted by the board in February 2012. The most recent actuarial valuation indicates that the DB Program is underfunded, with 66.9 percent of the funds needed to pay the actuarial cost of the benefits accrued as of June 30, 2013. This is a decrease of 0.1 percent from the 67 percent estimated funded ratio as of June 30, 2012. The valuation also indicates that as of June 30, 2013, the CBB Program had a funded ratio of 110.54 percent. This is an increase of 10.52 percent from the June 30, 2012 valuation. Additionally, the valuation indicates that as of June 30, 2013, the DBS Program had a funded ratio of 109.61 percent, an increase of 8.98 percent from the June 30, 2012 valuation.

Interest is credited to the nominal DBS and CBB Program accounts at the minimum guaranteed annual rate established by the board prior to each plan year, which was 3.00% for the fiscal year ended June 30, 2014. The board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the minimum guaranteed annual rate and meet criteria set out by the board. In April 2014, the board granted additional earnings and annuity credits for the DBS and CBB programs. The dollar value of the credits totaled \$295.8 million and \$5.6 million for DBS and CBB, respectively, which would reduce the funded ratios cited above. Refer to Note 1 for additional information.

Financial Reporting Valuation

The actuarial valuation for financial reporting emphasizes the obligation an employer incurs to employees through the employment-exchange process. The primary purpose of the valuation for financial reporting is to provide a consistent, standardized methodology that allows comparability of data and increased transparency of the pension liability across plans. To do so, GASB requires a

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different approach for determining the reported NPL, as compared to the previously disclosed unfunded actuarial accrued liability (UAAL). Under the new standards, the funded status is no longer presented in the notes or required supplementary information, reflecting GASB's conceptual shift in the measurement of the liability.

The UAAL mirrored the unfunded actuarial obligation calculated by CalSTRS external actuary for funding purposes and represented the excess of the actuarial accrued liability (AAL) over the actuarial value of assets (AVA). Under GASB 67, the UAAL has been replaced by the NPL, which represents the excess of the total pension liability (TPL) over fiduciary net position. A side-by-side comparison of the two calculations is as follows:

Current Year	Prior Year
Total Pension Liability (TPL)	Actuarial Accrued Liability (AAL)
<u>Less: Fiduciary Net Position</u>	<u>Less: Actuarial Value of Assets (AVA)</u>
Net Pension Liability (NPL)	Unfunded Actuarial Accrued Liability (UAAL)

There are considerable differences between the two numbers. Conceptually, the UAAL is the actuary's measure of the additional amount of assets needed to pay all benefits earned to date by current plan members, while the new NPL is an accrual calculation that reflects future benefits earned by plan members through the employment-exchange process in excess of the plan's fiduciary net position. The difference between the UAAL and NPL is reflected in the different methodologies used to calculate the TPL and AAL.

GASB's new measures implement a 'blended' discount rate that considers a long-term rate of return on plan assets and a high-quality, non-taxable municipal bond index rate, which reflects a pension fund's long-term investment strategy, as well as the potential need to borrow funds to pay pension benefits after net position has been fully depleted. In April 2014, the board approved the use of the Bond Buyer's 20-year index rate to calculate the blended discount rate. At this same meeting, the board also approved the use of the same actuarial methods and assumptions for the STRP financial reporting valuation as those used in the DB actuarial funding valuation.

With the provision of additional member, employer, and general fund contributions effective July 1, 2014, CalSTRS does not project a depletion of assets and therefore did not have to calculate a blended rate using the Bond Buyer's 20-year index rate at June 30, 2014. Instead, CalSTRS discounted all future obligations for the STRP using the long-term rate of return on plan assets gross of administrative costs (currently 7.6 percent). Based on that assumption, the STRP has an NPL of \$58.4 billion as of June 30, 2014.

INVESTMENTS

CalSTRS primary goal is to maintain a financially sound retirement system. CalSTRS investment philosophy is long-term patient capital— investing for long-term net cash flows and capital gain potential at a reasonable price. The fiscal year 2013-14 goals and targets for the investments were to:

1. Achieve an absolute return of 7.5 percent and/or outperform the benchmark
2. Outperform the Total Fund Policy benchmark and add additional 60 basis points of extra return without excess risk
3. Aspire to be cost effective with tight operational internal controls
4. Maximize risk-adjusted returns to meet CalSTRS obligation to pay benefits
5. Expand internal management of public assets
6. Provide stable cash flows
7. Reinforce CalSTRS reputation as a global leader in corporate governance

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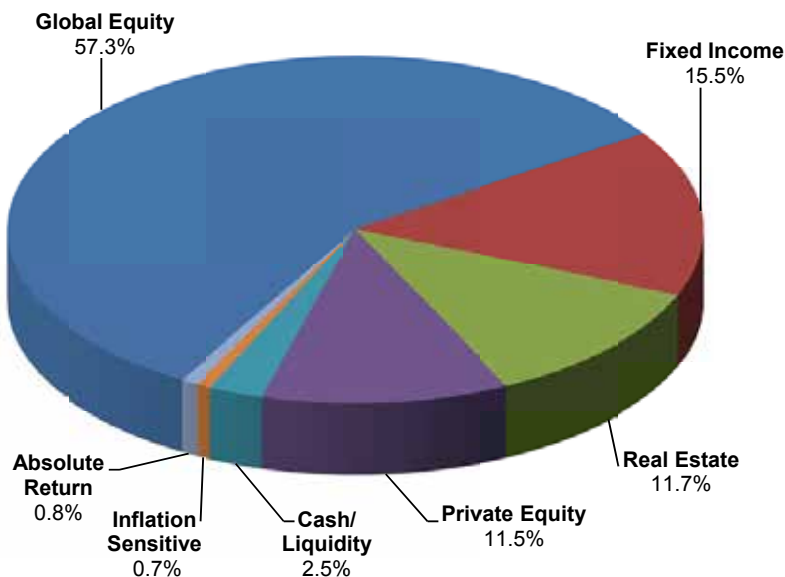
The CalSTRS Investment Portfolio posted an approximate 18.7 percent one-year return calculated on a gross of fees time-weighted return basis for fiscal year 2013-14. The three-year time-weighted return gross of fees is 11.2 percent. Furthermore, CalSTRS has generated an 8.4 percent and 8.6 percent return over the last 20 and 25 years, respectively.

The money-weighted return net of all investment expenses based on financial statements reflects an approximate 18.6 percent one-year return. CalSTRS does not have money-weighted return data prior to fiscal year 2013-14. Differences in the money-weighted and time-weighted returns are caused by the inherent differences in the methodology and inputs of the two calculations. In addition, the one-year time-weighted return for CalSTRS portfolios differs from the money-weighted return due to the quarter lag in the annual performance data for private assets in the time-weighted performance calculation.

ASSET ALLOCATION

The following chart provides the distribution of total fund investments based on portfolio allocation and management structures as of June 30, 2014.

Asset Allocation as of June 30, 2014



Representing over 57 percent of the total investments, the Global Equity Portfolio is comprised of U.S., Non-U.S. Developed Countries and Emerging Markets equity securities. The Global Equity Policy sets allocation targets of 67 percent and 33 percent to U.S. securities and Non-U.S. securities, respectively. Approximately 63 percent of the Global Equity assets are managed externally, while the remaining 37 percent is managed by CalSTRS investment staff.

The Fixed Income Portfolio is comprised of investment grade and non-investment grade securities, both U.S. dollar based and non-U.S. dollar based. Fixed Income assets are primarily managed internally with approximately 81 percent of the portfolio using enhanced core and high yield strategies, while 19 percent is externally managed using broader core plus and high yield strategies.

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The Private Equity Portfolio is comprised of limited partnerships and co-investments focusing on commitments to domestic and non-U.S. partnerships as identified in the Private Equity Policy. Types of investment strategies include leveraged buyouts, venture capital, expansion capital, distressed debt and mezzanine investments. Private Equity has substantial fees and costs associated with each investment; consequently, emphasis is placed on negotiating and monitoring the direct and indirect costs of each limited partnership investment.

The Real Estate Portfolio is comprised of investments in wholly-owned properties, joint venture investments, coinvestments and commingled funds. Approximately 15 percent of the investment portfolio represents non-U.S. assets. Leverage has been reduced to the new levels set by the board. The core portfolio has increased from a low of 25 percent in prior years to 45 percent as of June 30, 2014. To more closely align the interests of CalSTRS and the real estate managers, emphasis is placed on negotiating, monitoring, and managing the direct costs associated with each real estate investment.

Asset / Liability Study

CalSTRS conducts a full asset / liability (A/L) study once every three years or more frequently if there is a significant change in the assets or liabilities. The most recent study was conducted in 2012 and 2013. The key goal was to develop an asset allocation policy that maximizes the likelihood that an investment portfolio's assets will, over the planning horizon, fund plan benefits. The recent study occurred over several Investment Committee meetings and concluded at the September 2013 meeting, with the adoption of strategic asset class targets into the Investment Policy and Management Plan (IPMP).

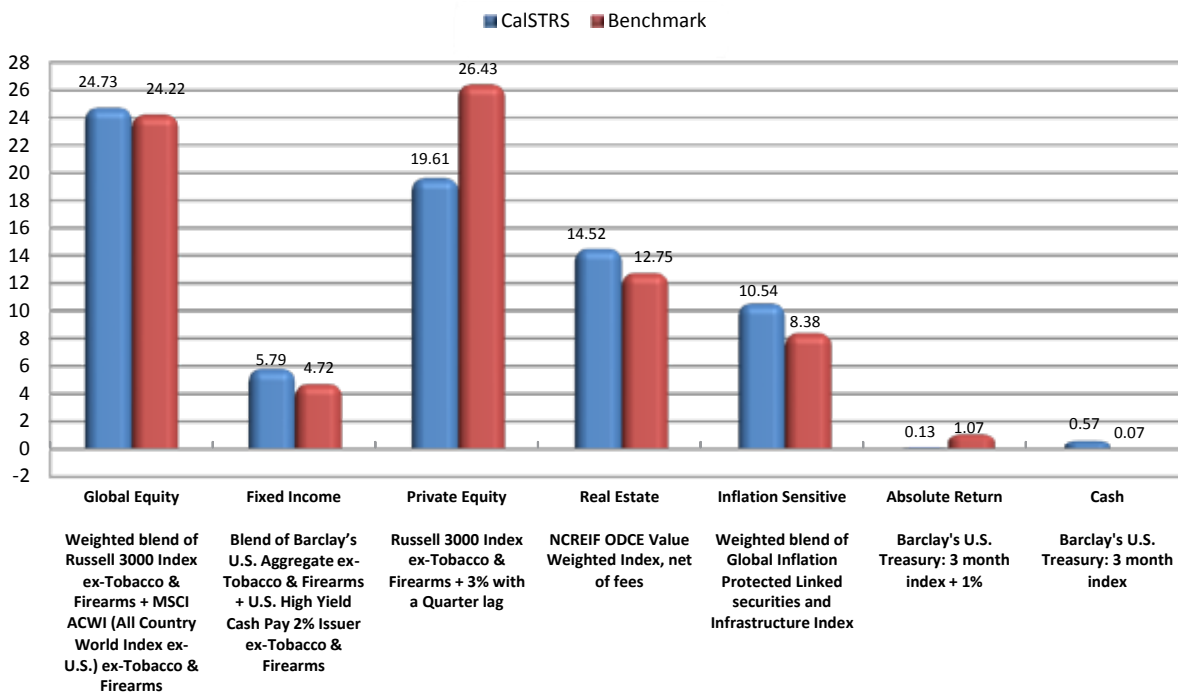
The revised IPMP reflected the new long-term asset targets and set the overall risk limit or acceptable risk parameters for the multi-billion dollar investment portfolio. Detailed information regarding the A/L study can be found in the board meeting agendas. The Investment Committee will consider changes to the portfolio over the next couple of years and the potential need to conduct another study in September 2015.

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PERFORMANCE VS. BENCHMARKS

The following is a comparison of CalSTRS returns calculated on a time-weighted performance basis gross of fees by asset class versus board approved benchmarks as of June 30, 2014:

Fiscal Year 2013-14



During the fiscal year, global equities generated high returns due to various circumstances and events throughout the year including accommodative monetary policies across the globe, improving economic growth, and strong corporate earnings. Global equity market returns were in the double digits for the period, primarily due to the strong performance in the developed countries. During the fiscal year, U.S. investors remained focused on the Federal Reserve as it initiated its plan to reduce its monthly bond buying program by \$10 billion per month and Janet Yellen assumed leadership of the central bank. Investor concerns eased as she reiterated the central bank's intent to keep interest rates low. Investors also witnessed improvements in Europe as parts of the region began to emerge from their protracted recession. In addition, the European Central Bank lowered its key interest rate, which contributed to the European equity markets rallying 30 percent for the fiscal year. Japan was the laggard amongst the developed markets as investors weighed Prime Minister Shinzo Abe's plan to stimulate economic growth in the country versus disappointing economic data, a strengthening yen, and concerns over the consumption tax hike that took effect in April 2014. Emerging market equities were sluggish during most of the fiscal year due to investors' continued lack of confidence in those markets given their slowing economic growth, rising inflation, slumping currencies, and geopolitical events that affected a number of emerging market countries.

During the first half of the fiscal year, the uncertainty of when the Federal Reserve would begin tapering its asset purchases program along with turmoil surrounding the U.S. government shutdown, caused increased volatility in U.S. Treasury yields. Despite the fiscal headwinds, economic data showed

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improvement, which led to a rise in Treasury yields and resulted in the Federal Reserve beginning to reduce its quantitative easing program starting in January 2014.

During the second half of the year, economic data was mixed and global geopolitical concerns remain heightened, causing Treasury yields to decline. Fixed income markets broadly performed well due to strong demand and a favorable interest rate backdrop. As several key geopolitical concerns subsided slightly in the last quarter, global bond markets ended the fiscal year with positive gains.

Strong recent performance continued to attract investors to private equity investments during the fiscal year. Like the public equity markets, developed markets private equity funds outperformed funds focused on emerging markets. Private equity markets have shown increasing correlation to public equity markets over recent years (especially since the adoption of fair market value accounting in 2007 [ASC 820]). However, the correlation is not straightforward; the performance of private equity markets has generally been lagged and muted relative to public equity markets due to the inherent delays associated with getting privately held assets appraised and other factors. Price changes in the public equity markets have generally rippled through the privately held assets over subsequent quarters and price changes experienced in the public markets, both positive and negative, have generally translated to the private equity markets at lesser magnitudes. As investors are receiving more distributions from private equity investments than ever before, confidence in, and appetite for, commitments to private equity investments are on the rise.

Over the fiscal year, despite the political tensions in the U.S., real estate performance continued to benefit from a slowly improving economy and job growth. Real estate investors were also focused on the future of the Fed's quantitative easing program and expectations that a tapering would take place drove up interest rates. However, the market concerns eventually waned, and U.S. commercial real estate investment continued to gain momentum throughout the year. This growth coupled with slowly improving employment numbers and limited speculative construction, helped keep downward pressure on vacancy rates. The industrial and retail sectors benefited from a lack of construction and modest rent growth. Despite the positive economic indicators, office returns continued to lag slightly and rent growth in this sector remained weak.

Throughout the fiscal year, capital flows into private real estate remained strong, fueled by continued under-allocation of institutions to real estate, which was due in large part to the extraordinary gains of stocks during the fiscal year. The year also saw a growing appetite from institutional investors in the European market, as several of the European sovereigns rebounded. Private real estate funds have now seen positive changes in the net asset value (NAV) for several consecutive quarters. With respect to CalSTRS performance, the directly-held real estate investments are measured through realized income returns and unrealized appreciation or depreciation based on most recent appraisals and valuations.

LEGISLATIVE UPDATE

Consistent with CalSTRS mission, the board authorizes staff to engage in the legislative process to prevent and remove obstacles that impair the ability of CalSTRS members to achieve financial security.

As previously mentioned, Assembly Bill 1469 was signed into law as part of the 2014-15 budget in June 2014. AB 1469 dictates shared, gradual contribution rate increases for members, employers and the state in order to eliminate the unfunded actuarial obligation of the DB Program by June 30, 2046. Legislative topics related to CalSTRS during the period ending June 30, 2014, also included a board-sponsored bill, SB 1220 (Torres), which makes some changes to the Teachers' Retirement Law that are necessary for continued effective and efficient plan administration.

California State Teachers' Retirement System Management's Discussion and Analysis (Unaudited) June 30, 2014

CalSTRS is also working on creditable compensation regulations to clarify provisions of the Education Code as they relate to classes of employees, creditable compensation and the appropriate crediting of contributions to either the Defined Benefit Program or the Defined Benefit Supplement Program. These regulations apply exclusively to members under the 2% at 60 benefit structure. The regulations were published in the California Regulatory Notice Register in December 2013 and are anticipated to be effective January 1, 2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of CalSTRS finances. For questions concerning the information in this report or for additional information, contact CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Respectfully submitted,



Robin Madsen
Chief Financial Officer

STATEMENT OF FIDUCIARY NET POSITION

California State Teachers' Retirement System Statement of Fiduciary Net Position As of June 30, 2014 (with Comparative Totals as of June 30, 2013) (Dollars in Thousands)

	State Teachers' Retirement Plan	Pension2 403 (b) Plan	457 Plan	Teachers' Health Benefits	Teachers' Deferred Compensation	Comparative Totals	
						2014	2013
Assets							
Investments, at fair value:							
Debt securities	\$ 36,512,804	\$ 197,700	\$ 6,359	\$ 1,007	\$ 1,138	\$ 36,719,008	\$ 33,528,335
Equity securities	102,089,006	329,834	10,686	-	-	102,429,526	84,382,163
Alternative investments	53,273,293	-	-	-	-	53,273,293	49,670,169
Derivative instruments	14,949	-	-	-	-	14,949	45,055
Securities lending collateral	22,303,191	-	-	-	-	22,303,191	23,215,906
Total investments	214,193,243	527,534	17,045	1,007	1,138	214,739,967	190,841,628
Cash	287,965	-	-	1	1	287,967	345,518
Receivables:							
Investments sold	2,237,745	-	-	-	-	2,237,745	3,185,497
Foreign currency forward contracts (net)	-	-	-	-	-	-	13,151
Interest and dividends	399,418	-	-	6	2	399,426	388,716
Member, employer and State	518,521	4,437	167	-	-	523,125	612,643
Loan receivable	21,620	384	1	-	-	22,005	23,042
Other	32,690	-	-	-	128	32,818	39,106
Total receivables	3,209,994	4,821	168	6	130	3,215,119	4,262,155
Other assets:							
Capital assets, net of accumulated depreciation	228,362	-	-	-	-	228,362	237,901
Other	718	-	-	-	-	718	928
Total other assets	229,080	-	-	-	-	229,080	238,829
Total assets	217,920,282	532,355	17,213	1,014	1,269	218,472,133	195,688,130
Liabilities							
Investments purchased payable	2,901,762	-	-	-	-	2,901,762	3,527,392
Foreign currency forward contracts (net)	6,488	-	-	-	-	6,488	-
Loan payable	944,269	-	-	-	-	944,269	937,494
Benefits in process of payment	1,121,034	-	-	-	-	1,121,034	1,044,692
Other	161,415	927	-	144	835	163,321	145,707
Securities lending obligation	22,311,298	-	-	-	-	22,311,298	23,246,453
Total liabilities	27,446,266	927	-	144	835	27,448,172	28,901,738
Net position restricted for pension/other postemployment benefits							
	\$ 190,474,016	\$ 531,428	\$ 17,213	\$ 870	\$ 434	\$ 191,023,961	\$ 166,786,392

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

California State Teachers' Retirement System Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended June 30, 2014 (with Comparative Totals for the Fiscal Year Ended June 30, 2013) (Dollars in Thousands)

	State Teachers' Retirement Plan	Pension2 403 (b) Plan	457 Plan	Teachers' Health Benefits	Teachers' Deferred Compensation	Comparative Totals	
						2014	2013
Additions							
Contributions:							
Member contributions	\$ 2,263,613	\$ 66,545	\$ 3,230	\$ -	\$ -	2,333,388	\$ 2,396,595
Employer contributions	2,272,166	151	51	33,395	-	2,305,763	2,318,591
State of California	1,383,468	-	-	-	-	1,383,468	1,328,298
Total contributions	5,919,247	66,696	3,281	33,395	-	6,022,619	6,043,484
Investment Income (Loss):							
Net appreciation in fair value of investments	26,092,999	59,617	1,740	-	-	26,154,356	16,136,032
Interest, dividends and other	4,508,464	6,385	194	10	4	4,515,057	4,694,810
Securities lending income	104,709	-	-	-	-	104,709	129,957
Less investment expenses:							
Cost of lending securities	(14,221)	-	-	-	-	(14,221)	(29,647)
Borrowing costs	(20,161)	-	-	-	-	(20,161)	(18,420)
Reverse repurchase agreement	-	-	-	-	-	-	(3,728)
Other investment expenses	(269,887)	-	-	-	-	(269,887)	(182,607)
Net investment income	30,401,903	66,002	1,934	10	4	30,469,853	20,726,397
Other income	2,055	28	-	-	1,241	3,324	2,307
Total additions	36,323,205	132,726	5,215	33,405	1,245	36,495,796	26,772,188
Deductions							
Retirement, disability, death and survivor benefits	11,725,324	-	-	-	-	11,725,324	11,133,282
Premiums paid	-	-	-	32,632	-	32,632	34,702
Distributions and withdrawals	-	22,173	358	-	-	22,531	26,257
Purchasing power benefits	202,232	-	-	-	-	202,232	221,451
Refunds of member contributions	107,600	2,523	45	-	-	110,168	104,994
Administrative expenses	154,155	1,146	36	327	874	156,538	138,881
Other expenses	8,787	-	-	-	15	8,802	4,478
Total deductions	12,198,098	25,842	439	32,959	889	12,258,227	11,664,045
Net increase in net position	24,125,107	106,884	4,776	446	356	24,237,569	15,108,143
Net position restricted for pension/other postemployment benefits							
Beginning of the year	166,348,909	424,544	12,437	424	78	166,786,392	151,678,249
End of the year	\$ 190,474,016	\$ 531,428	\$ 17,213	\$ 870	\$ 434	\$ 191,023,961	\$ 166,786,392

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 CalSTRS and Contribution Information

The California State Teachers' Retirement System (CalSTRS) administers a hybrid retirement system consisting of a defined benefit plan including disability and survivor benefits, two defined contribution plans, and an other postemployment benefit plan:

- State Teachers' Retirement Plan (STRP)
- CalSTRS Pension2[®] Program (Internal Revenue Code 403(b) and 457 plans)
- Teachers' Health Benefits Fund (THBF)
- Teachers' Deferred Compensation Fund (TDCF)

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

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

The Teachers' Retirement Board (board) has exclusive control over the administration of the retirement system plans and the investment of funds. The board makes rules, sets policies, and has the power and authority to hear and determine all facts pertaining to application for benefits under the retirement system. It is comprised of 12 members:

- Five members appointed by the Governor: one member currently serving on a school board, one retired CalSTRS member, and three public members;
- Four ex-officio members: the Superintendent of Public Instruction, the State Treasurer, the State Controller, and the Director of Finance; and
- Three members elected by CalSTRS membership.

A new governor-appointed public representative joined the board in January 2014 and two governor-appointed positions remain open as of June 30, 2014.

State Teachers' Retirement Plan

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

STRP Defined Benefit Program

The STRP Defined Benefit Program has two benefit formulas:

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

California State Teachers' Retirement System Notes to the Basic Financial Statements

At June 30, 2014, there were 1,687 contributing employers (charter schools, school districts, community college districts, county offices of education and regional occupational programs). Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable service. At June 30, 2013, membership consisted of:

	June 30, 2013
Active Members	
Vested	323,405
Nonvested	93,238
Inactive Members	
Vested	35,883
Nonvested	146,693
Retirees and Benefit Recipients	269,274
Total Members, Retirees and Beneficiaries	868,493

Information above is the most recent available as of June 30, 2014.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

- CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
- CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired 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 elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full-time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.
- The limit on compensation that can be counted towards a member's benefit is \$260,000 for 2014, if hired on or after July 1, 1996. The limit is increased based on cost-of-living increases calculated per Internal Revenue Code Section 401(a)(17). No contributions are paid by the member, employer or the state on compensation in excess of the limit, and any compensation beyond the limit is excluded from determining final compensation.
- Final compensation is based on different forms of compensation, including salary and certain other types of remuneration. Other types of compensation, such as compensation for unused accumulated leave, are not creditable compensation and do not count toward any CalSTRS benefit program.
- Members who retire on or after January 1, 2001, and accumulated at least 30 years of credited service by December 31, 2010, receive a longevity bonus of \$200, \$300 or \$400 per month for 30, 31 or 32 or more years of credited service, respectively.

California State Teachers' Retirement System Notes to the Basic Financial Statements

CalSTRS 2% at 62

- CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.
- All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.
- The limit on creditable compensation that can be counted towards a member's benefit is 120 percent of the Social Security wage base in effect on January 1, 2013. The limit is adjusted each fiscal year based on the changes in the Consumer Price Index. In fiscal year 2013-14, the limit was \$136,440.

Only compensation paid in cash by an employer for each pay period in which creditable service is performed, pursuant to a publicly available written contractual agreement, is creditable to CalSTRS benefit programs for CalSTRS 2% at 62 members.

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

- After earning five years of credited service, members become 100 percent vested in retirement benefits.
- 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 50.0 percent of final compensation plus 10.0 percent of final compensation for each eligible child, up to a maximum addition of 40.0 percent. The member must have a disability that will exceed a period of 12 or more months to qualify for a benefit.
- Any compensation for service in excess of one year in a school year due to overtime or working additional assignments is credited to the Defined Benefit Supplement Program so long as it is under the creditable compensation limit. Other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited-period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS benefit program.
- A family benefit is available if an active member dies and has at least one year of credited service.
- Members' accumulated contributions are refundable with interest upon separation from CalSTRS. The board determines the credited interest rate each fiscal year. For the year ended June 30, 2014, the rate of interest credited to members' accounts was 0.50 percent.
- There is a postretirement annual benefit adjustment increase of 2.0 percent per year on a simple (rather than compound) basis. This benefit is vested for members who pay the higher contribution rates enacted in AB 1469, or retired in 2014.
- The member's benefit is reduced dollar for dollar, regardless of age, for the first 180 days after retirement if the member performs activities in the public schools that could be creditable to CalSTRS, unless the governing body of the school district takes specified actions with respect to a member who is above normal retirement age.
- Any enhancements to the CalSTRS Defined Benefit Program made on or after January 1, 2013, apply only to service performed on or after the effective date of the enhancement.
- Defined Benefit Program benefits must be forfeited by any CalSTRS member who is convicted of committing a felony in the course of his or her official duties, including specifically if the felony involved a child with whom the member had contact as part of the member's official duties.

Purchasing power protection is provided to members of the Defined Benefit Program through the

California State Teachers' Retirement System Notes to the Basic Financial Statements

Purchasing Power Protection Program. Annual distributions (in quarterly payments) to retired and disabled members and beneficiaries restore purchasing power up to 85.0 percent of the initial monthly allowance. Funding for the Purchasing Power Protection Program is from School Lands Revenue and the Supplemental Benefit Maintenance Account (SBMA). Public Resources Code Section 6217.5 allocates School Lands Revenue for the program. At June 30, 2014, CalSTRS has a receivable balance from the sale of the Elk Hills Naval Petroleum Reserve in the amount of \$15.6 million.

The state is required to contribute an amount equal to approximately 2.5 percent of the total of the creditable compensation of the fiscal year ending in the immediately preceding calendar year, which is reduced in accordance with Education Code Section 22954(c), to fund the SBMA. In fiscal year 2013-14, the amount contributed to the SBMA was \$581.3 million, excluding School Lands Revenue.

Contributions

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

- Members - Under CalSTRS 2% at 60, the member contribution rate was 8.0 percent of applicable member earnings for fiscal year 2013-14. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.0 percent of applicable member earnings for fiscal year 2013-14.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

The CalSTRS member contribution rate increases effective for fiscal year 2014-15 and beyond are summarized in the table below:

Effective Date	Prior Rate	2% at 60 Member	2% at 62 Member
July 01, 2014	8%	8.15%	8.15%
July 01, 2015	8%	9.20%	8.56%*
July 01, 2016	8%	10.25%	9.205%*

*The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits. The contribution rate shown in future years assumes no change in normal cost.

California State Teachers' Retirement System Notes to the Basic Financial Statements

- Employers - 8.25 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over the next seven years. The new legislation also gives the board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2014-15 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2014	8.25%	0.63%	8.88%
July 01, 2015	8.25%	2.48%	10.73%
July 01, 2016	8.25%	4.33%	12.58%
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

- State - 2.017 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. This portion of the state appropriation totaled \$527 million in fiscal year 2013-14.

Additionally, beginning October 1, 1998, a statutory contribution rate of 0.524 percent, adjustable annually in 0.25 percent increments up to a maximum of 1.505 percent, of the creditable earnings from the fiscal year ending in the prior calendar year per Education Code Section 22955(b). This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefits in place as of July 1, 1990. Based on the actuarial valuation, as of June 30, 2012 there was no normal cost deficit, but there was an unfunded obligation for benefits in place as of July 1, 1990. As a result, the state was required to make quarterly payments starting October 1, 2013, at an additional contribution rate of 1.024 percent. As of June 30, 2014, the state contributed \$200.7 million of the \$267.6 million total amount for fiscal year 2013-14. As a result of AB 1469, the fourth quarterly payment of \$66.9 million was included in an increased first quarter payment of \$94 million for the 2014-15 fiscal year, which was transferred on July 1, 2014.

In accordance with AB 1469, the portion of the state appropriation under Education Code Section 22955(b) that is in addition to the 2.017 percent has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437 percent in 2014-15 to 4.311 percent in 2016-17. The increased contributions end as of fiscal year 2046-47.

NOTES TO THE BASIC FINANCIAL STATEMENTS

California State Teachers' Retirement System Notes to the Basic Financial Statements

The CalSTRS state contribution rates effective for fiscal year 2014-15 and beyond are summarized in the table below:

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding	Total State Appropriation to DB Program
July 01, 2014	2.017%	1.437%	2.50%	5.954%
July 01, 2015	2.017%	2.874%	2.50%	7.391%
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017 to June 30, 2046	2.017%	4.311%*	2.50%	8.828%*
July 01, 2046 and thereafter	2.017%	*	2.50%	4.571%*

* The new legislation also gives the board limited authority to adjust state contribution rates from July 1, 2017, through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure shall be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

Receivables for Benefit Enhancements

A school employer may provide, at the employer's cost, an additional two years of service credit to increase the amount of the member's monthly retirement benefit. The cost to the employer may be paid for by the employer in installments not to exceed eight years. If the employer chooses to pay in installments, the employer is charged interest on the unpaid balance at the actuarially assumed rate of return on investments for the Defined Benefit Program (currently 7.5 percent). As of June 30, 2014, the outstanding balance of these receivables was \$26.9 million.

STRP Defined Benefit Supplement Program

The Defined Benefit Supplement Program, established pursuant to Chapter 74, Statutes of 2000 (AB 1509), is a defined benefit pension program that operates within the STRP. All members of the Defined Benefit Program who make contributions to CalSTRS on creditable compensation earned on and after January 1, 2001, have an account under the Defined Benefit Supplement Program and are eligible to receive a Defined Benefit Supplement benefit based on the amount of funds contributed to the Defined Benefit Supplement account. Membership in the Defined Benefit Supplement Program is mandatory.

Interest is credited to the nominal DBS Program accounts at the minimum guaranteed annual rate established by the board prior to each plan year, which was 3 percent for the fiscal year ended June 30, 2014. The board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the minimum guaranteed annual rate and meet criteria set out in board policy. In April 2014, the board granted an additional earnings credit (AEC) of 3.61 percent of active and inactive members' June 30, 2013 nominal account and an additional annuity credit (AAC) of the 3.61 percent of the actuarial value of retired member's annuities as of June 30, 2013. The dollar value of these credits was \$266.2 million for the AEC, and \$29.6 million for the AAC based on the June 30, 2013, Defined Benefit Supplement Program actuarial valuation.

Contributions

Beginning July 1, 2002, for creditable service in excess of one year of service credit within one fiscal

California State Teachers' Retirement System Notes to the Basic Financial Statements

year, member contributions of 8 percent and employer contributions of 8 percent are credited to the members' nominal Defined Benefit Supplement Program account (up to the compensation cap). Also, contributions for compensation as a result of retirement incentives or limited-term enhancements are credited to the members' Defined Benefit Supplement Program accounts for CalSTRS 2% at 60 members.

STRP Cash Balance Benefit Program

The Cash Balance Benefit Program, established under Chapter 592, Statutes of 1995 (AB 1298), and subsequently merged into the STRP by Chapter 1048, Statutes of 1998 (SB 2085), is a defined benefit pension program. The Cash Balance Benefit Program is designed for employees of California's public schools who are hired to perform creditable service for less than 50 percent of the full-time equivalent for the position. Participation in the Cash Balance Benefit Program is optional; a school district, community college district, county office of education or regional occupational program may elect to offer the Cash Balance Benefit Program. Under such election, the program will automatically cover each eligible employee, unless the employee elects to participate in the Defined Benefit Program or an alternative plan provided by the employer within 60 days of hire or the election period determined by the employer.

Interest is credited to nominal Cash Balance Benefit Program accounts at the minimum guaranteed annual rate established by the board prior to each plan year, which was 3 percent for the year ended June 30, 2014. The board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the minimum guaranteed annual rate and meet criteria set out in board policy. In April 2014, the board granted an AEC of 3.25 percent of active and inactive participants' June 30, 2013, nominal accounts and an AAC of 3.25 percent of the actuarial value of retired members' annuities as of June 30, 2013. The dollar value of these credits was \$5.5 million for the AEC and \$61 thousand for the AAC based on the June 30, 2013, Cash Balance Benefit Program actuarial valuation.

Contributions

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

- Participants - 4.0 percent of applicable participant's earnings
- Employers - 4.0 percent of applicable participant's earnings

Employers may enter into a collective bargaining agreement to pay different rates if certain minimum conditions are met. At June 30, 2014, there were 32 contributing school districts and 35,066 contributing participants.

STRP Replacement Benefits Program

The STRP Replacement Benefits Program is an excess benefits arrangement for Defined Benefit Program members that is administered as a qualified excess benefit arrangement through a separate pension program apart from the other three STRP programs and is established in accordance with Internal Revenue Code (IRC) Section 415(m). IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan. The limit for individual CalSTRS members varies based on the age at which they retire. In 2014, the federal dollar limit for retirees is \$210,000, without considering the member's retirement age. Under CalSTRS 2% at 62, members will not receive any benefits in excess of the IRC Section 415(b) limit.

The program is funded as needed. Contributions that would otherwise be credited to the Defined Benefit Program each month are instead credited to the Replacement Benefits Program to fund monthly program costs. Monthly employer contributions are received and paid to members in amounts equivalent to the benefits not paid as a result of IRC Section 415(b), subject to withholding for any applicable income or employment taxes. At June 30, 2014, there were 260 retirees, beneficiaries, and non-member spouses receiving benefits from the Replacement Benefits Program.

California State Teachers' Retirement System Notes to the Basic Financial Statements

CalSTRS Pension2 Program

Pursuant to Chapter 291, Statutes of 1994 (AB 3064), CalSTRS Pension2 (Pension2) was established to include two tax-deferred defined contribution plans under the IRC sections 403(b) and 457. TIAA-CREF is responsible for administrative services, including custody and record-keeping services, while CalSTRS performs the investment management functions of determining, monitoring and maintaining the plan's investments.

As of June 30, 2014, the IRC 403(b) and 457 plans had approximately 8,198 and 412 plan participants with account balances and approximately 766 and 31 participating employers (school districts), respectively. Pension2 is available to all full-time California pre-kindergarten through community college district and county office of education employees. Part-time employees' eligibility is determined by their employers. Enrollment in the 457 plan is by employer adoption only. Employee contributions to the plans are voluntary and require no minimum limitations; however, the IRC imposes an annual maximum amount that can be contributed to the plans. Pension2 is not directly affected by the California Public Employee's Pension Reform Act of 2013 (PEPRA). However, according to PEPRA, employers may provide a contribution to a defined contribution plan, such as Pension2, for 2% at 62 member compensation in excess of the compensation cap.

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

Teachers' Health Benefits Fund

The Teachers' Health Benefits Fund (THBF) was established pursuant to Chapter 1032, Statutes of 2000 (SB 1435), which also established the Medicare Premium Payment Program (MPP Program), a cost-sharing multiple-employer other postemployment benefit plan, paid from the THBF to eligible retired members of the Defined Benefit Program. At June 30, 2014, there were 7,558 retirees participating in the MPP Program. The number of active members and terminated vested members who will participate in the program after they retire is unknown because eligibility cannot be pre-determined.

The MPP Program was established to pay Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for Defined Benefit Program members who had retired or would retire prior to July 1, 2001, and who meet certain other eligibility criteria. Subsequently, the MPP Program has been extended several times. On April 5, 2007, the board extended the MPP Program to members who retired on or before June 30, 2012. As of June 30, 2012, active and deferred members are no longer eligible for future coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of the monthly Defined Benefit Program employer contributions. Contributions that would otherwise be credited to the STRP each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Teachers' Deferred Compensation Fund

The Teachers' Deferred Compensation Fund (TDCF) was established pursuant to Chapter 655, Statutes of 2006 (SB 1466), and is used to account for ancillary activities associated with various deferred compensation plans and programs offered by CalSTRS to enhance the tax-deferred financial options for the members and their beneficiaries.

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

California State Teachers' Retirement System Notes to the Basic Financial Statements

On September 1, 2011, CalSTRS entered into a five-year Open Architecture Bundled Administration Agreement with Los Angeles Unified School District (LAUSD) to provide record-keeping and administrative services for the Los Angeles Unified School District 457(b) Plan (LAUSD 457(b) Plan). CalSTRS' responsibilities under this agreement are to provide record-keeping services that include maintaining participant account balances, processing participant transactions, providing participant statements and education, and performing tax compliance and reporting functions.

CalSTRS has determined that LAUSD retains investment fiduciary responsibilities for the LAUSD 457(b) Plan, as LAUSD has maintained the plan investment management functions, which include determining, monitoring and maintaining the plan's investment offerings. Therefore, CalSTRS has not included the LAUSD 457(b) Plan assets, liabilities and associated changes within its Statement of Fiduciary Net Position nor the Statement of Changes in Fiduciary Net Position. At June 30, 2014, the fair market value of LAUSD 457(b) Plan assets was \$70 million. The fees CalSTRS receives in association with the services provided under this agreement are accounted for within the TDCF. At the discretion of LAUSD, CalSTRS will cease to provide recordkeeping and administrative services for the LAUSD 457(b) Plan around October 2014.

2. Summary of Significant Accounting Policies

Basis of Accounting

CalSTRS maintains its accounting records using the accrual basis of accounting. It recognizes member contributions in the period in which the contributions are earned. Furthermore, CalSTRS recognizes employer and state contributions when earned and the employer or state has made a formal commitment to provide the contributions. Also, CalSTRS recognizes benefits when due and payable in accordance with its retirement and benefits programs. Purchases and sales of investments are recorded on the trade date. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Use of Estimates in the Preparation of Financial Statements

The preparation of CalSTRS financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain financial statement amounts and disclosures. Actual results could differ from those estimates.

Cash

Cash held by CalSTRS includes foreign currency, deposits with the State Treasury and master custodian, and cash held at a commercial bank for operational purposes.

Investments

CalSTRS investments held at June 30, 2014, are either in the custody of State Street Bank, CalSTRS' master custodian, TIAA-CREF, administrator for Pension2, and/or in CalSTRS name.

Under California Constitution, Article 16, Section 17, and the California Education Code, Part 13 Teachers' Retirement Law, Chapter 4, Section 22250, the board has the sole and exclusive fiduciary responsibility over the assets of the retirement system and to administer the system in a manner that will assure prompt delivery of benefits and related services to the members and their beneficiaries.

As a public pension fund, CalSTRS is not subject to ERISA, which governs corporate pension plans. However, the CalSTRS investment decision-making criteria are based on the "prudent expert" standard, for which the ERISA standards serve as a basis. Additionally, the California Constitution, Article 16, Section 17, and the California Education Code, Part 13 Teachers Retirement Law, Chapter 4, Section 22250 require the diversification of investments so as to minimize the risk of loss and maximize the rate of returns, unless under the circumstances it is clearly not prudent to do so. CalSTRS Investment Policy and Management Plan is established and may be amended by a majority vote of the board. It allows for investments consisting of debt and equity securities, alternative investments and derivative instruments. See Note 5 regarding the Schedule of Investments.

California State Teachers' Retirement System Notes to the Basic Financial Statements

In the Statement of Changes in Fiduciary Net Position, CalSTRS presents the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains and losses on securities sold and the unrealized appreciation (depreciation) on those investments still held in the portfolio.

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

Investments are reported at fair value. The diversity of the investment types held by CalSTRS requires a wide range of valuation techniques to determine fair value. The overall valuation processes and information sources by major asset classifications are as follows:

Debt Securities

Debt securities consist primarily of long term investments issued by the U.S. government and U.S. government-sponsored agencies, municipal securities, foreign governments, corporations, securitized offerings backed by residential and commercial mortgages and inflation-indexed bonds (also known as inflation-linked bonds). Debt securities also consist of short term securities that have maturities less than one year. Investments in Pension2 comprise of debt securities such as bond mutual funds and guaranteed annuity contracts.

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

Global inflation-indexed bonds are bonds where the principal is indexed to inflation. The CalSTRS portfolio consists of inflation-linked bonds issued by governments, including but not limited to the U.S., which are representative of the countries reflected in the performance benchmark. The values of the U.S. Inflation-Protected Debt Securities are adjusted periodically based on the Consumer Price Index for Urban Consumers (CPI-U), which is calculated monthly by the U.S. Bureau of Labor Statistics. The U.S. inflation-protected securities are actively traded and the prices are readily available from pricing vendors. Similarly, the inflation-linked debt securities issued by a foreign government are also adjusted to reflect a comparable consumer inflation index by that government and the prices are also readily available from pricing vendors.

Short-term investments consist of money market funds, certificates of deposit and similar instruments with maturities of less than one year. Short-term investments are reported at fair value or at cost or amortized cost, which approximates fair value. For those investments which are reported at fair value, the investments are valued using similar methodologies as debt securities traded in active markets.

Pension2 offers bond mutual funds and TIAA Traditional Annuity to the individual participants in Pension2. The mutual funds offered by TIAA-CREF are open-ended funds that are priced daily at the net asset value (NAV) by the fund sponsor based generally upon the exchange traded last or official closing price of the securities held by the fund. In addition, the TIAA Traditional Annuity is a guaranteed annuity contract, which guarantees the participant's contributions plus a specified minimum interest rate. Rates and certain account features vary depending on the type of annuity contract held by the participant. The actual rate of return will also vary from year to year at the TIAA Board of Trustee's discretion. CalSTRS allocation in the TIAA Traditional Annuity is carried at contract value, which approximates fair value.

California State Teachers' Retirement System Notes to the Basic Financial Statements

Equity Securities

Equity securities consist primarily of domestic and international common stocks, preferred stocks, depository receipts, real estate investment trusts (REITs), Exchange Traded Funds (ETFs) and stock mutual funds. The majority of equity securities held by CalSTRS are actively traded on major stock exchanges. These exchanges make information on trades of securities available daily on a last trade or official close basis. If such information is not available, other pre-established means are used to determine a price. Stock mutual funds, held in the STRP and the Pension2 program, are open-ended funds that are priced daily at NAV by the fund sponsor based generally upon the exchange traded last or official closing price of the securities held by the fund.

Alternative Investments

Alternative investments consist primarily of limited partnership structures invested in privately held debt, such as distressed and mezzanine debt, or privately held equity, such as venture capital, buyouts, co-investments and equity expansion, as well as investments in real estate and infrastructure. They include investments held within the private equity, real estate, corporate governance, innovation, and infrastructure asset classes and investment strategies. Investments in real estate directly-held assets are in separate accounts and joint ventures which are comprised of retail, office, industrial, and multi-family properties.

Partnership interests are valued using their respective NAV calculated in accordance with the general partner's fair valuation policy as of the measurement date, and are audited annually. CalSTRS receives audited financial statements including valuation results from the general partners and reviews valuation policies for a sample of general partners on a periodic basis. The most significant input into the NAVs of such an entity is the fair value of its investment holdings which are typically valued on a quarterly or semi-annual basis by the general partners. The valuation assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary by investment type and involve a certain degree of expert judgment.

Corporate governance funds employ specific investment strategies and co-investments including, but not limited to, publicly traded equity securities of companies on U.S., Canadian, and European exchanges. These limited partnerships have been valued using the NAV of the entity, with the most significant input into the NAV being the value of its investment holdings. The general partners obtain prices for their holdings in a manner similar to that described above for CalSTRS global equity holdings.

Investments in real estate directly-held assets are subject to independent third party appraisals performed annually in accordance with the Uniform Standards of Professional Appraisal Practice. Leverage may be used to enhance investment returns as set forth in the CalSTRS Real Estate Investment Policy. See Note 5 regarding the Real Estate Investment Policy. On a quarterly basis, fair values are estimated by the third party advisor or operating partner using general market and property specific assumptions, which are reviewed by CalSTRS management.

Real estate investments in non-directly held assets are long term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. Limited partner interests in commingled funds are valued by CalSTRS using the NAV of the partnership provided by the general partner. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued using the general partners' fair valuation policy on a continuous basis, audited annually and periodically appraised by an independent third party as directed by the governing document for each commingled fund investment. The valuation assumptions use both market and property specific inputs.

Derivative Instruments

CalSTRS holds investments in futures, foreign currency forward contracts, options, swaps, rights and warrants. The fair value of exchange-traded derivative instruments such as futures, options, rights

California State Teachers' Retirement System Notes to the Basic Financial Statements

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

Futures contracts are exchange-traded financial instruments that derive their value from underlying securities, indices or reference rates and are marked-to-market at the end of each day. Daily settlements of gains and losses occur on the following business day. As a result, the instruments have no fair value at the end of any trading day. Futures variation margins are accounted for as unrealized appreciation or depreciation until the contract is closed.

Foreign currency forward contracts are traded over-the-counter (OTC) and are an obligation to buy or sell currency at a specified exchange rate and quantity on a specific future date. The fair value of the foreign currency forward contracts is the unrealized gain or loss calculated based on the difference between the specified exchange rate and the closing forward rate at June 30, 2014.

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

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

Investment Risk Management

CalSTRS enters into currency forwards and option contracts to protect the value of non-U.S. investments against foreign currency fluctuation. CalSTRS could be exposed to risk if the counterparties to the forward and option contracts are unable to meet the terms of their contracts. CalSTRS also enters into futures contracts to hedge risks in the equity and fixed income markets. CalSTRS seeks to minimize risk from counterparties by establishing minimum credit quality standards and maximum credit limits. See Note 5 for disclosures related to these risks.

Capital Assets

Capital assets held by CalSTRS, which consist of land, building, equipment, and intangible assets are recorded at cost and reflected on the Statement of Fiduciary Net Position, net of accumulated depreciation/amortization. The capitalization threshold for capital assets is \$1 million. Depreciation/amortization is charged to operations using the straight-line method on the estimated useful life of the related asset. Estimated useful lives range from one to five years for equipment, forty years for buildings, and a minimum of five years for amortizable intangible assets. Accumulated depreciation/amortization and depreciation/amortization expense through June 30, 2014 of fiscal year 2013-14 were \$43.4 million and \$10.9 million, respectively. CalSTRS reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. As of June 30, 2014 there has been no impairment of capital assets.

Administrative Expenses

The cost of administering the CalSTRS system is financed through contributions and investment earnings. Schedule VI (Schedule of Administrative Expenses) provides a listing of administrative expense by type.

Income Taxes

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

California State Teachers' Retirement System Notes to the Basic Financial Statements

Investment Expenses

Expenses directly associated with investment management, operations and servicing, as well as foreign taxes have been included as 'Other investment expenses' in the Statement of Changes in Fiduciary Net Position. Schedule VII (Schedule of Investment Expenses) provides a listing of investment expenses by type. Broker commissions for securities trades and private asset fees are capitalized, with the exception of certain derivatives for which they are expensed.

Securities Lending Transactions

CalSTRS reports securities lent, reinvested cash collateral, and the related liabilities resulting from securities lending transactions on the Statement of Fiduciary Net Position. CalSTRS also reports the income earned and costs of lending securities as investment income and expenses on the Statement of Changes in Fiduciary Net Position.

Reverse Repurchase Agreement Transactions

CalSTRS reports the liabilities resulting from the reverse repurchase agreements as obligations under reverse repurchase agreements and the underlying securities used as collateral are reported as investments on the Statement of Fiduciary Net Position. Any interest cost associated with the reverse repurchase agreements is reported as investment expense on the Statement of Changes in Fiduciary Net Position. As of June 30, 2014, CalSTRS held no reverse repurchase agreements.

Reserves

CalSTRS maintains accounts within the net position restricted for pension/other postemployment benefits as reserve accounts for various operating purposes. The Teachers' Retirement Law requires CalSTRS to maintain two types of reserve accounts within two programs of the STRP, the Defined Benefit Supplement Program and the Cash Balance Benefit Program. Teachers' Retirement Law also requires CalSTRS to maintain an account for the SBMA.

Defined Benefit Supplement Annuitant Reserve

Part 13, Chapter 2 Section 22104.9 of the Education Code, formed the Defined Benefit Supplement Annuitant Reserve to establish and maintain a segregated account for expenditures on annuities payable under the Defined Benefit Supplement Program. Defined Benefit members may have a Defined Benefit Supplement account that accumulates contributions and interest. The Defined Benefit Supplement Program offers supplemental income in addition to their regular Defined Benefit program benefit. During a member's career, funds are accumulated in the Defined Benefit Supplement Member Reserve, and when a member retires the funds are converted to the Defined Benefit Supplement Annuitant Reserve.

Defined Benefit Supplement Gain and Loss Reserve

Part 13, Chapter 2 Section 22139.5 of the Education Code, established the Defined Benefit Supplement Gain and Loss Reserve which represents a segregated account to maintain either: 1) credited interest to member Defined Benefit Supplement accounts at the minimum interest rate for plan years in which the obligation cannot be met from the plan's investment earnings, or 2) provide additions to the Annuitant Reserve to meet the plan's obligation for annuities payable under the Defined Benefit Supplement program.

Cash Balance Annuitant Reserve

Part 14, Chapter 2 Section 26105 of the Education Code, established the Cash Balance Annuitant Reserve for the payment of monthly annuities with respect to the Cash Balance Program. The Cash Balance Program is a retirement program that can be an alternative to the CalSTRS Defined Benefit Program, Social Security and other retirement plans. During a participant's career, funds are accumulated in the Cash Balance Participant Reserve. When a participant retires, the funds are transferred to the Cash Balance Annuitant Reserve.

California State Teachers' Retirement System Notes to the Basic Financial Statements

Cash Balance Gain and Loss Reserve

Part 14, Chapter 2 Section 26202 of the Education Code, established the Cash Balance Gain and Loss Reserve which represents funds to be drawn upon to the extent necessary to credit interest to participants' accounts at the minimum interest rate during years in which CalSTRS investment earnings with respect to the Cash Balance Program are not sufficient for that purpose, and where necessary, to provide additions to the Annuitant Reserve for monthly annuity payments.

Supplemental Benefit Maintenance Account

Part 13, Chapter 8 Section 22400 of the Education Code, established the Supplemental Benefit Maintenance Account to separately maintain and manage the annual supplemental payments disbursed in quarterly installments to all benefit recipients whose purchasing power has fallen below 85 percent of the purchasing power of the initial allowance as long as funds are available. The Supplemental Benefit Maintenance Account is primarily funded by contributions from the state, School Lands monies, and the earned interest on the SBMA reserve balance based on the actuarially assumed interest rate.

The reserve balances as of June 30, 2014, are summarized in the table below:

Reserve Type	Reserve Balance <i>(Dollars in Thousands)</i>
Defined Benefit Supplement Annuitant Reserve	\$ 524,323
Defined Benefit Supplement Gain and (Loss) Reserve	2,460,072
Cash Balance Annuitant Reserve	2,559
Cash Balance Gain and (Loss) Reserve	44,148
Supplemental Benefit Maintenance Account Reserve	10,342,893
Other Reserves Not Legally Required for Disclosure	177,649,966
Total	\$ 191,023,961

Comparative Totals

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with CalSTRS financial statements for the year ended June 30, 2013, from which the summarized information was derived. Certain reclassifications have been made to the comparative totals as of and for the year ended June 30, 2013, to conform to the presentation as of and for the year ended June 30, 2014. Reclassifications did not have an impact on net position restricted for pension and other postemployment benefits or net increase in net position restricted for pension and other postemployment benefits.

3. Net Pension Liability of Employers and Nonemployer Contributing Entity

The components of the net pension liability of the STRP for participating employers and the State of California (nonemployer contributing entity) as of June 30, 2014, are as follows (dollars in millions):

Total pension liability	\$ 248,911
Less: STRP fiduciary net position	(190,474)
Net pension liability of employers and the state	<u>\$ 58,437</u>

STRP fiduciary net position as a percentage of the total pension liability 77%

California State Teachers' Retirement System Notes to the Basic Financial Statements

Actuarial methods and assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return ²	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12	6.20
Real Estate	15	4.35
Inflation Sensitive	5	3.20
Fixed Income	20	0.20
Cash / Liquidity	1	0.00

* 10-year geometric average

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and

² Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5 percent assumed investment rate of return for funding purposes, which is net of administrative expenses.

NOTES TO THE BASIC FINANCIAL STATEMENTS

California State Teachers' Retirement System Notes to the Basic Financial Statements

employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469 as disclosed in Note 1. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Presented below is the net pension liability of employers and the state using the current discount rate of 7.60 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one to three percent lower or one to three percent higher than the current rate:

Discount Rate	Net Pension Liability of Employers and Nonemployer Contributing Entity (Dollars in Millions)
3% Decrease (4.60%)	\$ 178,525
2% Decrease (5.60%)	130,573
1% Decrease (6.60%)	91,088
Current Discount Rate (7.60%)	58,437
1% Increase (8.60%)	31,212
2% Increase (9.60%)	8,336
3% Increase (10.60%)	(10,959)

4. Funded Status

Teachers' Health Benefits Fund

The funded status of the MPP Program, as of June 30, 2012, the most recent actuarial valuation date, is as follows (dollars in millions):

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll * (c)	UAAL as a % of Covered Payroll ((b-a)/c)
MPP Program	\$ 0.4	\$ 582.1	\$ 581.7	0.1%	\$ -	N/A

* As of June 30, 2012, current active members are no longer eligible for future enrollment in the MPP Program. Therefore, the covered payroll is \$0 for years 2012 and thereafter.

The above table shows the funded ratio of 0.1 percent from a financial reporting perspective. This ratio is determined using methodology based upon financial reporting requirements, which is different from the methodology used to develop the estimated cost to fund the program.

The estimated amount needed to fully fund the program, \$424 million based on the June 30, 2012 actuarial valuation of the MPP Program, has not been transferred to the THBF. The estimated amount of future employer contributions required to fully fund the MPPP is noted as a commitment and is explained further in Note 7.

Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the

California State Teachers' Retirement System Notes to the Basic Financial Statements

future. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation.

Actuarial calculations reflect a long-term perspective and the actuarial methods and assumptions used for valuing the MPPP include techniques that are consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

	<u>MPP Program</u>
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar basis
Amortization Period	Closed
Remaining Amortization Period	24 years
Asset Valuation Method	Fair value of net assets
Actuarial Assumptions:	
Investment Rate of Return	4.00%
Interest on Accounts	Not applicable
Wage Growth	Not applicable
Consumer Price Inflation	3.00%
Healthcare Cost Trend Rate Part A Premiums	3.5%
Healthcare Cost Trend Rate Part B Premiums	4.5%

5. Deposits and Investments

Money-Weighted Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 18.6 percent. The money-weighted rate of return expresses investment performance, net of investment expenses, taking into account the impact of changing amounts actually invested based on financial statement results.

Schedule of Investments

CalSTRS is authorized to invest and reinvest the monies to meet the objectives of the Investment Policy and Management Plan as established by the board in accordance with state laws. The table below represents the detailed investments by type within equities, debt securities, alternative investments, and derivatives presented in the Statement of Fiduciary Net Position.

NOTES TO THE BASIC FINANCIAL STATEMENTS

California State Teachers' Retirement System Notes to the Basic Financial Statements

Schedule of Investments

At June 30, 2014, CalSTRS investments, at fair value, are as follows:
(Dollars in Thousands)

Investments	State Teachers' Retirement Plan	Pension2		Teachers' Health Benefits	Teachers' Deferred Compensation	Total
		403(b) Plan	457 Plan			
Debt Securities	\$ 36,512,804	\$ 197,700	\$ 6,359	\$ 1,007	\$ 1,138	\$ 36,719,008
Asset Backed Securities	1,112,916	-	-	-	-	1,112,916
Corporate Bonds	11,671,215	-	-	-	-	11,671,215
Foreign Government Issues	1,021,854	-	-	-	-	1,021,854
Mortgage Backed Securities	8,385,664	-	-	-	-	8,385,664
Municipal Securities	210,452	-	-	-	-	210,452
U.S. Government and Agency Obligations	9,570,378	-	-	-	-	9,570,378
Short Term Securities	4,540,325	16,704	1,001	1,007	1,138	4,560,175
Mutual Funds-Bond Funds	-	36,517	996	-	-	37,513
Guaranteed Annuity Contracts	-	144,479	4,362	-	-	148,841
Equity Securities	102,089,006	329,834	10,686	-	-	102,429,526
Common Stocks	97,040,360	-	-	-	-	97,040,360
Depository Receipts	1,780,231	-	-	-	-	1,780,231
Mutual Funds-Stock Funds	90,542	329,834	10,686	-	-	431,062
Preferred Stocks	702,470	-	-	-	-	702,470
Real Estate Investment Trusts	2,475,403	-	-	-	-	2,475,403
Alternative Investments	53,273,293	-	-	-	-	53,273,293
Equity-Privately Held	26,825,092	-	-	-	-	26,825,092
Debt-Privately Held	2,774,955	-	-	-	-	2,774,955
Real Estate-Directly Held	4,487,686	-	-	-	-	4,487,686
Real Estate-Non-Directly Held	19,185,560	-	-	-	-	19,185,560
Derivative Instruments	14,949	-	-	-	-	14,949
Options	13,890	-	-	-	-	13,890
Rights and Warrants	2,661	-	-	-	-	2,661
Swaps	(1,602)	-	-	-	-	(1,602)
Securities Lending Collateral	22,303,191	-	-	-	-	22,303,191
Total Investments	\$ 214,193,243	\$ 527,534	\$ 17,045	\$ 1,007	\$ 1,138	\$ 214,739,967

Deposits in the Pooled Money Investment Account (classified under short-term securities), administered by the State Treasurer, represent various investments with approximately 232 average days to maturity and are reported at amortized cost, which approximates fair value. The State Treasury pools these monies with those of other state agencies for investing. Deposits in the Short-term Investment Fund, administered by State Street Bank, represents various investments with approximately 40 average days to maturity and are reported at amortized cost, which approximates fair value.

Repurchase agreement transactions reflected as short term securities as of June 30, 2014, have underlying collateral with fair values of approximately 102 percent of the cost of the repurchase agreement.

State of California statutes and board policies permit CalSTRS to make short-term, collateralized loans of its securities to broker-dealers and other entities in order to earn incremental income. CalSTRS has contracted with third party securities lending agents and its custodian to lend global equity and debt securities. The majority of security loans can be terminated on demand by either CalSTRS or the borrower. The underlying securities on loan are reported as assets on the Statement of Fiduciary Net Position. Collateral in the form of cash or other securities is required for 102 percent and 105 percent of the fair value of domestic securities and international equity securities loaned, respectively. For non-U.S. debt securities loaned, CalSTRS follows market practice which requires collateral of 102 percent of the fair value of the loaned securities. Since the majority of loans are terminable at will, their duration does not generally match the duration of the investments made with the cash collateral. At June 30, 2014, the weighted duration difference between the investments and these loans was 20 days.

At June 30, 2014, the fair value of the securities on loan was \$23.2 billion. The securities lending cash collateral obligations were \$22.31 billion. The fair value of the re-invested cash collateral was

California State Teachers' Retirement System Notes to the Basic Financial Statements

\$22.30 billion, the non-cash collateral was \$1.5 billion and the calculated mark (additional collateral requested for the next business day) was \$30.9 million which was due from CalSTRS for securities on loan. The invested collateral and corresponding obligation are reflected in the Statement of Fiduciary Net Position as assets and liabilities, respectively. Due to the decline in the fair value in the re-invested cash collateral, the liability represented by the securities lending cash collateral obligation was greater than the re-invested cash collateral. The re-invested cash collateral securities in this program are typically held to maturity and expected to mature at par.

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting on Securities Lending Transactions*, the non-cash collateral of \$1.5 billion is not reported in the Statement of Fiduciary Net Position because CalSTRS is not permitted to pledge or sell these collateral securities received unless the borrower defaults. The contracts with the securities lending agents require them to indemnify CalSTRS if the borrowers fail to return the securities (or if the collateral is not sufficient to replace the securities lent) or if the borrowers fail to pay CalSTRS for income distributions by the securities' issuers while the securities are on loan.

CalSTRS has no investment (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represents 5 percent or more of the STRP's fiduciary net position at June 30, 2014.

Real Estate

Real estate investments are classified as investments in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*. Certain real estate investments are leveraged through partnerships established to purchase properties through a combination of equity contributions from CalSTRS and other investors and through the utilization of debt. CalSTRS engages real estate advisors and operating partners who are responsible for managing a portfolio's day-to-day activities, performance and reporting. At June 30, 2014 the estimated fair value of real estate investments (net of all outstanding debt) totaled approximately \$23.7 billion. The CalSTRS share of outstanding debt is \$8.7 billion, excluding obligations of limited partnership interests in commingled funds.

The CalSTRS portion of real estate debt service requirements includes both recourse and non-recourse loans. The chart below details the repayment of real estate debt, excluding obligations of limited partnership interests in commingled funds, as of June 30, 2014:

Real Estate Debt Service Requirements

(Dollars in Thousands)

	Principal	Interest	Total
Year Ended June 30, 2015	\$ 1,280,028	\$ 343,054	\$ 1,623,082
2016	1,364,886	288,973	1,653,859
2017	1,876,555	241,063	2,117,618
2018	1,167,389	140,508	1,307,897
2019	417,088	108,423	525,511
2020 - 2024	2,343,317	236,710	2,580,027
2025 - 2029	73,105	31,083	104,188
2030 - 2034	6,856	28,576	35,432
2035 - 2039	85,146	19,104	104,250
2040 - Thereafter	58,277	8,219	66,496
Total	\$8,672,647	\$1,445,713	\$10,118,360

California State Teachers' Retirement System Notes to the Basic Financial Statements

Real estate debt currently bears interest at fixed and variable rates ranging from 1.5 to 10.6 percent and 1.3 to 10.4 percent, respectively.

In fiscal year 2011-2012, CalSTRS entered into three (3) separate unsecured credit facilities (Master Credit Facility Portfolio). The proceeds from the Master Credit Facility Portfolio provide the source of funds for managing capital flows of investment strategies. As of June 30, 2014, the total available lines of credit in the Master Credit Facility Portfolio were \$2.05 billion, an increase of \$650 million from prior year. The total principal amount borrowed was \$943.8 million and the remaining amount available was \$1.11 billion. These lines of credit will mature between October 2014 and May 2017.

The CalSTRS Real Estate Investment Policy, effective June 2014, states that leverage shall be used to enhance investment returns. Careful consideration will be given to the impact of leverage on investment and portfolio risks. Leverage within each segment of the portfolio will be regularly monitored and reported to the board for compliance. At June 30, 2014, the total leverage on the real estate portfolio, excluding obligations of limited partnership interests in commingled funds was 43.9 percent. CalSTRS does not have any debt obligations under the real estate limited partnership interests held in commingled funds.

Investment Risk Schedules

In accordance with GASB Statement No. 40, CalSTRS discloses several investment risks. The following investment risk schedules disclose CalSTRS investments that are subject to certain types of risks. Among these risks are credit risk, interest rate risk, concentration of credit risk, custodial risk and foreign currency risk. Each schedule discloses the investments managed by CalSTRS subject to each type of risk, with the exception of interest rate risk which excludes Pension2. The policies addressing each risk, discussed in more detail below, are contained within the Investment Policy and Management Plan reviewed and approved annually by the board.

Credit Risk

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

CalSTRS Investment Guidelines require that, at the time of purchase, at least 95 percent of the market value of the corporate securities comprising the credit portion of the core fixed income portfolio be rated investment grade as defined by the Barclays U.S. Aggregate Bond Index. The ratings used to determine the quality of the individual securities in the table below are the ratings provided by S&P McGraw Hill Financial. Obligations issued or guaranteed by the U.S. federal government or government-sponsored agencies are eligible without limit. Furthermore, the total position of the outstanding debt of any non-agency mortgage-backed, asset-backed, and commercial mortgage-backed securities issuer shall be limited to 10 percent of the market value of the portfolio, on the basis of each separate trust (pool of assets), at the time of purchase. Obligations of other issuers are not to exceed 5 percent per issuer, at the time of purchase, of the market value of any individual portfolio. The Investment Guidelines also include an allocation to opportunistic strategies, a portion of which are managed externally and which allow for the purchase of bonds rated below investment grade. Limitations on the amount of debt of any one issuer each investment manager may hold are negotiated on a manager by manager basis.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

California State Teachers' Retirement System Notes to the Basic Financial Statements

At June 30, 2014, the fixed income and short term investments are shown by credit rating below:

Debt Securities

(Dollars in Thousands)

Ratings	Asset Backed Securities	Corporate Bonds	Foreign Government Issues	Mortgage Backed Securities	Municipal Securities	U.S. Government and Agency Obligations	Short Term Securities	Mutual Funds	Annuity Contracts	Total
Long Term Ratings										
AAA	\$ 592,578	\$ 263,476	\$ 93,943	\$ 284,832	\$ 34,560	\$ -	\$ -	\$ 19,662	\$ -	\$ 1,289,051
AA	2,187	1,056,547	138,719	1,825,980	98,630	30,555	-	17,851	-	3,170,469
A	303	3,202,381	164,541	113,803	44,488	-	-	-	-	3,525,516
BBB	8,514	3,463,608	174,577	77,025	9,422	-	-	-	-	3,733,146
BB	5,073	1,205,075	6,153	24,973	-	-	-	-	-	1,241,274
B	6,624	1,190,198	3,936	21,845	-	-	-	-	-	1,222,603
CCC	4,452	383,903	-	53,695	-	-	-	-	-	442,050
CC	9,457	3,093	-	976	-	-	-	-	-	13,526
C	-	4,820	-	-	-	-	-	-	-	4,820
D	-	-	-	20,833	-	-	-	-	-	20,833
NR	483,728	898,114	439,985	5,961,702	23,352	6,635	-	-	148,841	7,962,357
NA	-	-	-	-	-	9,533,188	-	-	-	9,533,188
Short Term Ratings										
A-1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,140	\$ -	\$ -	\$ 75,140
NR	-	-	-	-	-	-	4,107,834	-	-	4,107,834
NA	-	-	-	-	-	-	377,201	-	-	377,201
Total	\$ 1,112,916	\$ 11,671,215	\$ 1,021,854	\$ 8,385,664	\$ 210,452	\$ 9,570,378	\$ 4,560,175	\$ 37,513	\$ 148,841	\$ 36,719,008

At June 30, 2014, the securities lending collateral are shown by credit rating below:

Securities Lending Collateral

(Dollars in Thousands)

Ratings	Asset Backed Securities	Corporate Bonds	Foreign Government Issues	Mortgage Backed Securities	U.S. Government and Agency Obligations	Short Term Securities	Total
Long Term Ratings							
AAA	\$ 3,382,280	\$ -	\$ 100,027	\$ 56,345	\$ -	\$ -	\$ 3,538,652
AA	111,657	2,872,566	10,008	104,963	-	-	3,099,194
A	322	1,072,522	-	18,316	-	-	1,091,160
BBB	696	32,500	-	10,679	-	-	43,875
BB	242	-	-	-	-	-	242
CCC	2,298	-	-	-	-	-	2,298
CC	444	-	-	-	-	-	444
D	-	-	-	9,393	-	-	9,393
NR	1,721,549	790,336	-	270,028	-	-	2,781,913
Short Term Ratings							
A-1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304,119	\$ 304,119
NR	-	-	-	-	-	11,507,314	11,507,314
Total	\$ 5,219,488	\$ 4,767,924	\$ 110,035	\$ 469,724	\$ -	\$ 11,811,433	\$ 22,378,604

Cash and accruals totaling -\$75,413 (in thousands) are not included in the total above but are included in the Securities Lending Collateral line item in the Statement of Fiduciary Net Position.

Interest Rate Risk

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

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

California State Teachers' Retirement System Notes to the Basic Financial Statements

The Investment Guidelines allow the core long term investment grade portfolios the discretion to deviate the average duration of the portfolio within a range of +/- 20 percent (80 to 120 percent) of the weighted average effective duration of the performance benchmark.

The table below represents the net asset values and duration of the long-term fixed income portfolios at June 30, 2014, which include cash and accruals not included in the total investments section of the Statement of Fiduciary Net Position:

Long Term Fixed Income Investments

Duration

(Dollars in Thousands)

Investment Type (by portfolio)	Portfolio Net Asset Value	Effective Duration	Benchmark Duration	Difference
Core Portfolio				
Commercial Mortgage Backed Securities	\$ 547,053	3.11	3.14	-0.03
Credit Obligations	7,200,489	6.55	6.62	-0.07
Mortgage Backed Securities	6,818,081	4.25	4.08	0.17
U.S. Government & Agency Obligations	8,396,819	4.87	4.88	-0.01
Debt Opportunistic				
Corporate High Yield	2,368,521	3.69	3.91	-0.22
Debt Core Plus	3,198,419	4.83	5.02	-0.19
Leveraged Loans	677,562	0.35	0.25	0.10
Special Situations	116,239	0.13	5.05	-4.92
Debt Transition	-	0.21	5.05	-4.84
Total	\$ 29,323,183	4.85	5.05	-0.20

The above net asset value excludes joint investments with real estate and absolute return totaling \$38,517 (in thousands) as of June 30, 2014.

The above table excludes \$2.4 billion investments categorized as debt securities within the Schedule of Investments. As of June 30, 2014 the weighted average maturity of these investments was 0.32 years. Global inflation-linked securities and the home loan program were not included in the table above. The global inflation-linked securities had a net asset value of \$578.6 million with an effective duration of 10.95 compared to the benchmark duration of 10.84. The home loan program had a net asset value of \$249.7 million with a weighted average maturity of 25.22 years.

At June 30, 2014, the segmented time distribution for the short term securities based upon the expected maturity and/or first reset dates are as follows:

Short Term Securities

Segmented Time Distribution

(Dollars in Thousands)

Investment Type	0-30 days	31-90 days	91-120 days	121-180 days	181-365 days	TOTALS
Corporate Bonds	\$ -	\$ 9,995	\$ -	\$ -	\$ 9,999	\$ 19,994
Money Market Securities	2,224,767	998,218	174,977	89,967	305,675	3,793,604
Pooled Money Investment Account	171,401	-	-	-	-	171,401
Short Term Investment Fund	357,962	-	-	-	-	357,962
US Government and Agency Obligations	1,500	115,780	-	-	99,934	217,214
Total	\$ 2,755,630	\$ 1,123,993	\$ 174,977	\$ 89,967	\$ 415,608	\$ 4,560,175
Weightings	60.43%	24.65%	3.84%	1.97%	9.11%	100.00%

The investment objective for the short-term investments is primarily to seek the preservation of capital and liquidity, and to generate the highest possible current income consistent with a prudent level of risk available from investing in a diversified portfolio of short-term fixed income securities. The Investment Guidelines of the short term portfolio state that the average maturity of the investments shall be managed such that it will not exceed 180 days.

California State Teachers' Retirement System Notes to the Basic Financial Statements

At June 30, 2014, the segmented time distribution based upon the expected maturity and/or first reset date for the invested Securities Lending Cash Collateral is as follows:

Securities Lending Collateral Segmented Time Distribution (Dollars in Thousands)

Investment Type (by portfolio)	0-1 days	2-6 days	7-29 days	30-59 days	60-89 days	90+ days	TOTAL
Asset Backed Securities	\$ -	\$ -	\$ 4,109,224	\$ 347,458	\$ 149,746	\$ 613,060	\$ 5,219,488
Corporate Bonds	337,617	24,999	1,880,119	1,324,339	1,135,858	64,992	4,767,924
Foreign Government Issues	110,035	-	-	-	-	-	110,035
Mortgage Backed Securities	-	-	200,153	52,562	112,046	104,963	469,724
Short Term Securities	4,952,247	333,010	3,376,039	1,616,118	1,005,457	528,562	11,811,433
Total	\$ 5,399,899	\$ 358,009	\$ 9,565,535	\$ 3,340,477	\$ 2,403,107	\$ 1,311,577	\$ 22,378,604
Weightings	24.13%	1.60%	42.74%	14.93%	10.74%	5.86%	100.00%

Cash and accruals totaling -\$75,413 (in thousands) are not included in the total above but are included in the Securities Lending Collateral line item in the Statement of Fiduciary Net Position.

The invested Securities Lending Cash Collateral is diversified among different asset classes with the maximum remaining effective maturity of any instrument being three years. The fund must remain liquid to meet collateral returns.

Pension2

Pension2's TIAA Traditional Annuity's primary objective is the guarantee of principal and a specified interest rate. A guaranteed annuity backed by TIAA's claims-paying ability, TIAA Traditional guarantees the principal and a 1.25 percent minimum annual interest rate.

At June 30, 2014, the weighted average maturity of investments classified for the Pension2 IRC 403(b) and 457 plans on the Statement of Fiduciary Net Position are as follows:

Pension2 Weighted Average Maturity (Dollars in Thousands)

Investment Type	Maturity	Fair Value
Money Market Securities	46.3 days	\$ 17,705
Vanguard Inflation Protected Securities Fund Institutional	8.6 years	19,662
Vanguard Short-Term Bond Index Fund Institutional	2.8 years	17,851
Total		\$ 55,218

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of CalSTRS investment in a single issuer. As of June 30, 2014, CalSTRS has no single issuer that exceeds 5 percent of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded. CalSTRS Investment Policy and Management Plan states that no more than 3 percent of the total fund shall be invested or exposed to any one security or corporation, with the exception of United States Treasury or Agency Obligations.

At June 30, 2014, CalSTRS was in compliance with this policy. The Pension2's 403(b) and 457 plans, which are comprised primarily of mutual funds, have no single issuer that exceeds 5 percent of total investments.

Custodial Credit Risk

Custodial credit risk is the risk that if a depository institution or counterparty fails, CalSTRS would not be able to recover the value of its deposits, investments, or collateral securities. As of June 30, 2014,

NOTES TO THE BASIC FINANCIAL STATEMENTS

California State Teachers' Retirement System Notes to the Basic Financial Statements

all of CalSTRS non-cash investments, other than Pension2 investments, are held in CalSTRS name and/or CalSTRS nominee name and are not exposed to custodial credit risk. Cash held with the master custodian is insured up to \$250,000 under the Federal Deposit Insurance Corporation (FDIC) general deposit insurance rules. CalSTRS does not have a general policy relating to custodial credit risk.

As of June 30, 2014, 100 percent of the Pension2's 403(b) and 457 plans are held in the name of TIAA-CREF.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

At June 30, 2014, CalSTRS investments in foreign currencies are as follows:

Foreign Currency Risk

(Dollars in Thousands)

(In U.S. Dollar Equivalents)

Currency Name	Cash	Equity	Fixed Income	Spot Contracts	Forward Contracts	Total Exposure
Argentine Peso	\$ -	\$ -	\$ -	\$ -	(12)	\$ (12)
Australian Dollar	6,651	1,810,156	18,273	(2)	(288)	1,834,790
Brazilian Real	3,946	648,957	39,427	150	(305)	692,175
Canadian Dollar	24,308	2,395,356	32,748	(8)	(2,336)	2,450,068
Chilean Peso	9	35,634	-	-	(68)	35,575
Colombian Peso	4	10,959	-	-	5	10,968
Czech Koruna	2	42,264	-	1	(295)	41,972
Danish Krone	23	472,322	-	-	-	472,345
Egyptian Pound	428	2,854	-	-	(7)	3,275
Euro Currency	128,756	12,758,657	336,123	62	(2,069)	13,221,529
Hong Kong Dollar	10,416	1,462,638	-	-	-	1,473,054
Hungarian Forint	26	33,094	-	-	(433)	32,687
Indian Rupee	1,151	395,602	-	-	(1,265)	395,488
Indonesian Rupiah	947	232,360	-	(1)	413	233,719
Israeli Shekel	447	88,236	-	-	(59)	88,624
Japanese Yen	48,772	5,225,198	10,375	(5)	(28)	5,284,312
Kazakhstan Tenge	-	-	-	-	28	28
Malaysian Ringgit	355	138,894	-	(2)	38	139,285
Mexican Peso	2,230	246,066	56,850	(2)	296	305,440
Moroccan Dirham	-	-	-	-	121	121
New Romanian Leu	-	-	-	-	51	51
New Russian Ruble	131	-	-	-	329	460
New Taiwan Dollar	7,895	615,313	-	-	117	623,325
New Zealand Dollar	828	42,447	30,646	14	1,176	75,111
Nigerian Naira	-	-	-	-	96	96
Norwegian Krone	3,212	225,813	-	-	(1,742)	227,283
Pakistan Rupee	-	26,848	-	-	-	26,848
Peruvian Nouveau Sol	2	1,418	-	-	(57)	1,363
Philippine Peso	180	80,635	-	-	(94)	80,721
Polish Zloty	1,095	79,605	7,357	-	169	88,226
Pound Sterling	27,772	5,462,071	226,743	65	9	5,716,660
Singapore Dollar	2,643	396,779	-	-	(506)	398,916
South African Rand	844	443,296	-	(1)	108	444,247
South Korean Won	342	1,184,224	-	106	60	1,184,732
Swedish Krona	4,792	704,647	5,709	(2)	288	715,434
Swiss Franc	625	2,108,223	967	(20)	(269)	2,109,526
Thailand Baht	238	197,447	-	(36)	16	197,665
Turkish Lira	278	203,659	-	-	117	204,054
Yuan Renminbi	-	-	-	26	(92)	(66)
Total	\$ 279,348	\$ 37,771,672	\$ 765,218	\$ 345	\$ (6,488)	\$ 38,810,095

California State Teachers' Retirement System Notes to the Basic Financial Statements

CalSTRS investments denominated in foreign currencies are reported within debt securities, equity securities, alternative investments, derivative instruments and investment receivables and/or payables on the Statement of Fiduciary Net Position.

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 held temporarily in foreign accounts until it is able to be repatriated or expended.

In accordance with the Investment Policy and Management Plan, CalSTRS has established a strategic allocation to non-dollar public and private equity assets (i.e. private equity investments and real estate). Considering this commitment to non-dollar assets and the impact currency fluctuations can have on the total return of dollar-based investors, CalSTRS has recognized the need to implement strategies designed to address the management of currency risk. CalSTRS believes that its Currency Management Program should emphasize the protection of the value of its non-dollar public and private equity assets against a strengthening U.S. dollar first, yet recognizes that there also exists opportunities for alpha generation (the ability to derive a return in excess of a market return) within the currency markets.

CalSTRS fixed income staff has management and/or oversight responsibilities for the Currency Management Program. The position range has been designed to allow for some degree of symmetry around the underlying exposure to the foreign denominated assets within CalSTRS in order to both protect the translation value of the assets against a strengthening U.S. dollar and to enhance returns in a declining U.S. dollar environment. As a result, the position range shall be -25 percent to 50 percent of the total notional value (in U.S. Dollars) of the non-U.S. public and non-U.S. private (i.e. Private Equity and Real Estate) equity portfolios.

As of June 30, 2014, the Pension2's 403(b) and 457 plans are not exposed to foreign currency risk.

Derivative Instruments

As of June 30, 2014, the derivative instruments held by CalSTRS are considered investments and not hedges for accounting purposes. The term hedging, as it is used elsewhere in the notes to these financial statements, denotes an economic activity and not an accounting method. The gains and losses arising from this activity are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

All investment derivatives discussed below are included within the Investment Risk Schedules, which precede this section. Investments in derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

NOTES TO THE BASIC FINANCIAL STATEMENTS

California State Teachers' Retirement System Notes to the Basic Financial Statements

The table below presents the related net appreciation (depreciation) in fair value, the fair value amounts and the notional amounts of derivative instruments outstanding at June 30, 2014:

Investment Derivative Disclosure (Dollars in Thousands)

	Net Appreciation (Depreciation) in Fair Value of Investments through June 30, 2014		Fair Value at June 30, 2014	
	Classification	Amount	Amount	Notional (Amounts / Shares)
Investment Derivatives Instruments				
Commodities Futures	Investment Income / (Loss)	\$ 5,373	\$ -	37,838
Credit Default Swaps	Investment Income / (Loss)	(1,285)	(1,602)	52,451
Interest Rate Swaps	Investment Income / (Loss)	(131)	-	-
Foreign Currency Forwards	Investment Income / (Loss)	(31,217)	(6,488)	4,785,947
Futures (Domestic and Foreign)	Investment Income / (Loss)	144,649	-	313,175
Options	Investment Income / (Loss)	(38,858)	13,890	976,819
Rights	Investment Income / (Loss)	335	1,866	4,038 Shares
Warrants	Investment Income / (Loss)	814	795	396 Shares
Total Derivative Instruments		\$ 79,680	\$ 8,461	

The total options amount of \$13,890 is comprised of options bought and options written of \$14,261 and \$(371), respectively. (Dollars in Thousands)

At June 30, 2014, all derivatives are reported as Derivative Instruments with the exception of foreign currency forward contracts, which are reported as net receivable or payable on the Statement of Fiduciary Net Position.

Counterparty Credit Risk

The table below depicts the counterparty credit ratings of CalSTRS non-exchange traded investment derivative instruments outstanding and subject to loss at June 30, 2014. The ratings used to determine the quality of the individual counterparty are the S&P ratings.

Counterparty Credit Rating (Dollars in Thousands)

Ratings	Credit Default Swaps	Fixed Income Option Bought	Foreign Currency Forwards	Total
A	\$ 1,199	\$ 13,780	\$ 4,895	\$ 19,874
Subtotal Investments in Asset Position	\$ 1,199	\$ 13,780	\$ 4,895	\$ 19,874
Investments in Liability Position	(2,801)	-	(11,383)	(14,184)
Total Investments in Asset / (Liability) Position	\$ (1,602)	\$ 13,780	\$ (6,488)	\$ 5,690

The counterparty credit exposure for similar instruments with the same counterparty is netted for presentation purposes.

The aggregate fair value of investment derivative instruments in an asset position subject to counterparty credit risk at June 30, 2014 was \$19.9 million. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

CalSTRS may enter into a master netting arrangement with a counterparty. In the event of default or early termination, the master agreement permits the non-defaulting party the right to close-out all transactions in a single net settlement to one net amount payable by one counterparty to the other. At June 30, 2014, there were assets of \$14.1 million, including cash collateral held by CalSTRS, and liabilities of \$14.4 million from non-exchange traded derivatives subject to master netting agreements.

At June 30, 2014, CalSTRS did not have any significant exposure to counterparty credit risk with any single party.

California State Teachers' Retirement System
Notes to the Basic Financial Statements

Custodial Credit Risk

The custodial credit risk disclosure for exchange traded derivative instruments is made in accordance with the custodial credit risk disclosure requirements of GASB Statement 40. At June 30, 2014, all of CalSTRS investments in derivative instruments, other than Pension2 investments, are held in CalSTRS name or CalSTRS nominee name and/or are not exposed to custodial credit risk as of June 30, 2014.

Interest Rate Risk

At June 30, 2014, CalSTRS is exposed to interest rate risk on its derivative instruments described below by maturity period.

Investment Maturities

(Dollars in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More than 10
Credit Default Swaps Bought	\$ (3,125)	\$ -	\$ (3,125)	\$ -	\$ -
Credit Default Swaps Written	1,523	-	1,461	62	-
Fixed Income Options	13,780	-	-	13,780	-
Total	\$ 12,178	\$ -	\$ (1,664)	\$ 13,842	\$ -

Interest rate swaps are highly sensitive to changes in interest rates. The table below details the reference rate, fair value and notional amount of these derivative instruments:

Derivative Instruments Highly Sensitive to Interest Rate Changes

(Dollars in Thousands)

Investment Type	Reference Rate	Fair Value	Notional
Fixed Income Options Bought	5YR RTP SWAPTION DEC20 4.825 PUT	\$ 5,230	\$ 250,000
Fixed Income Options Bought	10YR RTP SWAPTION MAR21 5.0275	6,500	200,000
Fixed Income Options Bought	10YR RTP SWAPTION DEC20 5.77 PUT	2,050	100,000
Total		\$ 13,780	\$ 550,000

Foreign Currency Risk

At June 30, 2014, CalSTRS is exposed to foreign currency risk on its investments in options, rights, warrants, and forward contracts in foreign currencies.

NOTES TO THE BASIC FINANCIAL STATEMENTS

California State Teachers' Retirement System Notes to the Basic Financial Statements

Foreign Currency Risk (Dollars in Thousands)

(In U.S. Dollar Equivalents)

Currency Name	Options	Rights	Warrants	Currency Forward Contracts		Total Exposure
				Net Receivables	Net Payables	
Argentine Peso	\$ -	\$ -	\$ -	\$ -	\$ (12)	\$ (12)
Australian Dollar	60	-	-	2,525	(2,813)	(228)
Brazilian Real	-	-	-	1,995	(2,300)	(305)
Canadian Dollar	-	-	-	2,863	(5,199)	(2,336)
Chilean Peso	-	-	-	-	(68)	(68)
Colombian Peso	-	-	-	32	(27)	5
Czech Koruna	-	-	-	62	(357)	(295)
Egyptian Pound	-	-	-	-	(7)	(7)
Euro Currency	302	1,516	703	2,303	(4,372)	452
Hong Kong Dollar	-	128	11	-	-	139
Hungarian Forint	-	-	-	-	(433)	(433)
Indian Rupee	-	-	-	-	(1,265)	(1,265)
Indonesian Rupiah	-	-	-	413	-	413
Israeli Shekel	-	-	-	238	(297)	(59)
Japanese Yen	-	-	-	1,516	(1,544)	(28)
Kazakhstan Tenge	-	-	-	28	-	28
Malaysian Ringgit	-	108	-	38	-	146
Mexican Peso	-	-	-	296	-	296
Moroccan Dirham	-	-	-	121	-	121
New Romanian Leu	-	-	-	51	-	51
New Russian Ruble	-	-	-	361	(32)	329
New Taiwan Dollar	-	-	-	128	(11)	117
New Zealand Dollar	-	-	-	1,716	(540)	1,176
Nigerian Naira	-	-	-	96	-	96
Norwegian Krone	-	-	-	773	(2,515)	(1,742)
Peruvian Nouveau Sol	-	-	-	12	(69)	(57)
Philippine Peso	-	-	-	49	(143)	(94)
Polish Zloty	-	-	-	232	(63)	169
Pound Sterling	-	-	-	1,964	(1,955)	9
Singapore Dollar	-	-	-	167	(673)	(506)
South African Rand	-	-	-	362	(254)	108
South Korean Won	-	67	-	412	(352)	127
Swedish Krona	-	-	-	300	(12)	288
Swiss Franc	-	-	-	762	(1,031)	(269)
Thailand Baht	-	-	-	16	-	16
Turkish Lira	-	-	-	204	(87)	117
Yuan Renminbi	-	-	-	17	(109)	(92)
Total	\$ 362	\$ 1,819	\$ 714	\$ 20,052	\$ (26,540)	\$ (3,593)

At June 30, 2014, the net unrealized loss on the foreign currency forward contracts was \$6.5 million.

Contingent Features

At June 30, 2014, CalSTRS held no positions in derivatives containing contingent features.

Investment Allocation Policy

In accordance with GASB Statement No. 67, CalSTRS discloses Investment policies pertaining to asset allocation and changes to any significant Investment policies. The board approves the allocation of investment assets as described in the board policy manual. The key goal of the asset allocation process is to develop an asset allocation policy that maximizes the likelihood that an investment portfolio's assets will, over the planning horizon, fund plan benefits. CalSTRS conducts an asset allocation study every three years, or more frequently if there is a significant change in the liabilities or assets. The asset allocation study involves a comprehensive review of the financial condition of the plan, including the actuarial requirements of the plan, such as future benefit payments

California State Teachers' Retirement System Notes to the Basic Financial Statements

and expected cash flow of contributions. In conjunction with the long-term strategic target, a range for each asset class has been established to provide flexibility designed to reduce rebalancing costs and adapt to changing market conditions.

The following table displays the previous and current board-approved target allocation, the policy range, and the actual allocation for the Defined Benefit and Defined Benefit Supplement Programs per the portfolio allocation and management structure as of June 30, 2014:

Asset Class	Previous Target Allocation as of June 30, 2013	Current Target Allocation as of June 30, 2014	Policy Range	Actual Allocation as of June 30, 2014
Global Equity	53.0%	55.0%	+/- 6%	57.3%
Fixed Income	20.0%	17.0%	+/- 3%	15.5%
Real Estate	12.0%	13.0%	+/- 3%	11.7%
Private Equity	12.0%	13.0%	+/- 3%	11.5%
Cash / Liquidity	1.0%	1.0%	+/- 3%	2.5%
Inflation Sensitive	2.0%	1.0%	+/- 3%	0.7%
Absolute Return	-	-	+/- 3%	0.8%
Total Asset Allocation	100.0%	100.0%		100.0%

Effective July 1, 2013, the board approved the Investment Policy and Management Plan changing the asset allocation ranges, and the asset class name of Overlay to Absolute Return.

6. Contingencies

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

7. Commitments

In connection with the purchase of partnership interests under various investment portfolios, CalSTRS has remaining unfunded commitments of approximately \$15.8 billion at June 30, 2014. The following table depicts the unfunded commitments by asset strategy:

Asset Strategy	Unfunded Commitments	
	<i>(Dollars in Thousands)</i>	
Corporate Governance	\$	314,687
Fixed Income		5,484
Infrastructure		498,221
Innovation		88,846
Private Equity		7,872,120
Real Estate		7,044,974
Total	\$	15,824,332

CalSTRS has entered into agreements through its Credit Enhancement Program to provide credit support and/or liquidity support on certain debt securities. At June 30, 2014, CalSTRS had commitments of approximately \$999.7 million expiring through March 2017. CalSTRS is paid a fee over the term of such agreements and earned approximately \$8.5 million for the period ended June 30, 2014.

California State Teachers' Retirement System Notes to the Basic Financial Statements

Medicare Premium Payment Program (MPP program)

Under current board policy, the assets set aside from the future employer contributions to fund the MPP Program are equal to its actuarial obligation less the value of any assets already in the THBF. As of the June 30, 2013, actuarial valuation for the Defined Benefit Program, the future employer contributions committed to funding the MPP Program obligations total \$420 million.

8. New Accounting Pronouncements

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement have been implemented in the financial statements for the fiscal year ending June 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The new information will enhance the decision-usefulness of the financial reports of these pension plans, their value for assessing accountability, and their transparency by providing information about measures of net pension liabilities and explanations of how and why those liabilities changed from year to year. The provisions of this statement have been implemented in the financial statements for the fiscal year ending June 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The comparability of reported pension information also will be improved by the changes related to the attribution method used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014. Management is evaluating GASB Statement No. 68 and its impact to CalSTRS financial reporting and is working with the state and school districts in implementing it in their financial statements for the fiscal year ending June 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, will improve financial reporting by providing clarification on the accounting for these transactions. The provisions of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Management has evaluated GASB Statement No. 69 and determined this statement does not have an impact on CalSTRS financial reporting.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this statement are effective for financial statements for reporting beginning after June 15, 2013. Management has evaluated GASB Statement No. 70 and determined the amendments made through this statement do not have an impact on CalSTRS financial reporting.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, eliminates the source of a potential

California State Teachers' Retirement System **Notes to the Basic Financial Statements**

understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities by requiring that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of GASB Statement No. 68, which are effective for financial statements for periods beginning after June 15, 2014. Management is evaluating GASB Statement No. 71 and its impact to CalSTRS financial reporting and is working with the state and school districts in implementing it in their financial statements for the fiscal year ending June 30, 2015.

Required Supplementary Information—Unaudited

SCHEDULE OF CHANGES IN NET PENSION LIABILITY OF EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System Schedule of Changes in Net Pension Liability of Employers and Nonemployer Contributing Entity (Dollars in Millions)

Schedule I

State Teachers' Retirement Plan

Year ended June 30 ¹

2014

Total Pension Liability

Service Cost	\$	5,338
Interest		17,822
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(12,035)
Net change in total pension liability	\$	11,125

Total pension liability—beginning 237,786

Total pension liability—ending (a) \$ 248,911

Plan fiduciary net position

Contributions- member		2,264
Contributions- employer		2,272
Contributions- state		1,383
Net investment income		30,402
Other income		2
Benefit payments, including refunds of member contributions		(12,035)
Administrative expense		(154)
Other expenses		(9)
Net change in plan fiduciary net position	\$	24,125

Plan fiduciary net position—beginning 166,349

Plan fiduciary net position—ending (b) \$ 190,474

Net pension liability (asset) of employers and the state—ending (a) - (b) \$ 58,437

1) This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF NET PENSION LIABILITY OF EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System Schedule of Net Pension Liability of Employers and Nonemployer Contributing Entity (Dollars in Millions)

Schedule II

State Teachers' Retirement Plan

Year Ended June 30 ¹	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) of Employers and the State (a - b)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (b/a)	Covered-Employee Payroll (c)	Net Pension Liability (Asset) of Employers and the State as a Percentage of Covered-Employee Payroll (a-b)/c
2014	\$ 248,911	\$ 190,474	\$ 58,437	77%	\$ 27,486	213%

1) This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System Schedule of Contributions from Employers and Nonemployer Contributing Entity (Dollars in Millions)

Schedule III

The information presented in this schedule for the State Teachers' Retirement Plan is required for defined benefit pension plans.

State Teachers' Retirement Plan

Year Ended June 30 ⁽¹⁾	Actuarially Determined Contributions (a)	Legally Required Contributions for Employers and State	Employer Contributions ⁽²⁾⁽³⁾ (b)	State Contributions ⁽⁴⁾ (c)	Total Contributions (b + c)	Contribution Deficiency (excess) a - (b + c)	Covered- Employee Payroll (d)	Contributions as % of Covered- Employee Payroll (b + c)/d
2014	\$ 7,158	\$ 3,641	\$ 2,258	\$ 1,383	\$ 3,641	\$ 3,517	\$ 27,486	13%

- 1) This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively because CalSTRS has not previously determined the actuarially determined contribution for the STRP. Years will added to this schedule in future fiscal years until 10 years of information is available.
- 2) Excludes \$14.5 million in contributions to separately finance specific liabilities of an individual employer, such as benefit enhancements.
- 3) Includes employer contributions under Education Code sections 22711, 22713, 22905, 22950, 22951, 24260, and 26503, as well as Government Code section 7522.
- 4) Includes state contributions under Education Code sections 22954 and 22955, as well as Public Resources Code section 6217.

The information presented in this schedule for the Teachers' Health Benefit Fund is required for other postemployment benefit plans.

Teachers' Health Benefit Fund Medicare Premium Payment Program

Year Ended June 30	Annual Required Contribution (a)	Employer Contributions (b)	State Contributions (c)	Total Contributions (b + c)	Percentage Contributed (b + c)/a
2014 ⁽¹⁾	\$ 38	\$ 33	\$ -	\$ 33	87%
2013	38	35	-	35	92%
2012 ⁽¹⁾	57	35	-	35	61%
2011	57	36	-	36	63%
2010 ⁽¹⁾	64	32	-	32	50%
2009	62	30	-	30	48%

- 1) The ARCs for 2010, 2012, and 2014 were based on a roll-forward of figures from the June 30, 2008, June 30, 2010 and June 30, 2012 valuations respectively.

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System Schedule of Contributions from Employers and Nonemployer Contributing Entity

Schedule III (Continued)

Changes of benefit terms

The California Pension Employees' Pension Reform Act of 2013 (PEPRA) resulted in a new benefit formula, CalSTRS 2% at 62, for members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. Significant changes compared to the CalSTRS 2% at 60 benefit formula include raising the normal retirement age from 60 to 62 and placing a limit on creditable compensation to 120 percent of the Social Security wage base, annually adjusted for changes in the Consumer Price Index. See Note 1 for more information on CalSTRS 2% at 62 benefit formula.

Changes of assumptions

There were no changes in major assumptions from the June 30, 2012, actuarial valuation.

Method and assumptions used in calculations of actuarially determined contributions

The following actuarial methods and assumptions were used to determine the actuarially determined contribution for the STRP and the annual required contribution for the MPP Program presented in the Schedule of Contributions from Employers and Nonemployer Contributing Entity:

	State Teachers' Retirement Plan ¹	MPP Program
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level percent of payroll basis	Level dollar basis
Amortization Period	Open	Closed
Remaining Amortization Period	30 years	24 years
Asset Valuation Method	Expected value with 33% adjustment to market value	Fair market value of net assets
Actuarial Assumptions:		
Investment Rate of Return	7.50% ²	4.00%
Interest on Accounts	4.50%	Not applicable
Wage Growth	3.75%	Not applicable
Consumer Price Inflation	3.00%	3.00%
Post-retirement Benefit Increases	2.00% simple	Not applicable
Healthcare Cost Trend Rate Part A Premiums	Not applicable	3.5%
Healthcare Cost Trend Rate Part B Premiums	Not applicable	4.5%

1) The assumptions shown above are for the actuarially determined contributions (ADC) of the DB Program. For the portion of the STRP ADC attributable to the DBS, CBB and SBMA Programs, contributions recognized on an accrual basis for the current year have been used.

2) The actuarially determined contribution is a funding amount, which is calculated using a 7.50 percent assumed investment rate of return, net of investment and administrative expenses. The 7.60 percent disclosed in Note 3 (Net Pension Liability) is net of investment expenses, but gross of administrative expenses and used to calculate the net pension liability for financial reporting.

SCHEDULE OF MONEY-WEIGHTED INVESTMENT RETURNS

California State Teachers' Retirement System Schedule of Money-Weighted Investment Returns

Schedule IV

Year Ended June 30 ¹	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2014	18.6%

1) This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

SCHEDULE OF FUNDING PROGRESS (MEDICARE PREMIUM PAYMENT PROGRAM ONLY)

California State Teachers' Retirement System
Schedule of Funding Progress (Medicare Premium Payment Program only)
(Dollars in Millions) **Schedule V**

Actuarial Valuation Date as of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (Funding Excess) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
Teachers' Health Benefits Fund						
Medicare Premium Payment Program						
2014	(1)	(1)	(1)	(1)	(3)	N/A
2013	(2)	(2)	(2)	(2)	(2)	(2)
2012	\$ 0.4	\$ 582	\$ 582	0.1%	(3)	N/A
2011	(2)	(2)	(2)	(2)	(2)	(2)
2010	0.6	905	904	0.1%	5,011	18%
2009	(2)	(2)	(2)	(2)	(2)	(2)
2008	4	976	972	0.4%	6,604	15%

- 1) An actuarial valuation as of June 30, 2014, is expected to be available by April 2015.
- 2) An actuarial valuation for the MPP Program Fund is performed on a biennial basis and not available as of 2009, 2011 and 2013.
- 3) As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program. Therefore, the covered payroll is \$0 for years 2012 and later.

Other Supplemental Information

SCHEDULE OF ADMINISTRATIVE EXPENSES

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

Schedule VI

	State Teachers' Retirement Plan	Pension2 IRC 403(b) Plan	Pension2 IRC 457 Plan	Teachers' Health Benefits	Teachers' Deferred Compensation	Totals
Personnel Services:						
Salaries and Wages	\$ 53,133	\$ -	\$ -	\$ 137	\$ 235	\$ 53,505
Staff Benefits	21,985	-	-	57	90	22,132
Accrued Leave Expense	(866)	-	-	(1)	(56)	(923)
Accrued Worker's Compensation Expense	(99)	-	-	-	-	(99)
Accrued OPEB Expense	11,358	-	-	26	52	11,436
Total Personnel Services	\$ 85,511	-	-	\$ 219	\$ 321	\$ 86,051
Operating Expenses and Equipment:						
General	1,880	-	-	88	43	2,011
Depreciation/amortization	10,944	-	-	-	-	10,944
Printing	1,180	-	-	-	-	1,180
Communications	537	-	-	-	-	537
Postage	920	-	-	-	-	920
Insurance	44	-	-	-	-	44
Travel	605	-	-	-	9	614
Training	1,063	-	-	-	-	1,063
Facilities Operations	9,394	-	-	-	-	9,394
Consultants and Professional Services	23,384	1,146	36	1	465	25,032
Data Processing	5,161	-	-	-	-	5,161
Information Technology	4,349	-	-	-	-	4,349
Indirect State Central Services	8,258	-	-	19	36	8,313
Equipment	631	-	-	-	-	631
Other	294	-	-	-	-	294
Total Operating Expenses and Equipment	\$ 68,644	\$ 1,146	\$ 36	\$ 108	\$ 553	\$ 70,487
Total	\$ 154,155	\$ 1,146	\$ 36	\$ 327	\$ 874	\$ 156,538

SCHEDULE OF INVESTMENT EXPENSES

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

Schedule VII

	<u>Contract Start Date</u>		<u>Amount</u>
Investment Management Fees			
Aberdeen Asset Management	12/15/06	\$	2,856
AGF Investments America, Inc.	3/19/07		1,057
Baillie Gifford Overseas, Ltd.	1/15/06		7,851
Batterymarch Financial Management, Inc.	5/11/99		2,453
Bivium Capital Partners, LLC	2/15/08		2,958
BlackRock Financial Management, Inc.	7/1/06		2,924
BlackRock Institutional Trust, N.A.	10/27/98		2,375
Blackrock International, Ltd.	5/12/99		3,645
Blackrock Realty Advisors, Inc.	7/1/99		1,220
Capital Guardian Trust Company	5/18/99		832
Capital Prospects, LLC	2/15/08		1,696
CBRE Global Investors	7/1/99		9,309
Chicago Equity Partners	11/1/98		862
Columbia Management Investment Advisers, LLC	10/1/11		332
Credit Suisse Asset Management, LLC	9/1/11		1,433
Delaware Investment Advisors	11/1/98		6,467
Delphi Management, Inc.	1/1/99		2,030
Denver Investments Advisors, LLC	1/1/99		778
DuPont Capital Management Corporation	10/1/11		5,880
FDO Partners, LLC	1/1/10		3,984
First Quadrant, LP	11/1/98		3,595
FIS Group, Inc.	2/27/04		2,719
Generation Investment Management	3/19/07		8,588
Heitman Capital Management, LLC	7/1/99		4,154
ING Clarion Partners	7/1/99		3,959
Lazard Asset Management, LLC	5/18/99		16,555
Leading Edge Investment Advisors, LLC	2/15/08		2,340
Lee Overlay Partners, Ltd.	10/15/09		1,250
Light Green Advisors	4/30/07		344
LM Capital Group, LLC	12/19/06		1,034
Mellon Capital Management Corp.	1/27/13		102
Mesirow Financial Administrative	12/1/10		990
Millennium Global Investments, Ltd.	7/1/10		3,750
Mondrian Investment Partners, Ltd.	5/13/99		3,300
Morgan Stanley Investment Management, Inc.	5/18/99		3,149
NCM Capital Management Group, Inc.	10/30/98		70
Neuberger Berman, LLC	10/1/10		43
New Amsterdam Partners, LLC	3/19/07		485
Northern Trust Global Advisors, Inc.	1/23/04		2,512
Oechsle International Advisors, LLC	5/19/99		1,510
Post Advisory Group, LLC	1/31/02		2,252
Principal Global Investors	2/15/02		17,073
Progress Investment Management	2/15/08		3,346
Pyramis Global Advisors Trust Co.	2/1/00		2,491
Sasco Capital, Inc.	10/30/98		3,128
Silvercrest Asset Management	7/1/11		1,202
State Street Global Advisors Trust Co.	12/1/00		3,131
Sterling Capital Management, LLC	3/11/04		1,786
T. Rowe Price Associates, Inc.	1/15/06		5,152
TCW Asset Management Co.	12/15/98		94
Templeton Asset Management, Ltd.	5/18/99		5,541
The Lionstone Group	1/1/14		2,138

SCHEDULE OF INVESTMENT EXPENSES

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

Schedule VII (Continued)

	<u>Contract Start Date</u>	<u>Amount</u>
Thomas Properties Group, LLC	11/15/99	\$ 48
UBS Global Asset Management (Americas)	11/1/98	867
Western Asset Management Co.	10/30/06	2,196
		<hr/>
Total Investment Management Fees		\$ 171,836
Advisors and Consultants		
Altius Associates, Ltd.	6/1/08	544
Bard Consulting, LLC	9/20/07	579
Callan Associates	9/20/07	151
Cambridge Associates, LLC	6/1/08	4,076
Capital Hotel Management, LLC	9/20/07	165
Courtland Partners, Ltd.	9/20/07	329
David L. Bonuccelli & Associates, Inc.	9/20/07	1,215
Hewitt Ennisknupp, Inc.	7/15/11	25
LP Capital Advisors, LLC	1/1/12	465
Lyxor Asset Management, Inc.	8/1/11	1,464
Meketa Investment Group, Inc.	1/1/12	225
Nelson & Bernstein, LLC	12/1/09	85
Pension Consulting Alliance, Inc.	7/1/10	1,508
The Townsend Group, Inc.	3/1/08	568
Thompson, Cobb, Bazilio & Associates	1/1/12	112
Valuation Research Corporation	8/1/01	125
		<hr/>
Total Advisors and Consultants		\$ 11,636
External Services-Legal and Attorney Fee		
Berman DeValerio	4/19/11	87
Bingham Mccutchen, LLP	9/1/13	90
Covington & Burling, LLP	4/20/11	22
Cox, Castle & Nicholson, LLP	11/30/09	2,433
Girard Gibbs, LLP	7/1/11	36
Grant & Eisenhofer	9/1/10	16
Groom Law Group, Chartered	7/1/12	228
Mennemeier, Glassman & Stroud LLP	3/1/13	38
Morgan, Lewis & Bockius, LLP	12/9/10	167
Pepper Hamilton, LLP	4/1/11	69
Proskauer, LLP	3/9/11	128
Sheppard Mullin Richter & Hampton LLP	4/5/10	123
Miscellaneous	N/A	10
		<hr/>
Total External Services-Legal and Attorney Fee		\$ 3,447
Master Custodian		
State Street Bank & Trust Co	7/1/01	7,019
		<hr/>
Total Master Custodian		\$ 7,019
Research and Rating Services		
Accounting Research & Analytics, LLC	1/1/14	25
CEM Benchmarking, Inc.	7/1/12	70

SCHEDULE OF INVESTMENT EXPENSES

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

Schedule VII (Continued)

	<u>Contract Start Date</u>	<u>Amount</u>
Cornerstone Macro, LP	1/1/14	\$ 50
Covenant Review, LLC	1/1/14	45
Creditsights, Inc.	1/1/14	24
Equilar, Inc.	7/1/13	40
Factiva, Inc.	1/1/12	26
FactSet Research System, Inc.	7/1/12	528
Fitch Ratings, Inc.	1/1/13	80
GMI Ratings (DBA)	9/26/13	110
GNA Services, LLC	1/1/14	25
Idealswork DBA IW Financial	7/1/13	12
Institutional Shareholder Services	1/1/13	33
International Strategy & Investment	1/1/12	13
KDP Investment Advisors, Inc.	10/1/11	37
Moody's Investors Service	1/1/14	299
Morningstar, Inc.	1/1/13	55
MSCI, Inc.	5/1/13	130
Property & Portfolio Research, Inc.	1/1/11	201
Real Estate Research Corporation	10/9/09	149
Russell Investment Group	7/1/12	40
Standard & Poor's	6/1/13	444
Strategas Securities, LLC	1/1/13	25
Sustainable Investments	7/1/13	27
Technical Analysis Group, LLC	2/3/14	28
Thomson Reuters Markets, LLC	9/1/12	120
Trepp, LLC	1/1/10	50
Miscellaneous	N/A	22
Total Research and Rating Services		<u>\$ 2,708</u>
Risk Management Systems		
Barclays Capital, Inc.	7/1/13	150
BlackRock Financial Management, Inc.	7/1/06	4,358
MSCI, Inc. d/b/a Barra, LLC	4/1/14	95
Zephyr Associates, Inc.	1/12/12	27
Total Risk Management Systems		<u>\$ 4,630</u>
Trading Systems		
Bloomberg, LP	9/6/12	519
Intex Solutions, Inc.	9/1/11	138
IPC Systems, Inc.	7/1/13	34
Market Axess Corporation	10/1/12	27
Markit N.America Inc. / Markit Group	7/15/12	117
Omgeo, LLC	11/1/09	16
Miscellaneous	N/A	11
Total Trading Systems		<u>\$ 862</u>
Operating Expenses		
Administrative Costs		20,581
Alliant Insurance Services		899
Council of Institutional Investors		30
EFL Associates		27

SCHEDULE OF INVESTMENT EXPENSES

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

Schedule VII (Continued)

	<u>Contract Start Date</u>	<u>Amount</u>
Miscellaneous		\$ 8
Total Operating Expenses		<u>\$ 21,545</u>
Subtotal		<u>\$ 223,683</u>
Other Investment Expenses		
Foreign Tax Withheld		32,043
Miscellaneous		14,161
Total Other Investment Expenses		<u>\$ 46,204</u>
Total		<u>\$ 269,887</u>

SCHEDULE OF CONSULTANT AND PROFESSIONAL SERVICES EXPENSES

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

Schedule VIII

Individual or Firm	Commission/Fee	Nature of Services
State Teachers' Retirement Plan		
Consulting and Professional Services		
Milliman, Inc.	\$ 672	Actuarial Services
	\$ 672	
Crowe Horwath LLP	984	Auditing Services
KPMG LLP	179	
Macias, Gini & O'Connell, LLP	33	
	\$ 1,196	
Admail West	30	
Allegiance, Inc.	83	
Audio Fidelity Communications Corp.	39	
Background Profiles, Inc.	20	
Bank of America Merrill Lynch N.A.	20	
Burton Group, Inc.	70	
Bwise Guys, LLC	32	
CalGov Technology	486	
California Department Of Human Resources	85	
Capio Group	141	
CEM Benchmarking, Inc.	40	
Ciber, Inc.	8,008	
Daniel J. Edelman, Inc.	168	
Department of General Services	140	
Digital Deployment, Inc.	70	
Dr. Robert Yetman	35	
DV1 Technologies	60	
Employment Development Department	45	
Enterprising Service Providers, LLC	212	
Evolve Technology Group	90	
ExamWorks, Inc	175	
Forrester Research, Inc.	206	
Gartner, Inc.	722	
Global Governance Advisors, LLC	56	
GoldLink Pacific, Inc.	203	
Government Operations Agency	215	
Grant Thornton, LLP	1,065	
Hewitt Ennisknupp, Inc.	154	
Hewlett Packard	15	
HRT Associates	50	
Infiniti Consulting Group, Inc.	29	
Info Tech Software Professionals	135	
Informatix, Inc.	62	
Jaykumar Maistry	190	
Lexis Nexis Div. of Reed Elsevier	28	
LRWL Inc	1,374	
McLagan Partners Inc.	59	
Medical Support Los Angeles A Med C	16	
MetaVista Consulting Group	133	
Metric Studios, LLC	13	
Montridge Consulting	139	
Pension Benefit Information	15	
Pinnacle Consulting	226	
Propose, LLC	88	
Providence Technology Group	124	
Sacramento IT Consulting, LLC	208	
Sierra Metrics Inc.	293	
SoftSol Technologies Inc	439	

SCHEDULE OF CONSULTANT AND PROFESSIONAL SERVICES EXPENSES

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

Schedule VIII (Continued)

Individual or Firm	Commission/Fee	Nature of Services
State Controller's Office	\$ 2,287	
State Personnel Board	64	
Thomas V. Ennis Consulting	220	
Thomas/Ferrous, Inc.	159	
University of the Pacific	45	
Visionary Integration Professionals	139	
	<u>\$ 19,220</u>	Consulting Services
Department Of Justice	272	
Hogan Lovells US, LLP	240	
Murphy Austin Adams Schoenfeld, LLP	28	
Olson Hagel & Fishburn, LLP	159	
Reed Smith, LLP	531	
	<u>\$ 1,230</u>	Legal Services
Fresno County Office Of Education	348	
Humboldt County Office Of Education	66	
Kern County Superintendent Of Schools	195	
Monterey County Office of Education	14	
Orange County Department of Education	356	
Placer County Office Of Education	92	
San Bernardino County Office of Education	219	
San Diego County Office Of Education	390	
San Joaquin County Office Of Education	98	
San Jose Unified School District	13	
San Mateo-Foster City School District	30	
Santa Barbara County Office of Education	105	
Santa Cruz County Office of Education	130	
Shasta County Office Of Education	81	
Stanislaus County Office of Education	86	
Tulare County Office of Education	32	
Ventura County Office Of Education	93	
	<u>\$ 2,348</u>	Regional Counseling Services
Others	123	
	<u>\$ 123</u>	Various Services Under \$10K
Gross Consulting and Professional Services	<u>\$ 24,789</u>	
Less: Amounts Capitalized	1,405	
Consulting and Professional Services Net of Amounts Capitalized:	<u>\$ 23,384</u>	
Data Processing:		
Office of the State Chief Information Officer	5,161	Data Processing
Total Data Processing	<u>\$ 5,161</u>	
IRC 403(b) Plan		
Consultant and Professional Services	Commission/Fee	Nature of Services
TIAA-CREF	1,146	Administrative Services
Total Consulting and Professional Services:	<u>\$ 1,146</u>	

SCHEDULE OF CONSULTANT AND PROFESSIONAL SERVICES EXPENSES

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

Schedule VIII (Continued)

Individual or Firm	Commission/Fee	Nature of Services
<u>IRC 457 Plan</u>		
Consultant and Professional Services	Commission/Fee	Nature of Services
TIAA-CREF	\$ 36	Administrative Services
Total Consulting and Professional Services:	<u>\$ 36</u>	
<u>Teachers' Health Benefits Fund</u>		
Consultant and Professional Services	Commission/Fee	Nature of Services
State Controller's Office	1	Consulting Services
Total Consulting and Professional Services:	<u>\$ 1</u>	
<u>Teachers' Deferred Compensation Fund</u>		
Consulting and Professional Services	Amount	Nature of Services
JEM Resource Partners, LP	337	Consulting Services
Meridian Fiduciary Consulting	109	Consulting Services
Morningstar Credit Ratings, LLC	19	Consulting Services
Total Consulting and Professional Services:	<u>\$ 465</u>	

Other Pension Information—State Teachers' Retirement Plan



INDEPENDENT AUDITOR'S REPORT

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

Report on Schedules

We have audited the accompanying Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity of State Teachers' Retirement Plan, a plan administered by the California State Teachers' Retirement System, for the year ended June 30, 2014, and the related notes. We have also audited the captions titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified caption totals) included in the accompanying Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity as of and for the year ended June 30, 2014, and the related notes.

Management's Responsibility for the Schedules

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

Auditor's Responsibility

Our responsibility is to express opinions on the schedules based on our audit. 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 schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(Continued)

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the proportionate share of contributions for employers and nonemployer contributing entity and total net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the State Teachers' Retirement Plan as of and for the year ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, 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, the financial statements of California State Teachers' Retirement System, which includes the State Teachers' Retirement Plan, as of and for the year ended June 30, 2014, and our report thereon, dated October 1, 2014, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the California State Teachers' Retirement System, the California State Teachers' Retirement System's management, the governing body of the California State Teachers' Retirement System, and the State Teachers' Retirement Plan employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2014 on our consideration of State Teachers' Retirement Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters related to the Schedules. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State Teachers' Retirement Plan's internal control over financial reporting and compliance related to the Schedules.


Crowe Horwath LLP

October 1, 2014
Sacramento, California

SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
01001	Alameda County Office of Education	\$ 684,786	0.019%
01010	Alameda City Unified School District	3,407,814	0.093%
01012	Albany City Unified School District	1,446,213	0.039%
01014	Berkeley Unified School District	4,521,478	0.123%
01016	Castro Valley Unified School District	3,246,512	0.088%
01017	Dublin Unified School District	3,052,531	0.083%
01018	Emery Unified School District	349,219	0.010%
01020	Fremont Unified School District	12,554,246	0.342%
01022	Hayward Unified School District	8,199,154	0.223%
01024	Livermore Valley Joint Unified School District	4,208,323	0.115%
01026	Newark Unified School District	2,365,992	0.064%
01028	New Haven Unified School District	4,804,917	0.131%
01030	Oakland Unified School District	12,749,778	0.347%
01032	Piedmont City Unified School District	1,271,725	0.035%
01033	Pleasanton Unified School District	5,754,469	0.157%
01034	San Leandro Unified School District	3,404,964	0.093%
01036	San Lorenzo Unified School District	3,983,937	0.108%
01038	Sunol Glen Unified School District	89,967	0.002%
01042	Mountain House Elementary	10,505	0.000%
01061	Ohlone Community College District	1,255,891	0.034%
01063	Peralta Community College District	3,084,829	0.084%
01065	Chabot-Las Positas Community College District	2,690,194	0.073%
01073	Eden Regional Occupational Program	191,777	0.005%
01079	Tri-Valley Regional Occupational Program	185,658	0.005%
01080	E.C. Reems Academy of Technology and Arts	67,292	0.002%
01081	Aspire Public Schools	1,160,252	0.032%
01082	Oakland Military Institute	235,604	0.006%
01083	Oakland School for the Arts	158,537	0.004%
01086	North Oakland Community Charter	53,119	0.001%
01087	Oakland Unity High	62,112	0.002%
01088	Kipp Summit Academy	163,316	0.004%
01092	Leadership Public Schools Hayward	127,965	0.003%
01093	Leadership Public Schools Oakland	5,609	0.000%
01094	Families of Alameda for Multicultural	293,540	0.008%
01095	Bay Area Technology School	53,598	0.001%
01096	Livermore Valley Charter	443,475	0.012%
01097	Education for Change at Cox Elementary	650,973	0.018%
01101	Conservatory of Vocal/Instrumental Arts	43,774	0.001%
01102	Arise High	84,221	0.002%
01103	Nea Community Learning Center	161,162	0.004%
01104	Golden Oak Montessori of Hayward	39,567	0.001%
01105	Alameda Community Learning Center	96,861	0.003%
01106	Envision Academy of Arts and Technology	220,157	0.006%
01107	Impact Academy of Arts and Technology	129,718	0.004%
01108	The Academy of Alameda	140,815	0.004%
01109	Yu Ming Charter	45,167	0.001%
01110	Vincent Academy	38,942	0.001%
01111	Community School for Creative Education	50,238	0.001%
01112	Realm Charter	162,017	0.004%
01113	Urban Montessori Charter	54,699	0.001%
01114	LPS Oakland Research and Development Campus	87,524	0.002%
01115	100 Black Men of the Bay Area Community	18,874	0.001%
01116	Silver Oak High Montessori Charter	23,327	0.001%
01117	Key Academy Charter	35,035	0.001%
00001	Alameda County Office of Education	\$ 88,422,369	
02001	Alpine County Office of Education	51	0.000%
02010	Alpine County Unified School District	72,509	0.002%
00002	Alpine County Office of Education	\$ 72,560	
03003	Amador County Office of Education	279,699	0.008%
03040	Amador County Unified School District	1,010,400	0.027%

The accompanying notes are an integral part of these schedules.

SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
00003	Amador County Office of Education	\$ 1,290,099	
04001	Butte County Office of Education	919,652	0.025%
04002	Blue Oak Charter	79,525	0.002%
04003	Bangor Union Elementary	35,637	0.001%
04006	Biggs Unified School District	167,270	0.005%
04007	Chico Country Day	166,392	0.005%
04008	Chico Unified School District	4,026,741	0.110%
04010	Durham Unified School District	323,545	0.009%
04011	Feather Falls Union Elementary	6,271	0.000%
04014	Golden Feather Union Elementary District	48,967	0.001%
04017	Gridley Unified School District	649,116	0.018%
04019	Manzanita Elementary	85,558	0.002%
04021	Nord Country	36,649	0.001%
04022	Oroville City Elementary	852,830	0.023%
04023	Oroville Union High	726,538	0.020%
04024	Palermo Union Elementary	421,309	0.011%
04025	Paradise Unified School District	1,090,258	0.030%
04026	Pioneer Union Elementary	24,950	0.001%
04029	Thermalito Union Elementary	473,243	0.013%
04030	Butte Community College District	1,701,045	0.046%
04035	Children's Community Charter	42,510	0.001%
04036	Core Butte Charter	164,409	0.004%
04037	Forest Ranch Charter	21,423	0.001%
04038	Sherwood Montessori	26,252	0.001%
04040	Ipakanni Early College Charter	7,906	0.000%
04041	Pivot Charter North Valley	7,234	0.000%
00004	Butte County Office of Education	\$ 12,105,230	
05030	Mark Twain Union Elementary	210,402	0.006%
05031	Bret Harte Union High	307,322	0.008%
05032	Calaveras Unified School District	923,476	0.025%
05033	Vallecito Union School District	194,633	0.005%
05099	Calaveras County Office of Education	298,458	0.008%
00005	Calaveras County Office of Education	\$ 1,934,291	
06050	Colusa Unified School District	441,887	0.012%
06051	Maxwell Unified School District	110,263	0.003%
06052	Pierce Joint Unified School District	411,027	0.011%
06053	Williams Unified School District	391,667	0.011%
06099	Colusa County Office of Education	293,079	0.008%
00006	Colusa County Office of Education	\$ 1,647,923	
07050	Acalanes Union High	2,280,226	0.062%
07051	Canyon Elementary	15,982	0.000%
07052	Lafayette Elementary	1,257,711	0.034%
07053	Moraga Elementary	636,936	0.017%
07054	Orinda Union Elementary	934,389	0.025%
07055	Walnut Creek Elementary	1,188,942	0.032%
07056	Leadership Public Schools: Richmond	176,958	0.005%
07057	Manzanita Middle Charter	28,033	0.001%
07059	Richmond College Prep K-5 Charter	55,540	0.002%
07060	Liberty Union High	2,239,063	0.061%
07061	Brentwood Union Elementary	2,911,794	0.079%
07062	Byron Union Elementary	474,506	0.013%
07063	Knightsen Elementary	161,795	0.004%
07064	Oakley Union Elementary	1,529,042	0.042%
07069	Contra Costa County Office of Education	1,428,004	0.039%
07071	Antioch Unified School District	5,510,356	0.150%
07072	John Swett Unified School District	474,591	0.013%
07074	Martinez Unified School District	1,375,815	0.037%
07075	Mt. Diablo Unified School District	10,152,303	0.276%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
07076	Pittsburg Unified School District	\$ 3,285,130	0.089%
07077	West Contra Costa Unified School District	8,598,537	0.234%
07078	San Ramon Valley Unified School District	10,208,577	0.278%
07079	Contra Costa Community College District	4,899,341	0.133%
07080	Making Waves Academy	281,790	0.008%
07082	Antioch Charter Academy	53,323	0.001%
07083	Antioch Charter Academy #2	50,907	0.001%
07084	R.A.A.M.P. Charter Academy	25,452	0.001%
07085	Clayton Valley Charter High	506,426	0.014%
07086	Synergy Charter	55,419	0.002%
00007	Contra Costa County Office of Education	\$ 60,796,888	
08001	Del Norte County Unified School District	1,456,378	0.040%
00008	Del Norte County Office of Education	\$ 1,456,378	
09001	Buckeye Union Elementary	1,438,536	0.039%
09002	Camino Union Elementary	174,409	0.005%
09004	Gold Oak Union Elementary	134,635	0.004%
09005	Gold Trail Union Elementary	149,563	0.004%
09006	Indian Diggings Elementary	9,403	0.000%
09007	Lake Tahoe Unified School District	1,310,639	0.036%
09008	Latrobe Elementary	57,471	0.002%
09009	Black Oak Mine Unified School District	415,780	0.011%
09010	Mother Lode Union Elementary	305,672	0.008%
09012	Pioneer Union Elementary	101,697	0.003%
09013	Placerville Union Elementary	383,118	0.010%
09014	Pollock Pines Elementary	201,482	0.005%
09015	Rescue Union Elementary	1,196,079	0.033%
09016	Silver Fork Elementary	9,880	0.000%
09018	El Dorado Union High	2,270,767	0.062%
09019	El Dorado County Office of Education	1,027,750	0.028%
09023	Lake Tahoe Community College District	367,178	0.010%
09026	Central Sierra Regional Occupational Program	38,193	0.001%
09041	CA Montessori Project, Shingle Springs Campus	85,086	0.002%
09042	Aspire Public Schools- Statewide Benefit	40,144	0.001%
00009	El Dorado County Office of Education	\$ 9,717,482	
10001	Fresno County Office of Education	1,969,211	0.054%
10002	Alvina Elementary	45,770	0.001%
10006	Big Creek Elementary	29,290	0.001%
10008	Burrel Union Elementary	40,700	0.001%
10012	Caruthers Unified School District	445,379	0.012%
10014	Clay Joint Elementary	62,540	0.002%
10015	Clovis Unified School District	(10)	0.000%
10016	Coalinga/Huron Joint Unified School District	1,372,683	0.037%
10018	Central Unified School District	4,383,877	0.119%
10021	Fowler Unified School District	731,011	0.020%
10022	Firebaugh-Las Deltas Joint Unified School District	744,348	0.020%
10027	Golden Plains Unified School District	548,610	0.015%
10031	Kerman Unified School District	1,373,611	0.037%
10034	Kingsburg Joint Union Elementary	611,229	0.017%
10035	Kingsburg Joint Union High	400,532	0.011%
10036	Kings Canyon Joint Unified School District	3,113,533	0.085%
10037	Laton Joint Unified School District	219,738	0.006%
10042	Mendota Unified School District	853,637	0.023%
10043	Monroe Elementary	55,464	0.002%
10045	Orange Center Elementary	90,173	0.002%
10048	Pacific Union Elementary	95,551	0.003%
10049	Parlier Unified School District	1,076,317	0.029%
10050	Pine Ridge Elementary	53,018	0.001%
10051	Raisin City Elementary	80,769	0.002%
10052	Riverdale Joint Unified School District	490,536	0.013%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
10057	Sanger Unified School District	\$ 3,520,294	0.096%
10059	Selma Unified School District	2,163,849	0.059%
10060	Central Valley Pre-School JPA	6,650	0.000%
10067	Sierra Unified School District	444,542	0.012%
10071	Washington Colony Elementary	123,869	0.003%
10073	West Park Elementary	177,288	0.005%
10074	Westside Elementary	79,052	0.002%
10075	Washington Unified School District	938,458	0.026%
10076	Valley Regional Occupational Program	91,156	0.002%
10079	W.E.B. Duboise Public Charter	95,001	0.003%
10150	Clovis Unified School District	11,993,396	0.326%
10170	West Hills Community College District	1,060,950	0.029%
10240	Fresno Unified School District	24,577,920	0.669%
10303	Valley Preparatory Academy Charter	55,350	0.002%
10306	Hume Lake Charter	19,366	0.001%
10307	Valley Arts and Science Academy (Vasa)	59,089	0.002%
10309	ACEL Fresno	36,719	0.001%
10310	University High	140,316	0.004%
10311	Sierra Charter	165,066	0.004%
10312	Carter G. Woodson Public Charter	87,720	0.002%
10313	New Millennium Charter	5,244	0.000%
10315	Big Picture High	39,038	0.001%
10320	New Spirit Charter Academy	20,115	0.001%
10321	California Virtual Academy at Fresno	37,952	0.001%
10324	Kepler Neighborhood School	49,499	0.001%
10650	State Center Community College District	5,164,025	0.141%
00010	Fresno County Office of Education	\$ 70,039,441	
11601	Capay Joint Union Elementary	50,514	0.001%
11603	Lake Elementary	35,691	0.001%
11604	Orland Joint Unified School District	633,259	0.017%
11605	Plaza Elementary	32,538	0.001%
11606	Princeton Joint Unified School District	73,324	0.002%
11607	Stony Creek Joint Unified School District	57,408	0.002%
11608	Willows Unified School District	451,930	0.012%
11611	Glenn County Office of Education	404,886	0.011%
11612	Hamilton Unified School District	217,195	0.006%
00011	Glenn County Office of Education	\$ 1,956,745	
12001	Humboldt County Office of Education	516,751	0.014%
12002	Arcata Elementary	284,159	0.008%
12003	Northern Humboldt Union High	611,452	0.017%
12004	Big Lagoon Union Elementary	17,203	0.000%
12005	Blue Lake Union Elementary	50,458	0.001%
12007	Bridgeville Elementary	21,251	0.001%
12008	Cuddeback Union Elementary	38,028	0.001%
12009	Cutten Elementary	164,975	0.004%
12012	Eureka City Unified School District	1,201,765	0.033%
12015	Fieldbrook Elementary	36,542	0.001%
12017	Fortuna Union High	300,203	0.008%
12018	Freshwater Elementary	94,860	0.003%
12019	Garfield Elementary	11,780	0.000%
12021	Green Point Elementary	8,604	0.000%
12024	Hydesville Elementary	48,564	0.001%
12025	Jacoby Creek Elementary	120,934	0.003%
12026	Klamath-Trinity Joint Unified School District	418,253	0.011%
12027	Kneeland Elementary	12,557	0.000%
12028	Loleta Union Elementary	35,589	0.001%
12029	Maple Creek Elementary	7,457	0.000%
12031	Mckinleyville Union Elementary	343,242	0.009%
12032	Orick Elementary	8,842	0.000%
12033	Pacific Union Elementary	160,045	0.004%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
12034	Peninsula Union Elementary	\$ 11,649	0.000%
12035	Redwoods Community College District	776,485	0.021%
12036	Rio Dell Elementary	95,358	0.003%
12038	Scotia Union Elementary	65,279	0.002%
12039	South Bay Union Elementary	147,577	0.004%
12040	Southern Humboldt Joint Unified School District	210,181	0.006%
12041	Trinidad Union Elementary	50,998	0.001%
12045	Ferndale Unified School District	153,114	0.004%
12046	Mattole Unified School District	178,356	0.005%
12047	Fortuna Elementary School District	383,080	0.010%
12070	Northcoast Preparatory and Performing Arts Academy	19,415	0.001%
12071	Pacific View Charter	38,355	0.001%
12072	Alder Grove Charter	83,203	0.002%
12073	Redwood Preparatory Charter	30,133	0.001%
12074	Laurel Tree Charter	26,235	0.001%
00012	Humboldt County Office of Education	\$ 6,782,932	
13001	Imperial Community College District	1,273,291	0.035%
13010	Brawley Elementary	1,192,766	0.032%
13012	Brawley Union High	653,466	0.018%
13015	Calexico Unified School District	2,646,621	0.072%
13018	Calipatria Unified School District	417,958	0.011%
13021	Central Union High	1,454,565	0.040%
13024	El Centro Elementary	1,621,163	0.044%
13027	Heber Elementary	402,760	0.011%
13030	Holtville Unified School District	553,442	0.015%
13033	Imperial Unified School District	1,178,550	0.032%
13036	Magnolia Union Elementary	37,154	0.001%
13039	Mccabe Union Elementary	339,361	0.009%
13042	Meadows Union Elementary	168,172	0.005%
13045	Mulberry Elementary	18,210	0.000%
13048	San Pasqual Valley Unified School District	372,892	0.010%
13051	Seeley Union Elementary	135,887	0.004%
13054	Westmorland Union Elementary	133,169	0.004%
13060	Imperial County Office of Education	700,493	0.019%
13068	Imperial Valley Regional Occupational Program	42,314	0.001%
13103	Imagine School at Imperial Valley	137,549	0.004%
00013	Imperial County Office of Education	\$ 13,479,783	
14022	YouthBuild Charter of California Central	118,409	0.003%
14023	College Bridge Academy	19,744	0.001%
14024	The Education Corps	83,555	0.002%
14101	Big Pine Unified School District	92,743	0.003%
14111	YouthBuild Charter of California	256,459	0.007%
14121	Bishop Unified School District	647,129	0.018%
14401	Death Valley Unified School District	24,799	0.001%
14501	Lone Pine Unified School District	131,794	0.004%
14601	Owens Valley Unified School District	56,187	0.002%
14701	Round Valley Joint Elementary	49,017	0.001%
14901	Inyo County Office of Education	147,887	0.004%
00014	Inyo County Office of Education	\$ 1,627,723	
15001	Arvin Union Elementary	901,177	0.025%
15002	Bakersfield City School District	8,578,892	0.233%
15003	Beardsley Elementary	418,411	0.011%
15004	Belridge Elementary	25,449	0.001%
15005	Blake Elementary	3,371	0.000%
15007	Buttonwillow Union Elementary	93,312	0.003%
15008	Caliente Union Elementary	18,575	0.001%
15010	Delano Union Elementary	2,278,156	0.062%
15011	Di Giorgio Elementary	50,960	0.001%
15012	Edison Elementary	288,333	0.008%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

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<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
15013	Elk Hills Elementary	\$ 48,434	0.001%
15015	Fairfax Elementary	606,138	0.016%
15016	Fruitvale Elementary	878,406	0.024%
15017	General Shafter Elementary	45,673	0.001%
15019	Greenfield Union School District	2,329,579	0.063%
15021	Kernville Union Elementary	220,805	0.006%
15022	Lakeside Union School District	360,580	0.010%
15023	Lamont Elementary	823,632	0.022%
15025	Linns Valley-Poso Flat Union School District	7,249	0.000%
15026	Lost Hills Union Elementary	157,745	0.004%
15027	Maple Elementary	66,606	0.002%
15029	Mckittrick Elementary	48,647	0.001%
15030	Midway Elementary	49,210	0.001%
15031	Norris Elementary	925,519	0.025%
15032	Panama-Buena Vista Union School District	4,579,568	0.125%
15033	Pond Union Elementary	66,322	0.002%
15035	Richland Union Elementary	1,045,866	0.028%
15036	Rio Bravo-Greeley Union Elementary	262,140	0.007%
15037	Rosedale Union Elementary	1,447,876	0.039%
15038	Semitropic Elementary	68,386	0.002%
15039	South Fork Union School District	55,913	0.002%
15040	Standard Elementary	839,266	0.023%
15041	Taft City School District	530,638	0.014%
15042	Vineland Elementary	200,243	0.005%
15043	Wasco Union Elementary	871,963	0.024%
15044	Delano Joint Union High	1,155,061	0.031%
15045	Kern Union High	10,753,497	0.293%
15046	Taft Union High	559,782	0.015%
15047	Wasco Union High	493,166	0.013%
15048	Maricopa Unified School District	231,341	0.006%
15049	Mojave Unified School District	664,192	0.018%
15050	Muroc Joint Unified School District	440,214	0.012%
15051	Southern Kern Unified School District	810,025	0.022%
15052	Tehachapi Unified School District	1,092,763	0.030%
15053	Kern Community College District	3,248,492	0.088%
15054	West Kern Community College District	563,631	0.015%
15055	Kern County Office of Education	2,124,720	0.058%
15056	El Tejon Unified School District	208,152	0.006%
15057	West Side Regional Occupational Program	22,836	0.001%
15058	Sierra Sands Unified School District	1,445,075	0.039%
15059	McFarland Unified School District	1,070,129	0.029%
15060	North Kern Vocational Training Center	24,701	0.001%
15063	Ridgecrest Charter	79,039	0.002%
15064	The Paramount Bard Academy	205,337	0.006%
15065	Grimmway Academy	101,630	0.003%
15066	Abernathy Collegiate Charter	26,842	0.001%
15067	Peak to Peak Mountain Charter	15,928	0.000%
00015	Kern County Office of Education	\$ 54,529,593	
16010	Armona Union Elementary	332,824	0.009%
16011	Central Union Elementary	777,405	0.021%
16013	Hanford Elementary	1,770,924	0.048%
16015	Island Union Elementary	82,955	0.002%
16017	Kings River-Hardwick Union Elementary	203,334	0.006%
16018	Kit Carson Union Elementary	132,566	0.004%
16019	Lakeside Union Elementary	72,648	0.002%
16020	Lemoore Union Elementary	911,539	0.025%
16021	Pioneer Union Elementary	410,731	0.011%
16027	Hanford Joint Union High	1,194,485	0.033%
16031	Lemoore Union High	709,907	0.019%
16038	Corcoran Joint Unified School District	1,028,857	0.028%
16045	Reef-Sunset Unified School District	829,305	0.023%

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Schedule IX

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16073	Kings County Office of Education	\$ 619,536	0.017%
16080	California Virtual Academy at Kings School	193,540	0.005%
16081	California Virtual Education Partners	125,498	0.003%
00016	Kings County Office of Education	\$ 9,396,054	
17001	Kelseyville Unified School District	511,552	0.014%
17006	Konocti Unified School District	862,586	0.023%
17009	Lake County International Charter	16,516	0.000%
17011	Lakeport Unified School District	444,671	0.012%
17016	Middletown Unified School District	494,198	0.013%
17026	Lucerne Elementary	77,577	0.002%
17031	Upper Lake Union Elementary	140,459	0.004%
17036	Upper Lake Union High	87,043	0.002%
17050	Lake County Office of Education	123,328	0.003%
00017	Lake County Office of Education	\$ 2,757,930	
18100	Lassen County Office of Education	218,356	0.006%
18110	Janesville Union Elementary	86,440	0.002%
18120	Johnstonville Elementary	46,874	0.001%
18150	Ravendale-Termo Elementary	13,059	0.000%
18151	New Day Academy	66,722	0.002%
18160	Richmond Elementary	44,195	0.001%
18170	Shaffer Union Elementary	50,895	0.001%
18180	Fort Sage Unified School District	87,076	0.002%
18190	Long Valley Charter	83,797	0.002%
18200	Big Valley Joint Unified School District	54,183	0.001%
18400	Lassen Community College District	319,226	0.009%
18500	Lassen Union High	240,243	0.007%
18600	Susanville Elementary	257,202	0.007%
18700	Westwood Unified School District	54,628	0.001%
18800	Westwood Charter	27,307	0.001%
00018	Lassen County Office of Education	\$ 1,650,203	
19002	ABC Unified School District	7,100,963	0.193%
19004	Academia Avance Charter	123,109	0.003%
19005	Alhambra Unified School District	6,113,880	0.166%
19007	Alain Leroy Locke 3 College Prep Academy	52,916	0.001%
19009	Oscar De La Hoya Animo Charter High	189,701	0.005%
19010	Antelope Valley Union High	7,021,929	0.191%
19011	Animo South Los Angeles Charter	187,270	0.005%
19012	Animo Venice Charter High	190,690	0.005%
19013	Animo Leadership High Charter	667,494	0.018%
19014	Animo Inglewood Charter High	186,293	0.005%
19015	Antelope Valley Community College District	1,894,416	0.052%
19016	Academia Semillas Del Pueblo Charter	107,788	0.003%
19020	Arcadia Unified School District	3,420,897	0.093%
19021	Anahuacalmecac University Preparatory High	1,637	0.000%
19022	Aspire-Huntington Park Charter	66,764	0.002%
19023	Academia Moderna Charter	85,588	0.002%
19024	Ararat Charter	83,646	0.002%
19026	Albert Einstein Academy Letters, Arts and Sciences	121,181	0.003%
19027	Animo Jefferson Middle School	162,672	0.004%
19028	Arts In Action Community Charter	90,951	0.002%
19030	Aspire Inskip Academy	78,354	0.002%
19031	Aspire Juanita Tate Academy	90,376	0.002%
19032	Aspire Slauson Academy	74,292	0.002%
19041	Azusa Unified School District	3,495,370	0.095%
19042	San Jose Charter Academy	418,174	0.011%
19050	Baldwin Park Unified School District	5,143,694	0.140%
19051	Barack Obama Charter	87,681	0.002%
19065	Bassett Unified School District	1,565,267	0.043%
19070	Bellflower Unified School District	4,178,371	0.114%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
19075	Antonio Maria Lugo Academy	\$ 58,741	0.002%
19076	Aspire Firestone Academy #076	104,223	0.003%
19077	Aspire Gateway Academy #077	104,788	0.003%
19078	Aspire Pacifica College Prep Academy #07	131,355	0.004%
19079	Bert Corona Charter	79,602	0.002%
19080	Beverly Hills Unified School District	2,331,165	0.063%
19081	Birmingham Community Charter	816,567	0.022%
19095	Albert Einstein Academy Elementary	85,471	0.002%
19100	Bonita Unified School District	3,283,916	0.089%
19110	Burbank Unified School District	4,824,603	0.131%
19113	IQ Academy California	117,120	0.003%
19116	Alliance Susan and Eric Smidt Technology	82,918	0.002%
19118	PUC California Academy for Liberal Studies	73,251	0.002%
19119	PUC CA Academy Liberal Studies Early College High	136,224	0.004%
19120	Camino Nuevo Charter Academy	267,185	0.007%
19121	Camino Nuevo High	151,751	0.004%
19123	Camino Nuevo Academy #2	160,780	0.004%
19124	Camino Nuevo Elementary #3	207,495	0.006%
19125	Camino Nuevo Charter Academy #4	181,806	0.005%
19126	Camino Nuevo High #2	40,563	0.001%
19130	Castaic Union Elementary	1,096,576	0.030%
19131	Rise Kohyang Middle School	45,932	0.001%
19140	Centinela Valley Union High	2,283,121	0.062%
19141	City Charter Middle School	86,370	0.002%
19142	Celerity Nascent Charter	259,718	0.007%
19145	Academy Performance Excellence (APEX) Academy	132,392	0.004%
19146	Celerity Exa Charter	83,386	0.002%
19149	Westchester Secondary Charter	58,933	0.002%
19150	Cerritos Community College District	3,060,778	0.083%
19153	Valor Academy Charter High	32,228	0.001%
19156	Extera Public School #2	12,501	0.000%
19158	New West Charter Middle School	168,968	0.005%
19159	Central City Value	151,075	0.004%
19160	Charter Oak Unified School District	1,644,016	0.045%
19161	Century Community Charter	83,109	0.002%
19163	CHAMPS-Charter HS of Arts-Multimedia & Performing	257,997	0.007%
19164	Alliance Christine O'Donovan Middle Academy	13,642	0.000%
19165	Alliance Richard Merkin Middle School	13,581	0.000%
19166	Alliance College-Ready Middle Academy #4	116,558	0.003%
19167	Alliance College-Ready Middle Academy #5	110,591	0.003%
19168	Citizens of the World Charter Hollywood	109,469	0.003%
19169	Citrus Community College District	2,046,111	0.056%
19170	Alliance Cindy and Bill Simon Technology	155,635	0.004%
19171	Alliance College-Ready Middle Academy #7	115,632	0.003%
19172	Alliance College-Ready Middle Academy #12	28,909	0.001%
19180	Claremont Unified School District	2,240,160	0.061%
19181	Alliance Jack H. Skirball Middle School	123,173	0.003%
19182	Alliance Dr. Olga Mohan High	189,535	0.005%
19183	Alliance Gertz-Ressler High	302,637	0.008%
19185	Community Charter Early College High	134,283	0.004%
19187	Crown Preparatory Academy	95,782	0.003%
19188	Alliance Technology and Math Science High	100,665	0.003%
19189	Alliance College-Ready Academy High #16	90,825	0.002%
19190	Children of Promise Preparatory Academy	41,075	0.001%
19193	Celerity Octavia Charter	128,172	0.003%
19195	Community Charter Middle	215,386	0.006%
19200	Compton Community College District	985,002	0.027%
19210	Da Vinci Design	169,243	0.005%
19212	Stem Project Center	243,215	0.007%
19215	Compton Unified School District	8,066,175	0.220%
19220	Covina-Valley Unified School District	4,342,353	0.118%
19228	Clas Affirmation	23,354	0.001%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
19230	Culver City Unified School District	\$ 2,386,333	0.065%
19249	Downey Unified School District	7,865,516	0.214%
19265	Duarte Unified School District	1,325,220	0.036%
19268	PUC Early College Academy for Leaders and Scholars	116,062	0.003%
19269	East San Gabriel Valley ROP	318,473	0.009%
19270	East Whittier City Elementary	2,899,809	0.079%
19280	Eastside Union Elementary	1,006,759	0.027%
19287	Animo Charter Middle School #2	39,415	0.001%
19290	El Camino Community College District	3,594,023	0.098%
19291	El Camino Real Charter High	1,105,090	0.030%
19300	El Monte City Elementary	3,081,200	0.084%
19310	El Monte Union High	3,601,559	0.098%
19315	El Rancho Unified School District	3,091,362	0.084%
19318	Endeavor College Preparatory Charter	181,207	0.005%
19320	El Segundo Unified School District	1,086,332	0.030%
19321	Environmental Charter High	184,406	0.005%
19322	Equitas Academy Charter	105,698	0.003%
19323	Environmental Charter Middle School	83,104	0.002%
19324	Environmental Charter Middle School Inglewood	28,239	0.001%
19329	Extera Public School	112,153	0.003%
19330	Fenton Avenue Charter	233,962	0.006%
19331	Film and Theatre Arts Charter High	31,350	0.001%
19343	Alliance Renee and Meyer Luskin Academy	155,627	0.004%
19358	Futuro College Preparatory Elementary	13,964	0.000%
19360	Garvey Elementary	1,841,395	0.050%
19362	Gabriella Charter	147,725	0.004%
19376	Ilead Lancaster Charter	57,136	0.002%
19380	Glendale Unified School District	8,308,833	0.226%
19381	Glendale Community College District	2,446,528	0.067%
19391	Glendora Unified School District	2,462,057	0.067%
19399	Goethe International Charter	65,112	0.002%
19400	Gorman Elementary	28,524	0.001%
19401	Gorman Learning Center	432,841	0.012%
19402	Equitas Academy #2	20,342	0.001%
19405	Hacienda La Puente Unified School District	7,035,686	0.191%
19406	Apple Academy Charter Public	77,489	0.002%
19408	USC Hybrid High	57,897	0.002%
19411	Academy of Science and Engineering	66,698	0.002%
19412	Math and Science College Preparatory	30,340	0.001%
19413	Citizens of the World #2	80,853	0.002%
19414	Citizens of the World #3	40,722	0.001%
19420	Hawthorne School District	2,773,754	0.075%
19425	Alliance Judy Burton Technology Academy	187,882	0.005%
19430	Hermosa Beach City Elementary	456,628	0.012%
19433	Alliance Huntington Park College-Ready Academy High	226,141	0.006%
19436	Aspire Centennial College Preparatory	59,756	0.002%
19450	Hughes-Elizabeth Lakes Union Elementary	95,543	0.003%
19458	Icef Inglewood Elementary Charter School Academy	85,058	0.002%
19459	Icef Inglewood Middle Charter Academy	37,153	0.001%
19460	Inglewood Unified School District	3,493,710	0.095%
19461	Icef Vista Elementary Academy	78,517	0.002%
19462	Icef Vista Middle Academy	42,482	0.001%
19463	Ingenium Charter	76,653	0.002%
19464	Wilder's Preparatory Academy Charter	89,195	0.002%
19465	Wilder's Preparatory Academy Charter Middle School	36,449	0.001%
19468	Larchmont Charter	422,442	0.011%
19469	Larchmont Charter, West Hollywood	16,749	0.000%
19470	Keppel Union School District	803,708	0.022%
19473	Kipp Los Angeles College Preparatory	139,224	0.004%
19481	La Canada Unified School District	1,341,869	0.037%
19490	Lancaster Elementary	4,068,124	0.111%
19491	Los Angeles Leadership Academy	176,441	0.005%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

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Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
19492	Port of Los Angeles High	\$ 364,567	0.010%
19494	Los Angeles Academy of Arts and Enterprise	101,862	0.003%
19500	Lakeview Charter Academy	127,999	0.003%
19501	Lakeview Charter High	102,263	0.003%
19502	Triumph Charter High	102,590	0.003%
19503	La Puente Valley Regional Occupational Program	123,397	0.003%
19505	Las Virgenes Unified School District	3,547,303	0.097%
19514	Intellectual Virtues Academy	21,081	0.001%
19519	Lifeline Education Charter	75,544	0.002%
19520	Lawndale Elementary	2,056,531	0.056%
19522	Life Source International Charter	49,023	0.001%
19530	Lennox Elementary	2,313,884	0.063%
19531	City Charter Elementary	11,866	0.000%
19534	Metro Charter	27,519	0.001%
19536	Ingenium Charter Middle School	23,990	0.001%
19537	High Tech LA Charter	136,970	0.004%
19539	Urban Village Middle School	26,041	0.001%
19540	Little Lake City Elementary	1,332,946	0.036%
19542	Prepa Tec Los Angeles	19,184	0.001%
19548	Aspire Titan Academy	69,528	0.002%
19549	Aspire Junior Collegiate Academy	85,989	0.002%
19551	Long Beach Community College District	3,223,801	0.088%
19557	New Opportunities Charter	60,099	0.002%
19558	Family First Charter	47,282	0.001%
19560	Los Nietos	606,272	0.016%
19561	Global Education Collaborative	20,822	0.001%
19567	New Horizons Charter Academy	20,524	0.001%
19570	Lowell Joint Elementary	1,031,006	0.028%
19572	Los Angeles International	29,669	0.001%
19579	Student Empowerment Academy	87,130	0.002%
19580	Lynwood Unified School District	4,612,283	0.126%
19581	Magnolia Science Academy #3	114,145	0.003%
19582	Magnolia Science Academy #4	54,618	0.001%
19583	Magnolia Science Academy #5	65,067	0.002%
19584	Magnolia Science Academy #6	36,981	0.001%
19585	Magnolia Science Academy #7	61,993	0.002%
19587	Magnolia Science Academy #8	126,456	0.003%
19590	Manhattan Beach Unified School District	2,267,091	0.062%
19599	Milagro Charter	85,677	0.002%
19605	Monrovia Unified School District	1,990,278	0.054%
19607	Monsenor Oscar Romero Charter Middle School	87,369	0.002%
19611	Rowland Heights Charter Academy	10,574	0.000%
19615	Montague Charter Academy	390,661	0.011%
19619	Ivy Academia	329,546	0.009%
19620	Montebello Unified School District	10,782,309	0.293%
19630	Mt. San Antonio Community College District	5,321,299	0.145%
19640	Mountain View Elementary	2,788,108	0.076%
19641	Multicultural Learning Center	100,740	0.003%
19645	New Designs Charter	215,959	0.006%
19646	New Designs Charter- Watts	102,376	0.003%
19647	New Academy Canoga Park	125,678	0.003%
19649	N.E.W. Academy of Science and Arts	84,384	0.002%
19650	Newhall Elementary	2,211,925	0.060%
19654	New City	102,274	0.003%
19658	Ocean Charter	111,650	0.003%
19659	Crenshaw Arts-Tech Charter High	57,021	0.002%
19660	Norwalk-La Mirada Unified School District	6,662,567	0.181%
19661	Odyssey Charter	95,434	0.003%
19663	New Heights Charter	90,779	0.002%
19665	New Los Angeles Charter	73,752	0.002%
19667	New Millennium Secondary	107,506	0.003%
19668	Opportunities Unlimited Charter High	47,802	0.001%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
19669	Stella Middle Charter Academy	\$ 166,962	0.005%
19675	Pacoima Charter Elementary	452,637	0.012%
19678	Palmdale Aerospace Academy	150,488	0.004%
19680	Palmdale Elementary	5,880,205	0.160%
19691	Palos Verdes Peninsula Unified School District	3,682,149	0.100%
19692	Para Los Ninos Charter	115,550	0.003%
19693	Aspire Ollin University Preparatory Academy	163,326	0.004%
19694	Para Los Ninos-Evelyn Thurman Gratts Primary	106,875	0.003%
19695	Para Los Ninos Middle Charter	38,534	0.001%
19700	Paramount Unified School District	5,104,924	0.139%
19705	Pasadena Area Community College District	4,246,432	0.116%
19710	Pasadena Unified School District	5,904,093	0.161%
19720	Pomona Unified School District	9,382,084	0.255%
19725	Las Familias Del Pueblo Value Charter	136,282	0.004%
19734	James Jordan Middle School	81,146	0.002%
19739	Our Community Charter	111,204	0.003%
19740	Redondo Beach Unified School District	3,074,476	0.084%
19746	Granada Hills Charter High	1,224,342	0.033%
19749	Rio Hondo Community College District	2,375,569	0.065%
19760	Rosemead Elementary	919,464	0.025%
19771	Rowland Unified School District	5,190,913	0.141%
19780	San Gabriel Unified School District	1,571,964	0.043%
19781	Animo Ralph Bunche High	196,912	0.005%
19782	Animo Pat Brown	190,351	0.005%
19783	Animo Watts College Preparatory Academy	166,787	0.005%
19784	Alliance William and Carol Ouchi High	271,882	0.007%
19786	Animo Locke Technology High	41,114	0.001%
19787	Animo Locke 1 College Preparatory Academy	701,637	0.019%
19788	Alliance Marc and Eva Stern Math and Science High	188,493	0.005%
19789	Alliance College-Ready Academy High #5	228,821	0.006%
19790	San Marino Unified School District	1,156,617	0.031%
19791	New Village Charter	65,545	0.002%
19793	Animo Jackie Robinson High	197,177	0.005%
19795	Santa Clarita Community College District	2,115,747	0.058%
19797	Triumph Academy	88,625	0.002%
19798	Excel Academy	83,835	0.002%
19800	Santa Monica-Malibu Unified School District	4,613,909	0.126%
19801	Santa Monica Community College District	4,617,545	0.126%
19804	Santa Monica Boulevard Community Charter	312,209	0.008%
19805	Santa Rose Charter Academy	58,200	0.002%
19806	Nueva Esperanza Charter	86,064	0.002%
19809	Century Academy for Excellence	79,076	0.002%
19810	Saugus Union Elementary	3,156,917	0.086%
19813	Lou Dantzier Preparatory Charter Middle School	73,666	0.002%
19814	Frederick Douglass Academy Middle School	61,861	0.002%
19815	Frederick Douglass Academy High	106,899	0.003%
19816	Frederick Douglass Academy Elementary	73,454	0.002%
19817	Animo Locke II College Preparatory Academy	57,336	0.002%
19826	Bright Star Secondary Charter Academy	129,087	0.004%
19827	Los Feliz Charter for the Arts	142,899	0.004%
19830	Acton-Agua Dulce Unified School District	465,055	0.013%
19831	Lou Dantzier Preparatory Charter Elementary	75,675	0.002%
19832	Lou Dantzier Preparatory Charter High	11,517	0.000%
19833	Soledad Enrichment Center (SEA)	539,244	0.015%
19836	Palisades Charter High	985,055	0.027%
19837	California Virtual Academy at Los Angeles	3,598	0.000%
19838	California Virtual Academy at Los Angeles	864,199	0.024%
19839	Wisdom Academy for Young Scientists Charter	108,039	0.003%
19840	South Bay Union High	(170)	0.000%
19841	Animo College Preparatory Academy	156,874	0.004%
19842	Animo Charter Middle School #3	191,355	0.005%
19843	Animo Charter Middle School #4	204,069	0.006%

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19844	Animo Westside Charter Middle School	\$ 114,576	0.003%
19850	South Pasadena Unified School District	1,643,290	0.045%
19857	Pasadena Rosebud Academy	37,934	0.001%
19860	South Whittier Elementary	1,044,821	0.028%
19863	Southeast Regional Occupational Program	163,439	0.004%
19865	Southern California Regional Occupational Program	212,187	0.006%
19870	Sulphur Springs Union Elementary	1,855,722	0.051%
19874	Synergy Quantum Academy	158,949	0.004%
19875	Synergy Charter Academy	113,949	0.003%
19876	Synergy Kinetic Academy	114,974	0.003%
19877	School of Arts and Enterprise	162,996	0.004%
19878	Guidance Charter	104,345	0.003%
19879	Teach Academy of Technologies	43,373	0.001%
19880	Temple City Unified School District	1,908,271	0.052%
19885	Accelerated Charter Elementary	186,482	0.005%
19886	Wallis Annenberg High	114,399	0.003%
19887	Accelerated Elementary Charter	56,654	0.002%
19891	Los Angeles Leadership Primary Academy	52,938	0.001%
19900	Torrance Unified School District	7,630,932	0.208%
19905	Tri-Cities Regional Occupational Program	123,789	0.003%
19906	Magnolia Science Academy #2	112,228	0.003%
19907	Valor Academy Charter	137,750	0.004%
19908	Valley Charter Elementary	79,428	0.002%
19909	Valley Charter Middle School	43,926	0.001%
19910	Valle Lindo Elementary	369,632	0.010%
19911	Fenton Primary Center	227,553	0.006%
19913	Vaughn Next Century Learning Center	674,880	0.018%
19915	View Park Preparatory Accelerated Charter	155,017	0.004%
19916	View Park Middle Preparatory Accelerated Charter	83,499	0.002%
19917	View Park High Preparatory Accelerated Charter	154,172	0.004%
19920	Vista Charter Middle School #920	93,973	0.003%
19921	Walnut Valley Unified School District	4,508,213	0.123%
19925	Watts Learning Center	92,222	0.003%
19926	Alliance College-Ready Academy High	495	0.000%
19927	Alliance Health Services Academy High	153,134	0.004%
19928	Alliance Media Arts and Entertainment Design High	96,881	0.003%
19929	Alliance Environmental Science and Technology High	201,613	0.005%
19930	West Covina Unified School District	3,056,427	0.083%
19931	Watts Learning Center Charter Middle School	63,231	0.002%
19934	Global Education Academy	66,319	0.002%
19936	Ivy Bound Academy Math, Science and Tech Charter	36,254	0.001%
19937	Center for Advanced Learning	68,148	0.002%
19938	Westside Innovative School House	95,524	0.003%
19940	Westside Union Elementary	2,511,568	0.068%
19941	Ivy Bound Academy #2	8,557	0.000%
19945	Magnolia Science Academy	141,008	0.004%
19950	Whittier City Elementary	2,058,359	0.056%
19951	Thurgood Marshall Charter Middle School	7,203	0.000%
19958	Clerity Cyad Charter	175,915	0.005%
19960	Whittier Union High	4,599,732	0.125%
19961	Celerity Troika Charter	143,841	0.004%
19964	Micro Enterprise Charter Academy (MECA)	3,061	0.000%
19965	Celerity Cardinal Charter	81,099	0.002%
19966	Celerity Palmati Charter	92,695	0.003%
19967	Celerity Sirius Charter	132,764	0.004%
19970	William S. Hart Union High	7,208,784	0.196%
19980	Wilsona Elementary	340,234	0.009%
19981	Santa Clarita Valley International	183,897	0.005%
19990	Wiseburn Elementary	859,401	0.023%
19999	Los Angeles County Superintendent	7,269,550	0.198%
00019	Los Angeles County Office of Education	\$ 336,793,655	

The accompanying notes are an integral part of these schedules.

SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
20011	Ezequiel Tafoya Alvarado Academy	\$ 91,332	0.002%
20017	Alview-Dairyland Union Elementary	93,055	0.003%
20035	Bass Lake Joint Union Elementary	236,670	0.006%
20040	Golden Valley Unified School District	579,465	0.016%
20050	Sherman Thomas Charter	63,622	0.002%
20055	Chowchilla Elementary	574,142	0.016%
20088	Chawanakee Unified School District	311,310	0.008%
20120	Madera Unified School District	5,524,930	0.150%
20150	Raymond-Knowles Union Elementary	26,417	0.001%
20670	Madera County Superintendent	859,406	0.023%
20705	Chowchilla Union High	290,182	0.008%
20710	Yosemite Unified School District	561,092	0.015%
20755	Western Sierra Charter	76,531	0.002%
00020	Madera County Office of Education	\$ 9,288,154	
21005	Bolinas-Stinson Union	102,435	0.003%
21011	Dixie Elementary	733,910	0.020%
21017	Kentfield Elementary	601,834	0.016%
21019	Laguna Joint Elementary	10,416	0.000%
21021	Lagunitas Elementary	100,178	0.003%
21023	Larkspur-Corte Madera School District	680,948	0.019%
21025	Lincoln Elementary	6,969	0.000%
21029	Mill Valley Elementary	1,328,036	0.036%
21031	Nicasio	31,197	0.001%
21035	Reed Union Elementary	684,929	0.019%
21037	Ross Elementary	236,378	0.006%
21045	San Rafael City Elementary	1,455,671	0.040%
21047	Sausalito Marin City	134,403	0.004%
21053	Union Joint Elementary	5,991	0.000%
21064	Shoreline Unified School District	401,275	0.011%
21065	Novato Unified School District	2,625,760	0.071%
21066	Novato Charter	64,921	0.002%
21074	San Rafael City High	1,047,225	0.028%
21076	Tamalpais Union High	2,278,914	0.062%
21085	College of Marin	1,299,232	0.035%
21089	Ross Valley Elementary	869,188	0.024%
21091	Marin County Office of Education	640,293	0.017%
00021	Marin County Office of Education	\$ 15,340,103	
22010	Mariposa County Unified School District	646,129	0.018%
22013	Sierra Foothill Charter	23,782	0.001%
00022	Mariposa County Office of Education	\$ 669,911	
23040	Mendocino County Office of Education	324,273	0.009%
23042	Manchester Union Elementary	18,522	0.001%
23044	Anderson Valley Unified School District	183,716	0.005%
23045	Fort Bragg Unified School District	614,438	0.017%
23046	Mendocino Unified School District	219,425	0.006%
23047	Round Valley Unified School District	143,543	0.004%
23048	Laytonville Unified School District	132,679	0.004%
23049	Leggett Valley Unified School District	54,992	0.001%
23050	Willits Unified School District	436,600	0.012%
23051	Mendocino-Lake Community College District	637,338	0.017%
23054	Potter Valley Community Unified School District	101,135	0.003%
23055	Ukiah Unified School District	1,744,595	0.047%
23056	Willits Charter	42,669	0.001%
23058	Redwood Academy of Ukiah	62,893	0.002%
23059	Tree of Life Charter	21,674	0.001%
23060	La Vida Independent Study Charter	19,999	0.001%
23061	Arena Elementary/Point Arena High	180,426	0.005%
23062	Eel River Charter	9,731	0.000%
23063	River Oak Charter	53,349	0.001%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
23064	Three Rivers Charter	\$ 18,767	0.001%
00023	Mendocino County Office of Education	\$ 5,020,764	
24010	Atwater Elementary	1,433,176	0.039%
24020	Ballico-Cressey Elementary	79,199	0.002%
24030	Delhi Elementary	866,906	0.024%
24050	EI Nido Elementary	51,651	0.001%
24060	Hilmar Unified School District	675,262	0.018%
24070	Merced River Union Elementary	54,262	0.001%
24090	Le Grand Union Elementary	116,864	0.003%
24100	Livingston Union Elementary	832,895	0.023%
24110	Los Banos Unified School District	2,810,542	0.076%
24120	Mcswain Union Elementary	259,144	0.007%
24130	Merced City Elementary	3,572,936	0.097%
24140	Gustine Unified School District	522,130	0.014%
24150	Plainsburg Union Elementary	23,925	0.001%
24160	Planada Elementary	267,434	0.007%
24170	Snelling-Merced Falls Union Elementary	22,433	0.001%
24190	Dos Palos-Oro Loma Joint Unified School District	656,642	0.018%
24200	Weaver Union	887,532	0.024%
24210	Winton Elementary	596,271	0.016%
24230	Le Grand Union High	181,450	0.005%
24240	Merced Union High	3,578,818	0.097%
24250	Merced Community College District	1,581,894	0.043%
24260	Merced County Office of Education	1,521,372	0.041%
24550	Green Valley Charter	19,894	0.001%
00024	Merced County Office of Education	\$ 20,612,632	
25067	Modoc County Office of Education	114,580	0.003%
25068	Modoc Joint Unified School District	222,918	0.006%
25069	Tulelake Basin Joint Unified School District	189,321	0.005%
25109	Surprise Valley Joint Unified School District	41,693	0.001%
00025	Modoc County Office of Education	\$ 568,512	
26009	Urban Corp Charter School of San Diego	34,010	0.001%
26010	Orange County Conservation Corp Charter	19,790	0.001%
26011	California Heritage Youth Build Academy	12,371	0.000%
26020	Mono County Office of Education	96,164	0.003%
26030	Eastern Sierra Unified School District	229,129	0.006%
26040	Mammoth Unified School District	436,276	0.012%
26050	Mono County Schools Community Library	4,253	0.000%
00026	Mono County Office of Education	\$ 831,993	
27002	Alisal Union	2,409,223	0.066%
27006	Bradley Union Elementary	30,243	0.001%
27012	Carmel Unified School District	1,547,549	0.042%
27014	Chualar Union Elementary	80,444	0.002%
27017	Gonzales Unified School District	818,697	0.022%
27020	Graves Elementary	10,641	0.000%
27022	Greenfield Union Elementary	868,358	0.024%
27024	Hartnell Community College District	1,156,095	0.031%
27026	King City Union	867,621	0.024%
27028	South Monterey County Joint Union High	566,892	0.015%
27030	Lagunita Elementary	29,450	0.001%
27034	Mission Union Elementary	43,776	0.001%
27039	Monterey Peninsula Unified School District	3,342,381	0.091%
27040	Monterey Peninsula Community College District	1,175,365	0.032%
27043	North Monterey County Unified School District	1,380,912	0.038%
27045	Big Sur Unified School District	14,954	0.000%
27046	Pacific Grove Unified School District	1,105,841	0.030%
27051	Millennium Charter High	21,760	0.001%
27052	Oasis Charter Public	50,550	0.001%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

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<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
27053	International School of Monterey	\$ 114,636	0.003%
27054	Learning for Life Charter	20,266	0.001%
27055	Monterey Bay Charter	67,241	0.002%
27056	Bay View Academy	69,873	0.002%
27057	Big Sur Charter	17,791	0.000%
27058	Salinas City Elementary	2,380,518	0.065%
27060	Salinas Union High	4,736,816	0.129%
27062	San Antonio Union Elementary	44,045	0.001%
27064	San Ardo Union Elementary	41,403	0.001%
27066	San Lucas Union Elementary	19,157	0.001%
27068	Santa Rita Union Elementary	784,081	0.021%
27071	Soledad Unified School District	1,441,691	0.039%
27072	Spreckels Union Elementary	247,190	0.007%
27074	Washington Union Elementary	262,482	0.007%
27099	Monterey County Office of Education	1,425,229	0.039%
00027	Monterey County Office of Education	\$ 27,193,171	
28010	Calistoga Joint Unified School District	424,529	0.012%
28020	Howell Mountain Elementary	49,419	0.001%
28030	Napa Valley Community College District	817,417	0.022%
28040	Napa County Office of Education	400,343	0.011%
28050	Napa Valley Unified School District	6,109,504	0.166%
28055	Stone Bridge	64,848	0.002%
28060	Pope Valley Union Elementary	32,788	0.001%
28070	Saint Helena Unified School District	888,917	0.024%
00028	Napa County Office of Education	\$ 8,787,765	
29002	Chicago Park Elementary	49,204	0.001%
29003	Clear Creek Elementary	43,332	0.001%
29004	Grass Valley Elementary	558,990	0.015%
29005	Nevada City Elementary	259,975	0.007%
29007	Pleasant Ridge Union Elementary	433,166	0.012%
29008	Pleasant Valley Elementary	141,015	0.004%
29009	Ready Springs Union Elementary	85,305	0.002%
29010	Union Hill Elementary	226,193	0.006%
29011	Twin Ridges Elementary	37,897	0.001%
29013	Nevada Joint Union High	1,059,855	0.029%
29050	Nevada County Office of Education	540,357	0.015%
29052	Muir Charter	468,232	0.013%
29063	Los Angeles Conservation Corps Charter	6,672	0.000%
29064	Nevada County Charter Services Authority	35,321	0.001%
00029	Nevada County Office of Education	\$ 3,945,514	
30004	Anaheim City School District	6,610,249	0.180%
30008	Buena Park Elementary	1,780,409	0.048%
30012	Centralia Elementary	1,540,154	0.042%
30016	Cypress Elementary	1,232,135	0.034%
30020	Fountain Valley Elementary	1,921,760	0.052%
30022	Fullerton Elementary	4,741,642	0.129%
30028	Huntington Beach City Elementary	2,061,194	0.056%
30030	La Habra City Elementary	1,777,533	0.048%
30034	Magnolia Elementary	2,302,260	0.063%
30038	Ocean View	3,070,122	0.084%
30052	Savanna Elementary	799,259	0.022%
30053	Orange County School of the Arts	674,979	0.018%
30054	Journey Charter	77,717	0.002%
30055	El Sol Santa Ana Science and Arts Academy	173,959	0.005%
30057	Edward B. Cole Academy	82,232	0.002%
30058	Orange County Educational Arts Academy	139,086	0.004%
30060	Westminster Elementary	3,407,671	0.093%
30064	Anaheim Union High	11,148,069	0.303%
30066	Brea Olinda Unified School District	1,646,238	0.045%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

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Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
30068	Capistrano Unified School District	\$ 15,567,310	0.424%
30070	Fullerton Joint Union High	5,338,318	0.145%
30072	Garden Grove Unified School District	16,258,140	0.442%
30074	Huntington Beach Union High	5,556,256	0.151%
30075	Irvine Unified School District	9,453,317	0.257%
30076	Laguna Beach Unified School District	1,559,115	0.042%
30077	Los Alamitos Unified School District	3,412,908	0.093%
30078	Newport-Mesa Unified School District	8,608,308	0.234%
30080	Orange Unified School District	9,080,134	0.247%
30082	Placentia-Yorba Linda Unified School District	8,099,039	0.220%
30083	Saddleback Valley Unified School District	9,208,039	0.251%
30084	Santa Ana Unified School District	18,419,826	0.501%
30087	Tustin Unified School District	7,225,808	0.197%
30088	North Orange County Community College District	5,842,659	0.159%
30090	Coast Community College District	4,998,623	0.136%
30092	Rancho Santiago Community College District	4,978,668	0.135%
30093	North Orange County Regional Occupational Program	623,076	0.017%
30094	Orange County Office of Education	4,068,431	0.111%
30095	Coastline Regional Occupational Program	169,517	0.005%
30096	South Orange County Community College District	4,495,734	0.122%
30097	Capistrano-Laguna Beach ROP	94,077	0.003%
30201	Capistrano Connections Academy Charter	428,511	0.012%
30205	Nova Academy Early College High	110,226	0.003%
30210	SBC- Pacific Technology Santa Ana	32,385	0.001%
30215	The Academy	44,041	0.001%
00030	Orange County Office of Education	\$ 188,859,134	
31001	Ackerman Elementary	156,204	0.004%
31002	Alta-Dutch Flat Union Elementary	35,269	0.001%
31003	Auburn Union Elementary	645,561	0.018%
31005	Cofax Elementary	126,455	0.003%
31006	Dry Creek Joint Elementary	2,159,189	0.059%
31009	Eureka Union	1,066,220	0.029%
31010	Foresthill Union Elementary	106,324	0.003%
31011	Loomis Union Elementary	809,116	0.022%
31012	Newcastle Elementary	203,580	0.006%
31016	Placer Hills Union Elementary	254,144	0.007%
31018	Rocklin Unified School District	3,497,138	0.095%
31019	Roseville City Elementary	3,201,695	0.087%
31021	Tahoe-Truckee Unified School District	1,774,535	0.048%
31022	Western Placer Unified School District	1,978,426	0.054%
31031	Placer Union High	1,402,461	0.038%
31032	Roseville Joint Union High	3,622,974	0.099%
31050	Placer County Office of Education	932,614	0.025%
31061	Horizon Charter	655,765	0.018%
31062	Rocklin Academy	294,992	0.008%
31063	Maria Montessori Charter Academy	80,114	0.002%
31064	Core Placer Charter	58,727	0.002%
31065	Sierra Expeditionary Learning	45,170	0.001%
31067	Creekside Charter	62,186	0.002%
00031	Placer County Office of Education	\$ 23,168,859	
32040	Plumas County Office of Education	68,424	0.002%
32041	Plumas Unified School District	538,226	0.015%
32051	Feather River Community College District	257,161	0.007%
32061	Plumas Charter	51,533	0.001%
00032	Plumas County Office of Education	\$ 915,344	
33001	Desert Community College District	1,501,008	0.041%
33003	Mt. San Jacinto Community College District	1,667,525	0.045%
33005	Palo Verde Community College District	323,577	0.009%
33007	Riverside Community College District	5,172,051	0.141%

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33010	Alvord Unified School District	\$ 6,507,569	0.177%
33013	Banning Unified School District	1,379,856	0.038%
33018	Beaumont Unified School District	2,375,848	0.065%
33021	Coachella Valley Unified School District	6,155,595	0.168%
33024	Corona-Norco Unified School District	1,414,505	0.038%
33027	Desert Center Unified School District	8,190	0.000%
33030	Desert Sands Unified School District	8,919,374	0.243%
33034	Lake Elsinore Unified School District	7,366,645	0.200%
33039	Hemet Unified School District	6,709,097	0.183%
33040	Santa Rose Academy	263,619	0.007%
33041	River Springs Charter	1,192,166	0.032%
33043	Imagine Schools Riverside County	11,944	0.000%
33045	Gateway College and Career Academy	21,013	0.001%
33046	Jurupa Unified School District	6,487,267	0.177%
33049	Menifee Union Elementary	2,754,669	0.075%
33052	Moreno Valley Unified School District	11,933,659	0.325%
33056	Murrieta Valley Unified School District	6,936,303	0.189%
33058	Nuview Union	609,809	0.017%
33061	Palm Springs Unified School District	7,300,042	0.199%
33064	Palo Verde Unified School District	912,216	0.025%
33067	Perris Elementary	1,887,509	0.051%
33071	Perris Union High	3,181,359	0.087%
33074	Riverside Unified School District	13,479,075	0.367%
33081	Romoland Elementary	960,892	0.026%
33084	San Jacinto Unified School District	2,831,229	0.077%
33088	Temecula Valley Unified School District	9,112,262	0.248%
33090	Val Verde Unified School District	6,337,087	0.172%
33099	Riverside County Office of Education	3,467,429	0.094%
33101	San Jacinto Valley Academy Charter	195,161	0.005%
33102	Heritage Classical Charters of America	262,084	0.007%
33104	Gateway to College Early College High	32,925	0.001%
33105	Temecula Valley Charter	85,838	0.002%
33106	Sycamore Academy of Science and Cultural Arts	55,811	0.002%
33107	Nova Academy Coachella	53,374	0.001%
33108	Keegan Academy	7,260	0.000%
33110	Pivot Charter-Riverside	1,222	0.000%
33111	Reach Leadership Academy	58,862	0.002%
33112	Excel Prep Charter- IE	113,011	0.003%
00033	Riverside County Office of Education	\$ 130,045,937	
34020	St. Hope Public School #7	488,717	0.013%
34021	Delta Elementary Charter	62,334	0.002%
34022	Capitol Heights Academy	235,396	0.006%
34023	Golden Valley Charter of Sacramento	86,365	0.002%
34024	Gateway Community Charters	973,480	0.026%
34025	SBC- Pacific Technology Orangevale	5,981	0.000%
34026	Language Academy of Sacramento	113,551	0.003%
34027	Heritage Peak Charter	320,149	0.009%
34029	Yav Pem Suab Academy-Sacramento	94,234	0.003%
34031	California Montessori Project-Elk Grove	71,759	0.002%
34032	California Montessori Project-Capitol CA	65,429	0.002%
34033	CA Montessori Project-San Juan AR/CAR	243,092	0.007%
34035	Capitol Collegiate Academy	41,880	0.001%
34080	Arcohe Union Elementary	126,451	0.003%
34081	Center Joint Unified School District	1,469,337	0.040%
34082	Del Paso Heights Elementary	(80)	0.000%
34083	Elverta Joint Elementary	92,896	0.003%
34084	Galt Joint Union Elementary	1,422,727	0.039%
34086	Natomas Unified School District	3,889,392	0.106%
34087	North Sacramento Elementary	139	0.000%
34088	Rio Linda Union Elementary	(92)	0.000%
34089	Robla Elementary	833,997	0.023%

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34090	Twin Rivers Unified School District	\$ 9,209,115	0.251%
34091	River Delta Joint Unified School District	612,877	0.017%
34092	Galt Joint Union High	797,892	0.022%
34093	Grant Joint Union High	4,746	0.000%
34094	Los Rios Community College District	9,330,998	0.254%
34095	Elk Grove Unified School District	20,894,049	0.569%
34096	Folsom-Cordova Unified School District	6,279,062	0.171%
34097	Sacramento City Unified School District	12,532,905	0.341%
34098	San Juan Unified School District	14,555,812	0.396%
34099	Sacramento County Office of Education	1,657,308	0.045%
00034	Sacramento County Office of Education	\$ 86,511,898	
35102	Bitterwater-Tully Union Elementary	11,214	0.000%
35103	Cienega Union Elementary	738	0.000%
35104	Hollister School District	1,655,771	0.045%
35105	Jefferson Elementary	9,716	0.000%
35107	North County Joint Union Elementary	195,292	0.005%
35109	Panoche Elementary	4,028	0.000%
35111	Southside Elementary	63,660	0.002%
35112	Tres Pinos Union Elementary	37,138	0.001%
35113	Willow Grove Union Elementary	7,366	0.000%
35150	San Benito High	804,586	0.022%
35180	Aromas/San Juan Unified School District	387,074	0.011%
35190	San Benito County Office of Education	233,004	0.006%
00035	San Benito County Office of Education	\$ 3,409,587	
36201	Adelanto Elementary	1,938,939	0.053%
36202	Alta Loma Elementary	1,526,005	0.042%
36203	Apple Valley Unified School District	3,664,101	0.100%
36205	ASA Charter	48,177	0.001%
36206	Bear Valley Unified School District	674,597	0.018%
36208	Barstow Unified School District	1,390,930	0.038%
36209	Central Elementary	1,267,870	0.035%
36210	Chino Valley Unified School District	8,260,978	0.225%
36211	New Vision Middle School	63,751	0.002%
36213	Colton Joint Unified School District	6,500,119	0.177%
36214	Oxford Preparatory Academy	362,078	0.010%
36215	Cucamonga Elementary	822,770	0.022%
36216	Excel Prep Charter	21,704	0.001%
36217	Carden Virtual Academy Charter	158,294	0.004%
36218	Etiwanda Elementary	3,943,427	0.107%
36219	Encore High for Performing and Visual Arts	164,932	0.004%
36220	Casa Ramona Academy for Tech,Community, Education	79,416	0.002%
36222	Fontana Unified School District	11,570,128	0.315%
36223	Hope Academy Charter	153,811	0.004%
36224	Helendale Elementary	214,455	0.006%
36228	Hesperia Unified School District	5,216,997	0.142%
36229	Grove Charter	59,018	0.002%
36230	Academy for Academic Excellence	364,199	0.010%
36231	Inland Leaders Charter	186,731	0.005%
36232	Lucerne Valley Unified School District	232,749	0.006%
36233	Mirus Secondary	72,531	0.002%
36234	Laverne Elementary Preparatory Academy	66,344	0.002%
36235	Morongo Unified School District	2,650,649	0.072%
36236	Mt. Baldy Joint Elementary	42,645	0.001%
36237	Public Safety Academy	93,204	0.003%
36238	Mountain View Elementary	706,886	0.019%
36239	Summit Leadership Academy High Desert	44,317	0.001%
36241	Needles Unified School District	231,848	0.006%
36243	Norton Space and Aeronautics Academy	118,945	0.003%
36244	Pathways to College	54,785	0.001%
36245	Ontario-Montclair Elementary	7,598,140	0.207%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
36246	Oro Grande Elementary	\$ 760,324	0.021%
36249	Redlands Unified School District	6,365,102	0.173%
36250	Colton Redlands Yucaipa ROP	197,365	0.005%
36251	Rim of The World Unified School District	992,406	0.027%
36252	Silver Valley Unified School District	808,718	0.022%
36253	Sky Mountain Charter	361,041	0.010%
36254	Snowline Joint Unified School District	2,075,583	0.056%
36255	Trona Joint Unified School District	137,150	0.004%
36256	Upland Unified School District	37	0.000%
36257	Victor Elementary	2,672,214	0.073%
36258	Empire Springs Charter	64,738	0.002%
36259	Upland Unified School District	2,998,632	0.082%
36260	Yucaipa-Calimesa Joint Unified School District	2,508,375	0.068%
36263	Chaffey Joint Union High	7,655,612	0.208%
36264	Baldy View Regional Occupational Program	138,409	0.004%
36266	Soar Charter Academy	99,957	0.003%
36267	Excelsior Education Center Charter	324,283	0.009%
36268	Victor Valley Union High	2,266,763	0.062%
36270	Barstow Community College District	375,310	0.010%
36271	Chaffey Community College District	2,480,126	0.067%
36272	San Bernardino Community College District	2,135,259	0.058%
36273	Victor Valley Community College District	1,550,618	0.042%
36274	Rialto Unified School District	7,418,732	0.202%
36275	Provisional Accelerated Learning Academy	31,222	0.001%
36276	San Bernardino City Unified School District	16,699,662	0.454%
36278	Baker Valley Unified School District	59,270	0.002%
36279	Copper Mountain Community College District	362,097	0.010%
36286	San Bernardino County Office of Education	3,175,797	0.086%
00036	San Bernardino County Office of Education	\$ 125,281,272	
37001	Alpine Union Elementary	570,042	0.016%
37004	Bonsall Union Elementary	648,710	0.018%
37006	Cajon Valley Union Elementary	5,250,433	0.143%
37007	Cardiff Elementary	319,645	0.009%
37008	Darnall E-Charter	213,361	0.006%
37009	Chula Vista Elementary	9,087,308	0.247%
37010	Dehesa Elementary	77,468	0.002%
37011	Del Mar Union School District	1,909,525	0.052%
37012	Literacy First Charter	386,301	0.011%
37013	Classical Academy	178,853	0.005%
37014	Encinitas Union Elementary	2,136,757	0.058%
37015	Escondido Union Elementary	5,979,038	0.163%
37016	Fallbrook Union Elementary	1,758,750	0.048%
37017	Jamul-Dulzura Union Elementary	312,330	0.008%
37018	Julian Union Elementary	136,240	0.004%
37019	Lakeside Union Elementary	1,669,581	0.045%
37020	La Mesa-Spring Valley	3,950,865	0.108%
37021	Lemon Grove Elementary	1,286,392	0.035%
37022	Julian Charter	596,266	0.016%
37023	National Elementary	1,960,241	0.053%
37028	Rancho Santa Fe Elementary	421,752	0.011%
37030	Heritage K-8 Charter	136,231	0.004%
37031	San Pasqual Union Elementary	170,520	0.005%
37032	Santee Elementary	2,035,831	0.055%
37033	San Ysidro Elementary	1,546,062	0.042%
37034	Solana Beach Elementary	1,452,826	0.040%
37035	South Bay Union Elementary	2,791,660	0.076%
37036	Spencer Valley Elementary	26,055	0.001%
37037	Vallecitos Elementary	75,213	0.002%
37040	Escondido Union High	2,467,524	0.067%
37041	Fallbrook Union High	824,116	0.022%
37042	Grossmont Union High	6,463,499	0.176%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
37043	Julian Union High	\$ 74,432	0.002%
37044	Helix High Charter	652,580	0.018%
37045	San Dieguito Union High	4,615,641	0.126%
37046	Sweetwater Union High	14,462,388	0.394%
37047	Coronado Unified School District	1,152,655	0.031%
37048	Mountain Empire Unified School District	757,238	0.021%
37049	Ramona City Unified School District	1,611,960	0.044%
37050	San Diego Unified School District	42,657,724	1.161%
37051	Vista Unified School District	7,029,143	0.191%
37052	Palomar Community College District	3,340,192	0.091%
37053	Grossmont-Cuyamaca Community College District	3,064,029	0.083%
37054	Miracosta Community College District	2,839,281	0.077%
37055	Southwestern Community College District	2,921,703	0.080%
37056	High Tech High	686,048	0.019%
37058	Audeo Charter	181,394	0.005%
37060	San Diego Community College District	7,183,254	0.195%
37061	Poway Unified School District	10,943,302	0.298%
37062	Borrego Springs Unified School District	141,297	0.004%
37063	Carlsbad Unified School District	3,226,686	0.088%
37064	Oceanside Unified School District	7,137,436	0.194%
37065	San Marcos Unified School District	5,782,326	0.157%
37066	Warner Unified School District	86,955	0.002%
37067	Valley Center-Pauma Unified School District	1,458,760	0.040%
37069	Charter of San Diego	580,576	0.016%
37073	Guajome Park Academy Charter	337,966	0.009%
37077	Escondido Charter High	232,076	0.006%
37083	Siatech	483,159	0.013%
37084	Coastal Academy	202,126	0.006%
37085	Preuss School UCSD Charter	20,105	0.001%
37086	Dehesa Charter	282,296	0.008%
37088	Learning Choice Academy	210,170	0.006%
37092	Pacific View Charter	117,707	0.003%
37094	California Virtual Academy at San Diego	681,168	0.019%
37095	Excellence in Justice and Education Charter	158,427	0.004%
37096	Bayshore Prep Charter	40,933	0.001%
37097	Steele Canyon High Charter	508,621	0.014%
37099	San Diego County Office of Education	3,182,497	0.087%
37101	Albert Einstein Academies	257,053	0.007%
37103	IFTIN Charter	108,033	0.003%
37107	Explorer Elementary Charter	66,141	0.002%
37110	Gompers Preparatory Academy	263,843	0.007%
37111	Harriet Tubman Village Center	102,202	0.003%
37116	Holly Drive Leadership Academy	30,328	0.001%
37118	Keiller Leadership Academy	137,436	0.004%
37119	Health Sciences High and Middle College	157,251	0.004%
37120	Arroyo Paseo Charter High	48,479	0.001%
37121	King-Chavez Academy of Excellence	603,860	0.016%
37124	McGill School of Success	40,926	0.001%
37126	Magnolia Science Academy San Diego	80,157	0.002%
37128	Museum School Collaborative	56,071	0.002%
37130	Ofarrell Community School	329,166	0.009%
37132	San Diego Cooperative Charter	127,526	0.003%
37134	Classical Academy High	131,063	0.004%
37135	North County Trade Tech High	40,832	0.001%
37136	High Tech High Charter	589,644	0.016%
37137	Innovations Academy	78,531	0.002%
37138	Urban Discovery Academy	88,208	0.002%
37142	National University of Health Sciences	160,306	0.004%
37144	All Tribes Charter	20,503	0.001%
37145	Pacific American Academy	25,819	0.001%
37148	Leonardo Da Vinci Health Sciences Charter	56,433	0.002%
37150	Evangeline Roberts Institute	27,699	0.001%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
37154	San Diego Global Vision Academy	\$ 62,814	0.002%
37155	Coleman Tech Charter	55,214	0.002%
37158	Pivot Charter- San Diego	20,645	0.001%
37159	Old Town Academy	49,647	0.001%
37160	E3 Civic High	56,616	0.002%
37161	America's Finest Charter	44,991	0.001%
37162	City Heights Preparatory Charter	13,874	0.000%
37163	Advanced Institute for Learning	41,482	0.001%
37165	Guajome Learning Centers	21,705	0.001%
37168	Epiphany Prep Charter	36,304	0.001%
37170	Kavod Elementary Charter	18,751	0.001%
37177	Community Montessori Charter	56,104	0.002%
37178	Laurel Preparatory Academy	23,637	0.001%
37179	Heritage Digital Academy Charter Middle School	15,297	0.000%
00037	San Diego County Office of Education	\$ 190,028,237	
38070	San Francisco Unified School District	24,066,824	0.655%
38093	San Francisco County Office of Education	92	0.000%
38101	Creative Arts Charter	120,327	0.003%
38102	Leadership High	84,376	0.002%
38103	Gateway High Charter	255,981	0.007%
38104	Edison Charter	161,965	0.004%
38106	Urban Pioneers Experiential Academy	(113)	0.000%
38107	Five Keys Charter (SF Sheriff's)	346,349	0.009%
38108	City Arts and Tech High	147,248	0.004%
38110	San Francisco Flex Academy	16,287	0.000%
38111	Mission Preparatory	45,820	0.001%
00038	San Francisco County Office of Education	\$ 25,245,156	
39030	Banta Elementary	97,678	0.003%
39075	Tracy Joint Unified School District	4,866,671	0.132%
39101	Delta Charter	19,819	0.001%
39131	Dr Lewis Dolphin Stallworth Sr Charter	20,655	0.001%
39148	Escalon Unified School District	883,961	0.024%
39280	Jefferson Elementary	744,963	0.020%
39300	Lammersville Unified School District	683,735	0.019%
39320	Lincoln Unified School District	2,505,036	0.068%
39331	Linden Unified School District	636,856	0.017%
39371	Lodi Unified School District	9,266,802	0.252%
39395	Acacia Elementary Charter	39,303	0.001%
39401	Aspire Public Schools	808,332	0.022%
39411	Manteca Unified School District	7,171,402	0.195%
39450	New Hope Elementary	61,555	0.002%
39460	New Jerusalem Elementary	316,431	0.009%
39462	Humphreys College- ABLE	54,481	0.001%
39463	California Virtual Academy at San Joaquin	145,045	0.004%
39465	New Jerusalem Elementary Charter	3,842	0.000%
39466	River Islands Technology Academy	63,270	0.002%
39470	Great Valley Academy- Manteca	121,557	0.003%
39480	Oak View Union Elementary	112,935	0.003%
39500	Rio Valley Charter	84,842	0.002%
39511	Ripon Unified School District	847,559	0.023%
39550	San Joaquin Delta Community College District	2,386,588	0.065%
39560	Stockton Unified School District	11,793,605	0.321%
39570	Stockton Collegiate International	225,308	0.006%
39575	Team Charter	75,531	0.002%
39751	Discovery Charter	308,975	0.008%
39999	San Joaquin County Office of Education	1,891,601	0.051%
00039	San Joaquin County Office of Education	\$ 46,238,338	
40015	Atascadero Unified School District	1,423,267	0.039%
40030	Grizzly Challenge Charter	79,265	0.002%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

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40060	Cayucos Elementary	\$ 80,493	0.002%
40139	Lucia Mar Unified School District	3,427,453	0.093%
40185	Paso Robles Joint Unified School District	1,921,572	0.052%
40200	Pleasant Valley Joint Union Elementary	40,442	0.001%
40208	San Luis Coastal Unified School District	2,849,953	0.078%
40215	San Miguel Joint Union	189,090	0.005%
40225	Almond Acres Charter Academy	57,007	0.002%
40240	Shandon Joint Unified School District	112,523	0.003%
40267	Templeton Unified School District	727,265	0.020%
40670	San Luis Obispo County Office of Education	490,294	0.013%
40716	Coast Unified School District	328,980	0.009%
40717	Bellevue-Santa Fe Charter	57,301	0.002%
40910	San Luis Obispo County Community College District	1,676,054	0.046%
00040	San Luis Obispo County Office of Education	\$ 13,460,959	
41001	Bayshore Elementary	105,670	0.003%
41002	Belmont-Redwood Shores Elementary	1,342,475	0.037%
41003	Brisbane Elementary	216,011	0.006%
41004	Burlingame Elementary	1,102,334	0.030%
41006	Woodside Elementary	357,609	0.010%
41007	Hillsborough City Elementary	987,403	0.027%
41008	Jefferson Elementary	1,887,178	0.051%
41009	Pacifica	904,042	0.025%
41011	Las Lomas Elementary	860,088	0.023%
41012	Menlo Park City Elementary	1,693,745	0.046%
41013	Millbrae Elementary	758,596	0.021%
41016	Portola Valley Elementary	488,579	0.013%
41017	Ravenswood City Elementary	1,349,304	0.037%
41018	Redwood City Elementary	3,001,935	0.082%
41019	San Bruno Park Elementary	753,662	0.021%
41020	San Carlos Elementary	1,170,240	0.032%
41021	San Mateo-Foster City Elementary	3,793,907	0.103%
41025	San Carlos Charter Learning Center	149,821	0.004%
41027	Aspire East Palo Alto Phoenix Academy	214,472	0.006%
41029	Summit Preparatory Charter High	123,974	0.003%
41030	California Virtual Academy at San Mateo	132,461	0.004%
41031	Jefferson Union High	1,644,004	0.045%
41033	San Mateo Union High	4,209,920	0.115%
41034	Sequoia Union High	4,276,183	0.116%
41040	South San Francisco Unified School District	2,903,653	0.079%
41041	Cabrillo Unified School District	1,042,011	0.028%
41042	La Honda-Pescadero Unified School District	178,475	0.005%
41050	San Mateo County Community College District	(7,334)	0.000%
41060	San Mateo County Office of Education	1,272,174	0.035%
41090	Everest Public High	278,791	0.008%
41091	East Palo Alto Academy	148,630	0.004%
41092	Summit Public Schools: Shasta	35,015	0.001%
41093	Connect Community Charter	30,920	0.001%
00041	San Mateo County Office of Education	\$ 37,405,948	
42001	Ballard Elementary	66,553	0.002%
42002	Blochman Union Elementary	46,198	0.001%
42004	Buellton Union Elementary	290,985	0.008%
42006	Cold Spring Elementary	115,612	0.003%
42007	College Elementary	184,050	0.005%
42010	Goleta Union Elementary	1,641,157	0.045%
42011	Guadalupe Union Elementary	408,371	0.011%
42012	Hope Elementary	389,886	0.011%
42014	Los Olivos Elementary	157,613	0.004%
42015	Montecito Union Elementary	367,376	0.010%
42016	Orcutt Union Elementary	1,563,767	0.043%
42017	Santa Barbara Elementary	181	0.000%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

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<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
42018	Santa Maria-Bonita	\$ 4,491,821	0.122%
42019	Solvang Elementary	163,887	0.004%
42020	Vista Del Mar Union	69,306	0.002%
42031	Santa Barbara High	(296)	0.000%
42032	Santa Maria Joint Union High	2,308,740	0.063%
42033	Santa Ynez Valley Union High	392,068	0.011%
42040	Santa Barbara Unified School District	5,047,931	0.137%
42041	Lompoc Unified School District	3,049,575	0.083%
42042	Carpinteria Unified School District	782,788	0.021%
42043	Cuyama Joint Unified School District	86,896	0.002%
42051	Allan Hancock Joint Community College District	1,540,351	0.042%
42052	Santa Barbara Community College District	2,932,551	0.080%
42061	Santa Barbara County Office of Education	1,258,963	0.034%
42071	Santa Barbara County Special Education	32,789	0.001%
42074	Manzanita Public Charter	115,771	0.003%
42075	Peabody Charter	215,851	0.006%
42076	Family Partnership Home Study Charter	108,938	0.003%
42077	Cesar Estrada Chavez Charter	70,726	0.002%
42078	Trivium Charter	95,135	0.003%
00042	Santa Barbara County Office of Education	\$ 27,995,540	
43104	Alum Rock Union Elementary	4,144,065	0.113%
43107	Berryessa Union Elementary	2,372,663	0.065%
43108	Cambrian	1,172,094	0.032%
43109	Campbell Union Elementary	2,892,438	0.079%
43110	Cupertino Union	725,243	0.020%
43112	Evergreen Elementary	4,406,193	0.120%
43113	Franklin-Mckinley Elementary	3,255,890	0.089%
43117	Lakeside Joint	45,218	0.001%
43119	Loma Prieta Joint Union Elementary	145,885	0.004%
43120	Los Altos Elementary	1,838,000	0.050%
43121	Los Gatos Union Elementary	1,358,238	0.037%
43122	Luther Burbank	174,423	0.005%
43126	Moreland Elementary	1,724,071	0.047%
43128	Mt. Pleasant Elementary	872,894	0.024%
43129	Mountain View Whisman	1,634,064	0.044%
43130	Oak Grove Elementary	3,452,034	0.094%
43131	Orchard Elementary	254,367	0.007%
43136	Saratoga Union Elementary	976,143	0.027%
43137	Sunnyvale	2,418,821	0.066%
43139	Union Elementary	1,720,688	0.047%
43141	Bullis Charter	313,325	0.009%
43142	Leadership Public Schools- San Jose	80,642	0.002%
43143	Charter of Morgan Hill	179,905	0.005%
43146	Discovery Charter	241,176	0.007%
43147	Rocketship Mateo Sheedy Elementary	721,620	0.020%
43148	University Preparatory Academy Charter	155,858	0.004%
43149	Voices College-Bound Academy	86,023	0.002%
43151	Campbell Union High	2,731,190	0.074%
43152	East Side Union High	8,458,815	0.230%
43153	Fremont Union High	4,252,747	0.116%
43155	Magnolia Science- Santa Clara	100,875	0.003%
43156	Los Gatos-Saratoga Joint Union High	1,616,415	0.044%
43157	Mountain View- Los Altos Union High	2,318,539	0.063%
43158	Gilroy Prep School	110,554	0.003%
43159	Cornerstone Academy Preparatory	77,246	0.002%
43160	Summit Public School: Tahoma	92,720	0.003%
43162	Metropolitan Education District ROP	378,083	0.010%
43163	North County Regional Occupational Program	22,795	0.001%
43165	Silicon Vally Flex Academy	29,485	0.001%
43167	Rocketship Mosaic Elementary	112,920	0.003%
43169	Summit Public Schools: Denali	33,443	0.001%

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43170	Summit Public Charter- Rainier	\$ 84,579	0.002%
43171	Foothill De Anza Community College District	5,193,221	0.141%
43172	Gavilan Joint Community College District	926,421	0.025%
43175	West Valley-Mission Community College District	2,818,264	0.077%
43176	San Jose/Evergreen Community College District	2,641,742	0.072%
43181	Palo Alto Unified School District	7,351,618	0.200%
43182	San Jose Unified School District	11,020,940	0.300%
43183	Gilroy Unified School District	3,633,540	0.099%
43184	Morgan Hill Unified School District	2,461,871	0.067%
43185	Milpitas Unified School District	3,739,931	0.102%
43186	Downtown College Prep- San Jose USD	120,612	0.003%
43187	Downtown College Prep- Alum Rock School	118,804	0.003%
43188	Santa Clara Unified School District	5,888,650	0.160%
43189	Communitas Charter High	1,590	0.000%
43190	Santa Clara County Office of Education	3,434,532	0.093%
43240	Ace Charter	161,735	0.004%
43252	Latino College Prep Academy	127,662	0.003%
43282	Sunrise Middle School	32,266	0.001%
43352	San Jose Conservation Corps	84,064	0.002%
43452	Escuela Popular Accelerated Family Learning School	142,335	0.004%
00043	Santa Clara County Office of Education	\$ 107,682,185	
44001	Bonny Doon Union Elementary	48,929	0.001%
44002	Happy Valley Elementary	44,768	0.001%
44003	Live Oak Elementary	759,560	0.021%
44004	Mountain Elementary	49,729	0.001%
44005	Pacific Elementary	36,812	0.001%
44007	Scotts Valley Unified School District	654,476	0.018%
44008	Soquel Union Elementary	591,748	0.016%
44011	San Lorenzo Valley Unified School District	873,864	0.024%
44012	Santa Cruz County Office of Education	948,532	0.026%
44014	Santa Cruz City Schools	2,304,669	0.063%
44020	Pajaro Valley Unified School District	6,459,384	0.176%
44025	Cabrillo Community College District	1,969,130	0.054%
44030	Ceiba College Preparatory	100,523	0.003%
44031	Ocean Grove Charter	346,023	0.009%
44034	Delta Charter	39,737	0.001%
00044	Santa Cruz County Office of Education	\$ 15,227,884	
45030	Shasta County Office of Education	403,548	0.011%
45031	Gateway Unified School District	833,846	0.023%
45032	Anderson Union High	591,774	0.016%
45034	Fall River Joint Unified School District	383,269	0.010%
45035	Shasta Union High	1,811,162	0.049%
45036	Shasta-Tehema-Trinity Joint Community College Dist	1,267,029	0.034%
45038	Shasta-Trinity Regional Occupational Program	32,749	0.001%
45041	Bella Vista Elementary	93,408	0.003%
45042	Black Butte Union Elementary	61,986	0.002%
45045	Cascade Union Elementary	387,006	0.011%
45046	Castle Rock Union Elementary	23,400	0.001%
45047	Columbia Elementary	258,291	0.007%
45048	Cottonwood Union Elementary	281,127	0.008%
45049	Enterprise Elementary	1,078,524	0.029%
45050	French Gulch-Whiskeytown Elementary	5,240	0.000%
45051	Grant Elementary	170,420	0.005%
45052	Happy Valley Union Elementary	142,282	0.004%
45053	Igo, Ono, Platina Union Elementary	22,989	0.001%
45054	Indian Springs Elementary	8,567	0.000%
45055	Junction Elementary	62,801	0.002%
45057	Millville Elementary	59,419	0.002%
45058	Mountain Union Elementary	21,078	0.001%
45059	North Cow Creek Elementary	67,729	0.002%

The accompanying notes are an integral part of these schedules.

SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
45060	Oak Run Elementary	\$ 8,189	0.000%
45061	Pacheco Union Elementary	138,575	0.004%
45062	Redding Elementary	977,937	0.027%
45064	Shasta Union Elementary	28,815	0.001%
45065	Whitmore Union Elementary	9,716	0.000%
45066	Chrysalis Charter	54,296	0.001%
45070	Redding School of the Arts #2	147,862	0.004%
45071	Academy of Personalized Learning	126,264	0.003%
45072	Rocky Point Charter	41,633	0.001%
45073	North Woods Discovery School	44,399	0.001%
00045	Shasta County Office of Education	\$ 9,645,330	
46001	Sierra County Office of Education	27,015	0.001%
46006	Sierra-Plumas Joint Unified School District	132,605	0.004%
00046	Sierra County Office of Education	\$ 159,620	
47001	Big Springs Union Elementary	31,143	0.001%
47002	Bogus Elementary	3,711	0.000%
47003	Butteville Union Elementary	51,531	0.001%
47005	Delphic Elementary	18,844	0.001%
47007	Dunsmuir Elementary	44,011	0.001%
47008	Dunsmuir Joint Union High	33,461	0.001%
47012	Forks of Salmon Elementary	3,114	0.000%
47014	Gazelle Union Elementary	5,513	0.000%
47015	Grenada Elementary	52,899	0.001%
47016	Happy Camp Union Elementary	41,899	0.001%
47019	Hornbrook Elementary	17,044	0.000%
47020	Junction Elementary	7,376	0.000%
47021	Klamath River Union Elementary	6,091	0.000%
47022	Little Shasta Elementary	9,979	0.000%
47024	Mccloud Union Elementary	23,680	0.001%
47025	Montague Elementary	47,184	0.001%
47026	Mt. Shasta Union Elementary	158,857	0.004%
47029	Seiad Elementary	8,175	0.000%
47030	Siskiyou Union High	240,914	0.007%
47031	Siskiyou Joint Community College District	382,956	0.010%
47033	Golden Eagle Charter	101,124	0.003%
47034	Weed Union Elementary	72,510	0.002%
47035	Willow Creek Elementary	16,167	0.000%
47036	Yreka Union Elementary	269,432	0.007%
47037	Yreka Union High	280,153	0.008%
47038	Siskiyou County Office of Education	242,507	0.007%
47039	Butte Valley Unified School District	107,013	0.003%
47040	Scott Valley Unified School District	209,329	0.006%
00047	Siskiyou County Office of Education	\$ 2,486,617	
48500	Solano County Office of Education	829,966	0.023%
48527	Solano County Community College District	1,373,434	0.037%
48555	Dixon Montessori Charter	88,713	0.002%
48601	Benicia Unified School District	1,582,220	0.043%
48602	Dixon Unified School District	1,052,589	0.029%
48603	Vallejo City Unified School District	4,214,347	0.115%
48606	Travis Unified School District	1,687,297	0.046%
48608	Vacaville Unified School District	3,677,276	0.100%
48611	Fairfield-Suisun Unified School District	6,311,386	0.172%
48739	Mare Island Technology Academy	226,051	0.006%
00048	Solano County Office of Education	\$ 21,043,279	
49001	Alexander Valley Union Elementary	51,833	0.001%
49002	Sebastopol Independent Charter	26,275	0.001%
49004	Santa Rosa Charter	45,627	0.001%
49005	Bellevue Union Elementary	628,009	0.017%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
49006	Bennett Valley Union Elementary	\$ 300,201	0.008%
49007	Kid Street Learning Center Charter	18,573	0.001%
49011	Cinnabar Elementary	78,139	0.002%
49012	Live Oak Charter	55,396	0.002%
49015	Dunham Elementary	68,282	0.002%
49017	Forestville Union Elementary	134,716	0.004%
49018	Fort Ross Elementary	7,797	0.000%
49020	Gravenstein Union Elementary	223,058	0.006%
49021	Sunridge Charter	62,935	0.002%
49022	Guerneville Elementary	101,330	0.003%
49023	Pathways Charter	148,265	0.004%
49024	Harmony Union Elementary	99,697	0.003%
49026	Horicon Elementary	35,938	0.001%
49029	Kenwood Elementary	80,803	0.002%
49031	Liberty Elementary	60,394	0.002%
49032	Woodland Star Charter	55,127	0.002%
49033	California Virtual Academy at Sonoma	148,622	0.004%
49034	Mark West Union Elementary	445,044	0.012%
49035	Monte Rio Union Elementary	31,172	0.001%
49036	Montgomery Elementary	16,557	0.000%
49037	Abraxis Charter	10,897	0.000%
49038	Oak Grove Union Elementary	276,462	0.008%
49039	Old Adobe Union Elementary	469,274	0.013%
49040	River Montessori Charter	35,872	0.001%
49041	Pivot Online Charter- North Bay	31,612	0.001%
49043	Piner-Olivet Union Elementary	407,839	0.011%
49044	Piner-Olivet Charter	56,177	0.002%
49046	Kashia Elementary	3,393	0.000%
49047	Rincon Valley Union Elementary	1,228,787	0.033%
49048	Roseland Elementary	686,260	0.019%
49049	The Reach School	22,881	0.001%
49051	Sebastopol Union Elementary	200,049	0.005%
49052	Credo High	19,517	0.001%
49053	Twin Hills Union Elementary	247,684	0.007%
49054	Two Rock Union	63,254	0.002%
49056	Academy of Arts and Sciences Charter	9,109	0.000%
49060	Waugh Elementary	304,003	0.008%
49061	West Side Union Elementary	36,389	0.001%
49062	Wilmar Union Elementary	66,759	0.002%
49063	Windsor Unified School District	1,443,636	0.039%
49064	Wright Elementary	439,312	0.012%
49065	Village Charter	24,653	0.001%
49070	Sonoma Charter	62,086	0.002%
49071	West Sonoma County Union High	720,317	0.020%
49081	Cloverdale Unified School District	426,681	0.012%
49082	Cotati-Rohnert Park Unified School District	1,637,895	0.045%
49084	Geyserville Unified School District	97,215	0.003%
49085	Petaluma	2,347,926	0.064%
49086	Santa Rosa	5,901,022	0.161%
49087	Healdsburg Unified School District	607,956	0.017%
49088	Sonoma Valley Unified School District	1,436,811	0.039%
49091	Santa Rosa Junior College	3,148,076	0.086%
49097	Sonoma County Office of Education	1,237,210	0.034%
49205	Stony Point Academy	12,755	0.000%
00049	Sonoma County Office of Education	\$ 26,643,559	
50001	Ceres Unified School District	4,266,454	0.116%
50002	Chatom Union Elementary	216,175	0.006%
50003	Denair Unified School District	487,106	0.013%
50004	Empire Union Elementary	886,146	0.024%
50005	Gratton Elementary	52,700	0.001%
50006	Hart-Ransom Union Elementary	300,755	0.008%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
50007	Hickman Elementary	\$ 327,623	0.009%
50008	Hughson Unified School District	718,025	0.020%
50010	Keyes Union	312,482	0.009%
50011	Knights Ferry Elementary	34,141	0.001%
50015	Newman-Crows Landing Unified School District	851,243	0.023%
50016	Oakdale Joint Unified School District	1,716,511	0.047%
50017	Oakdale Joint Union High	(171)	0.000%
50018	Paradise Elementary	57,635	0.002%
50019	Patterson Joint Unified School District	1,598,912	0.044%
50020	Riverbank Unified School District	847,977	0.023%
50021	Roberts Ferry Union Elementary	36,464	0.001%
50022	Salida Union Elementary	793,992	0.022%
50023	Shiloh Elementary	39,265	0.001%
50024	Stanislaus Union Elementary	920,831	0.025%
50025	Sylvan Union Elementary	2,567,457	0.070%
50026	Turlock Joint Elementary	(194)	0.000%
50027	Turlock Joint Union High	(41)	0.000%
50028	Valley Home Joint Elementary	43,350	0.001%
50029	Waterford Unified School District	575,438	0.016%
50030	Turlock Unified School District	4,933,173	0.134%
50031	Stanislaus County Office of Education	1,903,312	0.052%
50051	Modesto City Elementary	11,360,236	0.309%
50053	Yosemite Community College District	2,766,147	0.075%
50210	Aspire Summit Charter	97,351	0.003%
50215	Golden Lakes Charter	1,238	0.000%
50291	Connecting Waters Charter	519,210	0.014%
50310	University Charter	67,920	0.002%
50311	Great Valley Academy Charter	158,861	0.004%
50510	Aspire Vanguard College Prep	90,129	0.002%
00050	Stanislaus County Office of Education	\$ 39,547,853	
51005	Sutter County Office of Education	576,985	0.016%
51008	Brittan Elementary	132,314	0.004%
51009	Browns Elementary	43,265	0.001%
51012	Franklin Elementary	126,638	0.003%
51016	South Sutter Charter	474,627	0.013%
51017	Marcum-Illinois Union Elementary	47,732	0.001%
51018	Meridian Elementary	17,093	0.000%
51019	California Virtual Academy at Sutter	179,036	0.005%
51020	Nuestro Elementary	42,465	0.001%
51021	Pleasant Grove Joint Union	49,424	0.001%
51024	Winship-Robbins	48,927	0.001%
51026	East Nicolaus Joint Union High	114,909	0.003%
51028	Sutter Union High	178,970	0.005%
51031	Live Oak Unified School District	519,166	0.014%
51035	Yuba City Unified School District	4,064,226	0.111%
51037	Yuba City Charter	26,194	0.001%
51038	Twin Rivers Charter	77,151	0.002%
00051	Sutter County Office of Education	\$ 6,719,122	
52001	Tehama County Office of Education	354,385	0.010%
52002	Antelope Elementary	210,350	0.006%
52004	Corning Union Elementary	533,821	0.015%
52005	Corning Union High	337,742	0.009%
52006	Elkins Elementary	89	0.000%
52007	Evergreen Union	325,034	0.009%
52008	Flournoy Union Elementary	10,425	0.000%
52009	Gerber Union Elementary	113,649	0.003%
52010	Kirkwood Elementary	19,660	0.001%
52011	Lassen View Union Elementary	90,381	0.002%
52012	Los Molinos Unified School District	197,809	0.005%
52013	Manton Joint Union Elementary	1,011	0.000%
52014	Mineral Elementary	2,358	0.000%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
52015	Plum Valley Elementary	\$ 416	0.000%
52016	Red Bluff Union Elementary	572,822	0.016%
52017	Red Bluff Joint Union High	576,629	0.016%
52018	Reeds Creek Elementary	28,204	0.001%
52019	Richfield Elementary	64,492	0.002%
52020	Sacramento River Discovery Charter	14,851	0.000%
52022	Tehama eLearning Academy	22,532	0.001%
00052	Tehama County Office of Education	\$ 3,476,660	
53010	Burnt Ranch Elementary	19,298	0.001%
53015	Coffee Creek Elementary	3,483	0.000%
53020	Cox Bar Elementary	(372)	0.000%
53025	Douglas City Elementary	30,208	0.001%
53040	Junction City Elementary	8,019	0.000%
53045	Lewiston Elementary	17,395	0.000%
53050	Trinity Center Elementary	4,254	0.000%
53100	Trinity Alps Unified School District	213,644	0.006%
53670	Trinity County Office of Education	57,624	0.002%
53805	Southern Trinity Joint Unified School District	43,343	0.001%
53905	Mountain Valley Unified School District	100,691	0.003%
00053	Trinity County Office of Education	\$ 497,587	
54001	Allensworth Elementary	22,334	0.001%
54002	Alpaugh Unified School District	109,950	0.003%
54003	Alta Vista Elementary	166,823	0.005%
54004	Buena Vista Elementary	53,560	0.001%
54005	Burton Elementary	1,161,524	0.032%
54006	Citrus South Tule Elementary	15,934	0.000%
54007	Columbine Elementary	67,528	0.002%
54008	Cutler-Orosi Joint Unified School District	1,337,600	0.036%
54010	Ducor Union Elementary	48,967	0.001%
54011	Earlilmart Elementary	590,842	0.016%
54014	Exeter Union Elementary	45,254	0.001%
54016	Farmersville Unified School District	882,356	0.024%
54018	Hope Elementary	46,220	0.001%
54019	Hot Springs Elementary	10,497	0.000%
54022	Kings River Union Elementary	126,474	0.003%
54023	Liberty Elementary	75,145	0.002%
54024	Lindsay Unified School District	1,411,622	0.038%
54029	Monson-Sultana Joint Union Elementary	111,005	0.003%
54030	Oak Valley Union Elementary	103,929	0.003%
54032	Outside Creek Elementary	19,201	0.001%
54034	Palo Verde Union Elementary	157,302	0.004%
54035	Pixley Union Elementary	351,042	0.010%
54036	Pleasant View Elementary	160,168	0.004%
54038	Porterville Elementary	10	0.000%
54039	Richgrove Elementary	253,678	0.007%
54040	Rockford Elementary	98,397	0.003%
54041	Saucelito Elementary	23,500	0.001%
54042	Sequoia Union Elementary	77,238	0.002%
54044	Springville Union Elementary	63,094	0.002%
54046	Stone Corral Elementary	29,530	0.001%
54047	Strathmore Union Elementary	232,062	0.006%
54048	Sundale Union Elementary	219,021	0.006%
54049	Sunnyside Union Elementary	94,960	0.003%
54051	Terra Bella Union Elementary	252,055	0.007%
54052	Three Rivers Union Elementary	29,428	0.001%
54053	Tipton Elementary	166,313	0.005%
54054	Traver Joint Elementary	64,939	0.002%
54055	Tulare City School District	3,047,379	0.083%
54057	Visalia Unified School District	8,050,403	0.219%
54059	Waukena Joint Union Elementary	54,724	0.001%
54060	Tulare County Dept of Ed Child Care Division	306,898	0.008%

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SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

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<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
54064	Woodville Union Elementary	\$ 170,261	0.005%
54066	Tulare County Office of Education	2,063,441	0.056%
54068	Exeter Union High	29,197	0.001%
54070	Porterville Union High	5	0.000%
54072	Tulare Joint Union High	1,836,554	0.050%
54075	College of the Sequoias	1,526,334	0.042%
54076	Tulare County Organization for Vocational Ed	3,975	0.000%
54077	Dinuba Unified School District	2,081,688	0.057%
54078	Porterville Unified School District	4,260,443	0.116%
54079	Woodlake Unified School District	673,324	0.018%
54080	Exeter Unified School District	795,633	0.022%
54098	Eleanor Roosevelt Community Learning Center	53,519	0.001%
54603	Valley Life Charter	134,741	0.004%
54604	Sycamore Valley Academy	51,818	0.001%
00054	Tulare County Office of Education	\$ 33,819,839	
55015	Belleview Elementary	44,906	0.001%
55020	Big Oak Flat-Groveland Unified School District	153,444	0.004%
55031	Columbia Union	158,345	0.004%
55040	Curtis Creek Elementary	136,325	0.004%
55060	Jamestown Elementary	126,270	0.003%
55095	Sonora Elementary	195,277	0.005%
55100	Soulsbyville Elementary	129,812	0.004%
55105	Summerville Elementary	115,933	0.003%
55116	Twain Harte-Long Barn Union Elementary	98,890	0.003%
55670	Tuolumne County Superintendent of School	227,689	0.006%
55705	Sonora Union High	339,498	0.009%
55710	Summerville Union High	259,212	0.007%
55900	Golden Lakes Charter	2,586	0.000%
55915	Gold Rush Charter	68,079	0.002%
55920	California Virtual Academy at Jamestown	30,568	0.001%
00055	Tuolumne County Office of Education	\$ 2,086,834	
56601	Briggs Elementary	153,202	0.004%
56602	Hueneme Elementary	2,544,408	0.069%
56603	Mesa Union Elementary	166,693	0.005%
56605	Mupu Elementary	50,449	0.001%
56606	Ocean View Elementary	765,543	0.021%
56607	Oxnard Elementary	4,665,225	0.127%
56608	Pleasant Valley	1,774,440	0.048%
56609	Rio Elementary	1,186,760	0.032%
56610	Santa Clara Elementary	14,853	0.000%
56611	Santa Paula Elementary	(7,586)	0.000%
56612	Somis Union	79,085	0.002%
56616	Oxnard Union High	4,553,780	0.124%
56617	Santa Paula Union High	713	0.000%
56618	Conejo Valley Unified School District	6,130,288	0.167%
56619	Fillmore Unified School District	960,917	0.026%
56620	Ojai Unified School District	682,606	0.019%
56621	Simi Valley Unified School District	5,103,953	0.139%
56622	Ventura Unified School District	4,936,757	0.134%
56623	Oak Park Unified School District	1,276,485	0.035%
56624	Moorpark Unified School District	1,907,093	0.052%
56625	Santa Paula Unified School District	1,485,700	0.040%
56626	Ventura Community College District	3,643,294	0.099%
56627	University Prep School at CSU Channel Islands	111,241	0.003%
56628	University Charter Middle at CSU Channel Islands	52,867	0.001%
56635	Golden Valley Charter	156,137	0.004%
56636	Valley Oaks Charter	12,020	0.000%
56639	Ventura Charter of Arts and Global Education	92,782	0.003%
56640	Camarillo Academy of Progressive Education	119,970	0.003%
56641	Meadows Arts and Technology Elementary (MATES)	87,637	0.002%
56642	Ace Charter High	51,694	0.001%

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56643	Bridges Charter	\$ 89,001	0.002%
56644	River Oaks Academy	29,655	0.001%
56645	Ivy Tech Charter	36,999	0.001%
56646	Acad of Arts & Sciences: Thousand Oaks/Simi Valley	58,459	0.002%
56647	Academy of Arts and Sciences: Oxnard and Ventura	56,844	0.002%
56648	Albert Einstein Academy Letters, Arts & Sciences	9,775	0.000%
56718	Ventura County Office of Education	1,264,079	0.034%
00056	Ventura County Office of Education	\$ 44,303,818	
57002	Davis Joint Unified School District	2,925,544	0.080%
57003	Esparto Unified School District	284,004	0.008%
57004	Washington Unified School District	2,221,062	0.060%
57005	Winters Joint Unified School District	500,414	0.014%
57006	Woodland Joint Unified School District	3,175,743	0.086%
57007	Yolo County Office of Education	429,463	0.012%
57041	West Sacramento Early College Prep Charter	39,750	0.001%
57061	Woodland Polytechnic Academy	25,255	0.001%
00057	Yolo County Office of Education	\$ 9,601,235	
58040	Plumas Lake Elementary	319,025	0.009%
58041	Wheatland Union High	214,318	0.006%
58042	Wheatland Elementary	455,445	0.012%
58043	Camptonville Elementary	12,364	0.000%
58044	Camptonville Academy Charter	87,859	0.002%
58045	Yuba Community College District	1,373,653	0.037%
58095	Marysville Joint Unified School District	2,817,259	0.077%
58096	Yesca/Yuba Environmental Science Charter	22,895	0.001%
58097	Paragon Collegiate Academy	34,991	0.001%
58099	Yuba County Office of Education	390,160	0.011%
00058	Yuba County Office of Education	\$ 5,727,969	
59174	Department of Education	434,652	0.012%
59184	School for the Blind	11,101	0.000%
59192	Commission On Teacher Credentialing	38,344	0.001%
59193	Diagnostic Center Central	94,527	0.003%
59199	Diagnostic Center Northern	17,327	0.000%
59202	Diagnostic Center Southern	55,915	0.002%
59205	California School for the Deaf	11,241	0.000%
59364	Board of Governors, California Community	7,790	0.000%
59630	Department of Consumer Affairs	7,012	0.000%
00059	State Agencies	\$ 677,909	
00061	Los Angeles Unified School District	210,854,048	5.738%
00061	Los Angeles Unified School District	\$ 210,854,048	
62555	Los Angeles Community College District	14,659,585	0.399%
00062	Los Angeles Community College District	\$ 14,659,585	
63098	City College of San Francisco	6,372,065	0.173%
00063	City College of San Francisco	\$ 6,372,065	
01014	Berkeley Unified School District	64,193	0.002%
01014	Berkeley Unified School District	\$ 64,193	
01020	Fremont Unified School District	51,287	0.001%
01020	Fremont Unified School District	\$ 51,287	
01061	Ohlone Community College District	154,379	0.004%
01061	Ohlone Community College District	\$ 154,379	
01063	Peralta Community College District	368,482	0.010%

The accompanying notes are an integral part of these schedules.

SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

California State Teachers' Retirement System State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity for the Year Ended June 30, 2014

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
01063	Peralta Community College District	\$ 368,482	
01065	Chabot-Las Positas Community College District	259,454	0.007%
01065	Chabot-Las Positas Community College District	\$ 259,454	
04030	Butte Community College District	110,992	0.003%
04030	Butte Community College District	\$ 110,992	
07077	West Contra Costa Unified School District	47,493	0.001%
07077	West Contra Costa Unified School District	\$ 47,493	
07079	Contra Costa Community College District	417,732	0.011%
07079	Contra Costa Community College District	\$ 417,732	
19015	Antelope Valley Community College District	128,471	0.003%
19015	Antelope Valley Community College District	\$ 128,471	
19290	El Camino Community College District	287,974	0.008%
19290	El Camino Community College District	\$ 287,974	
19381	Glendale Community College District	306,837	0.008%
19381	Glendale Community College District	\$ 306,837	
19550	Long Beach Unified School District	27,860,878	0.758%
19550	Long Beach Unified School District	\$ 27,860,878	
19795	Santa Clarita Community College District	182,522	0.005%
19795	Santa Clarita Community College District	\$ 182,522	
19801	Santa Monica Community College District	303,926	0.008%
19801	Santa Monica Community College District	\$ 303,926	
31042	Sierra Joint Community College District	2,404,380	0.065%
31042	Sierra Joint Community College District	\$ 2,404,380	
33024	Corona-Norco Unified School District	17,134,864	0.466%
33024	Corona-Norco Unified School District	\$ 17,134,864	
37044	Helix High Charter	1,475	0.000%
37044	Helix High Charter	\$ 1,475	
41050	San Mateo County Community College District	3,787,893	0.103%
41050	San Mateo County Community College District	\$ 3,787,893	
43110	Cupertino Union	5,664,202	0.154%
43110	Cupertino Union	\$ 5,664,202	
43171	Foothill De Anza Community College District	449,671	0.012%
43171	Foothill De Anza Community College District	\$ 449,671	
43176	San Jose/Evergreen Community College District	248,325	0.007%
43176	San Jose/Evergreen Community College District	\$ 248,325	
48527	Solano County Community College District	113,698	0.003%
48527	Solano County Community College District	\$ 113,698	
56626	Ventura Community College District	211,613	0.006%
56626	Ventura Community College District	\$ 211,613	
58045	Yuba Community College District	74,496	0.002%
58045	Yuba Community College District	\$ 74,496	

The accompanying notes are an integral part of these schedules.

SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

**California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Proportionate Share of Contributions
for Employers and Nonemployer Contributing Entity
for the Year Ended June 30, 2014**

Schedule IX

<u>Employer Reporting Number</u>	<u>Employer Name</u>	<u>CalSTRS-Calculated Employer Contribution</u>	<u>Employer Proportionate Share of Total CalSTRS- Calculated Employer Contribution</u>
62555	Los Angeles Community College District	\$ 1,462,452	0.040%
62555	Los Angeles Community College District	\$ 1,462,452	
63098	City College of San Francisco	492,192	0.013%
63098	City College of San Francisco	\$ 492,192	
Total CalSTRS-calculated employer contributions		\$ 2,291,104,886	62.350%
State contributions (nonemployer contributing entity) ¹		1,383,468,047	37.650%
Total employer and state contributions included in the proportionate share calculation		\$ 3,674,572,933	100.000%
Plus: Contributions for separately financed liabilities of individual employers ²		14,456,510	
Less: Employer contributions redirected to fund MPPP		(33,394,757)	
Total employer and state contributions in the Statement of Changes in Fiduciary Net Position		\$ 3,655,634,686	

1) CalSTRS recognizes state contributions for the entire fiscal year at the beginning of each fiscal year per CalSTRS revenue recognition policy.

2) Contributions excluded from proportionate share calculation per CalSTRS policy. These include employer contributions for retirement incentives, additional service credit, and unused sick leave.

The accompanying notes are an integral part of these schedules.

SCHEDULE OF AGGREGATE PENSION AMOUNTS FOR EMPLOYERS AND NONEMPLOYER CONTRIBUTING ENTITY

**California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Aggregate Pension Amounts for
Employers and Nonemployer Contributing Entity
as of and for the Year Ended June 30, 2014
(Dollars in Millions)**

Schedule X

Total Net Pension Liability	\$	58,437
Increase (decrease) in Net Pension Liability	\$	(13,001)
Less: Items subject to amortization ¹		
Differences between expected and actual experience		-
Changes of assumptions		-
Differences between projected and actual earnings on plan investments		(17,987)
Change in NPL recognized immediately in pension expense	\$	4,986
Plus: Current year amortization of deferred outflows of resources ¹		
Differences between expected and actual experience ²		-
Changes of assumptions ²		-
Differences between projected and actual earnings on plan investments ³		-
	\$	-
Less: Current year amortization of deferred inflows of resources ¹		
Differences between expected and actual experience ²		-
Changes of assumptions ²		-
Differences between projected and actual earnings on plan investments ³		3,597
	\$	3,597
Total pension expense	\$	1,389
Deferred outflows of resources:		
Differences between expected and actual experience		-
Changes of assumptions		-
Differences between projected and actual earnings on plan investments ³		-
Total deferred outflows of resources	\$	-
Deferred inflows of resources:		
Differences between expected and actual experience		-
Changes of assumptions		-
Differences between projected and actual earnings on plan investments ³		14,390
Total deferred inflows of resources	\$	14,390

1) This schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date.

2) These items are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2014

3) Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

The accompanying notes are an integral part of these schedules.

California State Teachers' Retirement System Notes to Other Pension Information- State Teachers' Retirement Plan

Notes to Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity (Schedule IX)

Employer contributions to the State Teachers' Retirement Plan (STRP), a plan administered by the California State Teachers' Retirement System (CalSTRS), are presented on Schedule IX in order by CalSTRS assigned employer reporting number within a grouping for each CalSTRS reporting source (typically a county office of education). Individual employers which report their Cash Balance Benefit contributions separately may appear twice on the schedule— once within the grouping by CalSTRS reporting source for their STRP Defined Benefit Program contributions, and once as a separate reporting source for their STRP Cash Balance Benefit Program contributions (near the end of Schedule IX).

Summary of Significant Accounting Policies

Employer contributions to the State Teachers' Retirement Plan are calculated by CalSTRS based on creditable compensation for active members reported by employers. Employer and state contributions are accrued when earned and the employer or state has made a formal commitment to provide the contributions. Cash remittances of contributions due are received from employers prior to their reports of creditable earnings by member. As a result, CalSTRS accrues employer contributions due monthly based on estimates. CalSTRS accrues contributions due from the State of California, a nonemployer contributing entity, at the beginning of each fiscal year based on the creditable earnings reported by employers for the fiscal year ending in the immediately preceding calendar year.

The Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity reflects current year employer contributions calculated by CalSTRS with consideration given to separately financed and irregular employer contributions. Contributions and adjustments to contributions reported in the current year for service performed in a prior year are recognized as contributions in the current year and included in the schedule of proportionate share. The schedule includes the following for each individual employer and the state:

- Employer or nonemployer contributing entity
- The amount of the employer or nonemployer contributing entity's contributions as defined by this policy for the fiscal year, offset by the prior year accrual for the same employer or nonemployer contributing entity
- The employer or nonemployer contributing entity's contributions as a percentage of total employer and state contributions as defined by this policy.

The Employer Proportionate Share of Total CalSTRS-Calculated Employer Contribution has been rounded to the nearest thousandth of a percentage point (five decimal places).

Basis of Accounting

Contributions for employers and nonemployer contributing entities are recognized on an accrual basis of accounting.

Use of Estimates in the Preparation of the Schedule

The preparation of this schedule in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain amounts and disclosures. CalSTRS accrues contributions from employers monthly using estimates based on historical data. Actual results could differ from those estimates.

Relationship to the Basic Financial Statements

The schedule also includes reconciliation from total employer and state contributions included in the proportionate share calculation to employer and state contributions shown in CalSTRS Statement of Changes in Fiduciary Net Position.

California State Teachers' Retirement System Notes to Other Pension Information- State Teachers' Retirement Plan (continued)

Notes to Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity (Schedule X)

Summary of Significant Policies

The components of the net pension liability of the State Teachers' Retirement Plan (STRP), a plan administered by the California State Teachers' Retirement System (CalSTRS), for participating employers and the State of California (nonemployer contributing entity) as of June 30, 2014, are as follows (dollars in millions):

Total pension liability	\$ 248,911
Less: STRP fiduciary net position	190,474
Net pension liability of employers and the state	<u>\$ 58,437</u>

Actuarial methods and assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return ¹	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term

¹ Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5 percent assumed investment rate of return for funding purposes, which is net of administrative expenses.

California State Teachers' Retirement System Notes to Other Pension Information- State Teachers' Retirement Plan (continued)

assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The schedule includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2014. The STRP net pension liability as of June 30, 2013 and the STRP net pension liability as of June 30, 2014 are based on the June 30, 2013 actuarial valuation for the first year of implementation. As a result there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period. Deferred inflows of \$14,390 million are the unamortized portion of the actual net increase in STRP net position that exceeded the increase projected based on the 7.60% assumed investment rate of return.

Basis of Accounting


The net pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources are recognized on an accrual basis of accounting.

Use of Estimates in the Preparation of the Schedule

The preparation of this schedule in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain amounts and disclosures. CalSTRS presents the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains and losses on securities sold and the unrealized appreciation (depreciation) on those investments still held in the portfolio. The value and performance of CalSTRS investments are subject to various risks. Actual results could differ from those estimates.

Relationship to the Basic Financial Statements

The components of the schedule associated with pension expense and deferred outflows and inflows of resources have been determined based on the net increase in fiduciary net position for the STRP shown in the CalSTRS Statement of Changes in Fiduciary Net Position and in accordance with requirements promulgated by the Government Accounting Standards Board statements 67 and 68. The net pension liability at June 30, 2014 is reported in the Notes to CalSTRS Basic Financial Statements and Required Supplementary Information Schedule I.



The CalSTRS Investment Portfolio **increased by \$23.3 billion** over the past 12 months, ending with a value of **\$189.1 billion** on June 30, 2014.

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INVESTMENTS



The CalSTRS Investment Portfolio increased by \$23.3 billion over the past twelve months, ending with a value of \$189.1 billion on June 30, 2014. 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 utilizing its resources in a cost-efficient manner to ensure that benefits continue to flow to CalSTRS participants.

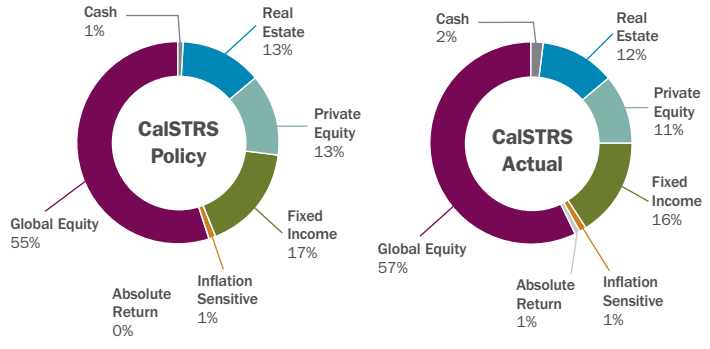
Investment Allocation

The Teachers' Retirement Board adopts long-term strategic allocation targets to be implemented over several years. The fiscal year-end report reflects strategic allocation guidelines for the 2013–2014 fiscal year as adopted by the board, September 2013 (see left pie chart). The portfolio's actual allocation is slightly different from policy. As of June 30, 2014, the Global Equity, Absolute Return, and Cash classes were modestly overweighted, while the Fixed Income, Real Estate, and Private Equity classes were slightly underweighted. The Inflation Sensitive class was in-line with policy (see right pie chart).

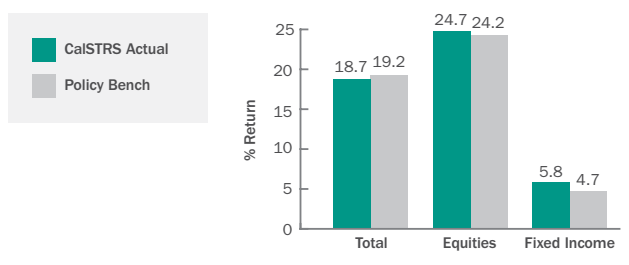
Investment Results

Over the last year, the CalSTRS Investment Portfolio produced an absolute return of 18.7%, ranking in the first quartile among its large public pension fund peers¹ (top bar chart). During this period, portfolio results underperformed the policy benchmark return by 50 basis points². Benchmark misspecification within the Private Equity strategic class contributed to this result. The benchmark has since been adjusted for fiscal year 2014–2015 and forward.

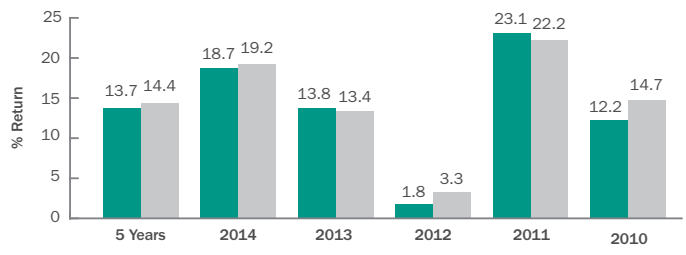
During the last three years, the CalSTRS portfolio generated an 11.2% average annual return, ranking in the first quartile among peer funds. Over the last five years, the CalSTRS/ investment Portfolio produced an average annual return of 13.7%, trailing its policy benchmark by 70 basis points per year (bottom bar chart). Due in large part to benchmark



Last 12 Months



Periods Ending June 30



misspecification, the Private Equity strategic class was the primary contributor to the relative underperformance over this period. Overall, these total portfolio results are well-above CalSTRS' actuarial rate of return. Successive one-year periods are presented here as well. CalSTRS' portfolio has outperformed its policy benchmark in two of the last five fiscal year periods, ending June 30³.

Pension Consulting Alliance, Inc.

¹Per TUCS Universe of Master Trust Public Funds with assets in excess of \$10 billion.

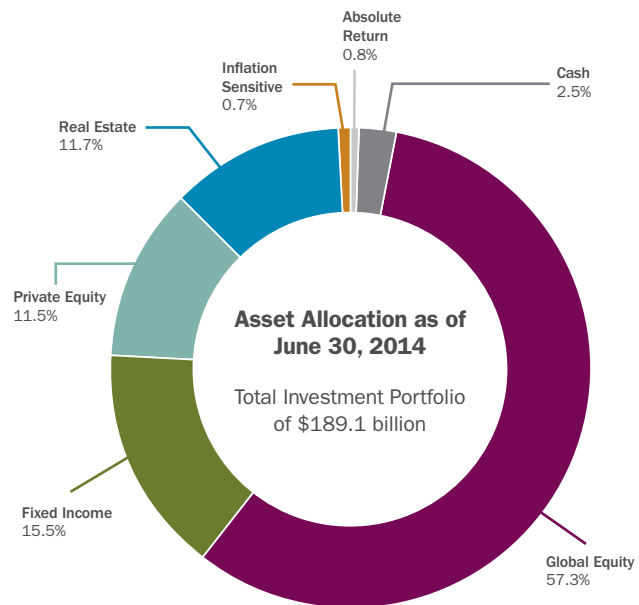
²The policy benchmark consists of passively managed strategic class portfolios weighted by CalSTRS's policy allocations. The difference between actual results and the benchmark are due to two factors: i) deviations from policy and ii) active decisions on the part of CalSTRS and its investment managers.

³CalSTRS's investment performance is calculated using a daily time-weighted return geometrically linked to calculate a monthly return. Periods longer than one month are geometrically linked to calculate annualized "time-weighted" rates of return.

INVESTMENTS

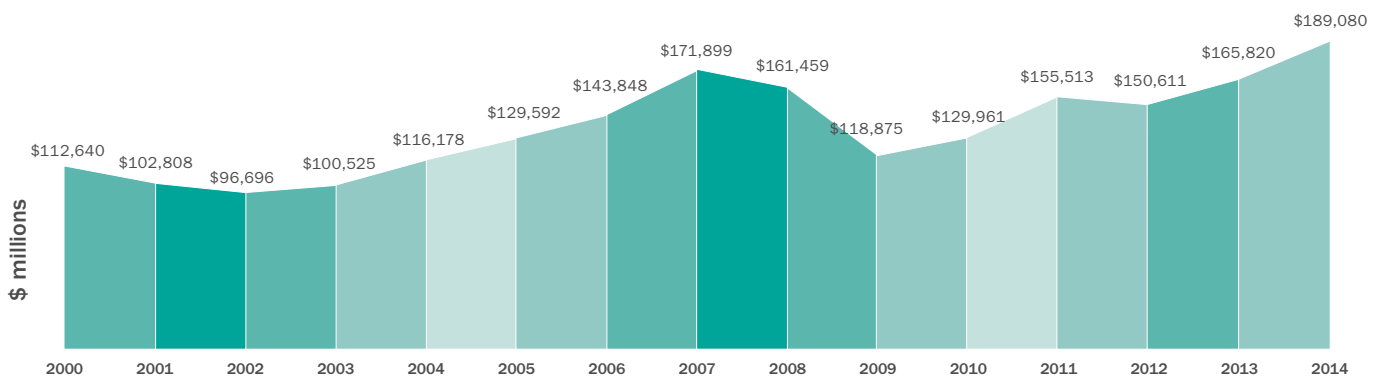
Investments and the related returns for the CalSTRS Investment Portfolio are presented differently within the Investments and Financial sections of the CAFR. In the preceding pages, press releases and on the Internet, the investment and related returns are presented using common industry practices that reflect the way in which CalSTRS manages the investment portfolio. The presentation based on industry practices provides timely information that is easily compared to benchmarks and peer results. Within the Financial section, the same information is reported in accordance with Generally Accepted Accounting Principles. The primary difference between the presentations is in the way investments are categorized. Additional differences result from the timing of recognition of performance for long-term investments in the portfolio. In accordance with industry practices, private asset performance is reported with a quarter lag, while for financial reporting purposes, adjustments may be made to bring results current through fiscal year end.

As shown on Table 3, performance information in the CAFR is reported as gross returns and is calculated using a time-weighted return methodology. For the most current investment portfolio information, we encourage the public and the CAFR reader to refer to the CalSTRS web site. The investment information on the CalSTRS web site is reported consistent with investment industry standards and is comparable to the global financial markets and other pension plans and institutional investors.



Continued growth in the equity market, coupled with a bias to U.S. companies, fed a second year of healthy investment returns for the investment portfolio, which closed the 2013–14 fiscal year with an 18.7 percent return on its investments. On a long-term, portfolio-wide basis, CalSTRS returns reflect the following performance levels; 11.2 percent over three years, 13.7 percent over five years, and 8.4 percent over 20 years. CalSTRS returns ranked in the top quartile for the year and top decile over three years of the U.S. public pension plans and ranked even higher among large multi-billion portfolios.

Table 1 Market Value of Investments (dollars in millions)



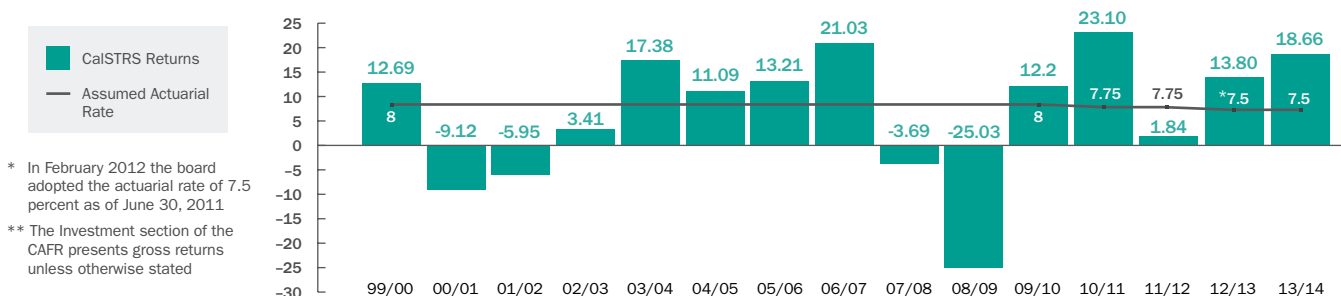
Portfolio values and performance results may vary from information presented in the Basic Financial Statements due to rounding, portfolio management requirements and Generally Accepted Accounting Principles.

INVESTMENTS

Investment returns have begun to show a positive trend following years of market volatility as economic recovery slowly took root. The fund's second consecutive double-digit performance follows a 13.8 percent portfolio return in fiscal year 2012–13. That was preceded in fiscal year 2011–12 by a flat 1.8 percent return. And in fiscal year 2010–11, CalSTRS posted an impressive 23.1 percent return.

While this annual report provides a significant amount of information regarding the CalSTRS Investment Portfolio; it only represents one point in time, June 30, 2014. It is difficult to compare this time measurement to the movement and complexity of the investment portfolio in this highly dynamic global financial market. As previously mentioned, the reader is strongly encouraged to visit the CalSTRS.com website and other publications for more current investment information.

Table 2 Annual Performance Returns (percent)**



* In February 2012 the board adopted the actuarial rate of 7.5 percent as of June 30, 2011

** The Investment section of the CAFR presents gross returns unless otherwise stated

Table 3 Time-Weighted Performance Returns for Major Asset Categories

Portfolio Type/Associated Indices	1 Yr	3 Yr	5 Yr	10 Yr
Total Fund	18.66%	11.21%	13.69%	7.65%
Total Fund Custom ⁽¹⁾	19.17	11.76	14.37	7.72
Global Equity	24.73	12.96	16.83	8.28
Global Equity Custom ⁽²⁾	24.22	12.80	16.53	8.06
U.S. Equity	25.97	16.42	19.40	8.19
Russell 3000	25.38	16.44	19.27	8.09
Non-U.S. Equity	22.27	6.21	11.73	8.24
MSCI All Country World Index ex-U.S.	21.80	5.63	10.99	7.77
MSCI Europe, Australia, Far East & Canada	23.89	7.47	11.54	6.96
MSCI Emerging Market	14.36	(0.45)	9.17	11.98
Fixed Income	5.79	4.64	6.29	5.53
U.S. Debt Custom ⁽³⁾	4.72	3.95	5.29	5.12
Barclays Capital U.S. Aggregate	4.37	3.66	4.85	4.93
Barclays Capital High Yield Cash Pay	11.72	9.50	13.92	9.10
Real Estate	14.52	12.58	7.98	7.40
Real Estate Custom (lagged 1 quarter) ⁽⁴⁾	12.75	12.22	8.19	8.83
Private Equity	19.61	13.02	16.56	13.84
Private Equity Custom (lagged 1 quarter) ⁽⁵⁾	26.43	17.96	25.42	10.00
Inflation Sensitive	10.54	5.82	-	-
Inflation Sensitive Custom ⁽⁶⁾	8.38	5.69	-	-
Barclays Global Inflation Linked	10.42	4.60	6.13	5.85
Infrastructure Custom Index ⁽⁷⁾	7.17	6.91	7.11	7.36
Absolute Return ⁽⁸⁾	0.13	0.25	0.02	-
Absolute Return Custom ⁽⁹⁾	1.07	-	-	-
Cash/Liquidity ⁽¹⁰⁾	0.57	2.40	5.55	2.04
Barclays Capital 3-Month Treasury Bill ⁽¹¹⁾	0.07	0.09	0.13	1.65

CalSTRS' investment performance is calculated using a daily time-weighted return geometrically linked to calculate a monthly return. Periods longer than one month are geometrically linked to calculate annualized 'time-weighted' rates of return. Per board approved benchmark changes in April 2014, firearm free excludes securities of companies that manufacture firearms which are illegal in California.

- (1) Policy weighted blend of asset class benchmarks.
- (2) Weighted blend of Russell 3000 tobacco and firearm free combined with the MSCI All Country World Index (ex-U.S.) tobacco and firearm free.
- (3) 95% Barclays Capital U.S. Aggregate tobacco and firearm free + 5% U.S. High Yield Cash Pay 2% Issuer Constrained Index tobacco and firearm free. Previously LB U.S. Aggregate tobacco free through 03/31/2007.
- (4) NCREIF ODCE Value Net of Fees Index. Previously NCREIF through 06/30/2013.
- (5) Blend of the Russell 3000 + 3% tobacco and firearm free. Previously Russell 3000 + 5% + Barclays Capital 3-Month Treasury Bill from 04/01/1999 through 09/30/2008.
- (6) Weighted blend of Barclay's Global Inflation Linked and Infrastructure Index effective 07/01/2012.
- (7) Consumer Price Index (CPI) + 5%.
- (8) Absolute Return name change approved by the TRB September 2013; Asset class formally adopted by TRB April 2012 with a portion of assets in this program held by CalSTRS for more than five years.
- (9) Barclays Capital 3-Month Treasury Bill plus 1%. Benchmark returns not applicable for 3, 5 and 10 year periods.
- (10) Includes the Securities Lending Program loss incurred in FY 2008-2009 and subsequent income earned through December 2013.
- (11) Barclays Capital 3-Month Treasury Bill. Previously Citigroup 3-Month Treasury Bill prior to 07/01/2006.

Absolute Return

The Absolute Return asset class consists of three separate areas: Innovation, Overlay and Stable Return.

Innovation and Risk (Innovation)

The Innovation portfolio, managed by the Innovation and Risk unit, is a subset of the Absolute Return asset class with a long-term allocation goal not to exceed 2.5 percent of the total plan assets. The Innovation Portfolio Policy was approved in March 2009 with the primary goal to research, incubate and recommend new investment opportunities to the board. Each new strategy is expected to improve the risk/return efficiency of the total plan or an asset class by increasing its return, decreasing its risk or achieving both. The unit is also building a fund-wide risk management process, which will help CalSTRS monitor risk factors driving performance of the investment portfolio. The framework will help improve CalSTRS' investment process and provide tools to lessen the impact of a severe macroeconomic or market event.

As of June 30, 2014, the Innovation portfolio had total assets of approximately \$1.2 billion. The Innovation portfolio returned 6.05 percent, outperforming its policy benchmark by 193 basis points for the fiscal year ending June 30, 2014. For more detailed information on the type and commitment size of strategies being incubated, refer to the Innovation and Risk Quarterly Activity Reports in the Investments section of CalSTRS.com.

Currency Management Program (Overlay)

The Currency Management Program, managed by the Fixed Income unit, is designed to address the global nature of all the fund's assets and attempts to add value on a fund-wide basis. The currency markets are some of the most liquid and volatile markets within which CalSTRS operates. The internally managed Core strategy performance was negative 11 basis points for the year ending June 30, 2014, while the Opportunistic external strategy was negative 38 basis points for same period. Some of the underperformance can be attributed to lower volatility and geopolitical concerns of the global economy as well as narrow alpha opportunities available. Since inception, the Currency Management Program has added 55 basis points to the value of the fund.

Home Loan Program (Stable Return)

The CalSTRS Home Loan Program was established by legislation in 1984 and provided home ownership to qualified participants, which attributed to CalSTRS' investment mortgage asset objectives. New home loan origination activity was suspended by the board on October 1, 2011; however, staff continues to manage the existing assets of \$249.7 million, as of June 30, 2014.

Credit Enhancement (Stable Return)

CalSTRS enters into agreements with a number of domestic issuers of debt to provide credit support and/or liquidity support on specific debt obligations. In return, CalSTRS earns fee income for these commitments. As of June 30, 2014, the Credit Enhancement Program had commitments of approximately \$999.7 million and fee income earned during the fiscal year was approximately \$8.5 million.

Inflation Sensitive

For the fiscal year ending June 30, 2014, the \$1.3 billion Inflation Sensitive portfolio represented 0.7 percent of the total fund with a current allocation goal of one percent. Global Inflation Securities (Linkers) represent 43 percent of this asset class with the balance consisting of Infrastructure investments. The long-term allocation target, as set by the board in September 2013, for the Inflation Sensitive portfolio is six percent allocated between Linkers and Infrastructure.

The Inflation Sensitive portfolio returned 10.5 percent for the fiscal year ending June 30, 2014, versus the benchmark return of 8.4 percent. Over the previous three years, the Inflation Sensitive portfolio outperformed its benchmark by 13 basis points. The Linkers portfolio had a positive return of 10.4 percent. The Infrastructure portfolio, which holds its assets in limited partnership structures, returned a positive 10.6 percent.

Short-term results for the Infrastructure portion of this portfolio are not particularly significant, as performance expectations will be better measured over the long term as investments mature and achieve their full cash flow potential. Infrastructure has begun to enter a more mature phase as it approaches its three-to-five year window, and is

beginning to achieve greater cash flow potential. For more information about the Inflation Sensitive portfolio, refer to the Investment section of CalSTRS.com.

Fixed Income

For the fiscal year ending June 30, 2014, the Fixed Income portfolio had total assets of \$29.4 billion representing 15.5 percent of the total fund. The Fixed Income unit operates a hybrid model portfolio which takes advantage of the benefits and efficiencies of both internal and external asset management. Eighty-one percent of the portfolio's assets are managed by internal staff using enhanced core and high yield strategies with a moderate level of risk. The remaining 19 percent is managed by external managers using broader opportunistic strategies which assume a higher level of risk and therefore a higher level of expected return. The Fixed Income portfolio outperformed its benchmark by 107 basis points (5.79 percent vs. 4.72 percent). The three, five, and ten year returns were positive and have outperformed the benchmark by 69, 100, and 41 basis points, respectively. For more information, please review the Fixed Income Quarterly Activity Report on CalSTRS.com.

The Fixed Income unit manages two additional programs: Currency Management, which is discussed in the Overlay section, and Securities Lending discussed below.

Securities Lending Program

The Securities Lending Program is a low-risk strategy that allows CalSTRS to use its existing asset base and lending expertise to generate additional income. Over the past year, demand to borrow "specials" (i.e., individual securities with larger spreads) continued to fall, along with increased supply from new entrants in the marketplace and lower demand due to tighter broker-dealer balance sheets impacted by potential regulations. These factors were large contributors to declining earnings for the period. Low interest rates and spreads for cash collateral also diminished during the fiscal year causing a decline in reinvestment opportunities and yields. In addition, higher yielding securities matured and were reinvested at lower short-term interest rates. All of these factors led to lower reinvestment rates and lower overall securities lending returns. Despite these headwinds, for the fiscal year ended June 30, 2014, the Securities Lending Program earned approximately \$90.5 million in additional income for the fund. For additional information on the Securities Lending Program, please consult the Fixed Income Securities Lending Program 2013 Annual Report available on CalSTRS.com.

Table 4 Largest Fixed Income Holdings as of June 30, 2014
(CalSTRS maintains a complete list of portfolio holdings)

Issue	Maturity Date	Interest Rate	Par	Market Value	Average Cost	Unrealized Gain(Loss)
US TREASURY N/B	10/31/18	1.250%	400,000,000	\$396,899,992	\$398,535,764	\$(1,635,771.88)
US TREASURY N/B	3/31/16	2.375	380,000,000	393,459,570	398,288,141	(4,828,571)
US TREASURY N/B	5/15/24	2.500	328,410,000	327,910,817	327,156,720	754,097
US TREASURY N/B	8/31/17	0.625	320,000,000	316,483,203	315,975,000	508,203
US TREASURY N/B	1/31/20	1.375	320,000,000	312,912,013	320,743,841	(7,831,828)
US TREASURY N/B	11/30/17	0.625	300,000,000	295,427,994	293,625,000	1,802,994
US TREASURY N/B	8/15/16	0.625	270,000,000	270,666,905	268,024,609	2,642,296
US TREASURY N/B	2/28/17	3.000	245,000,000	259,641,195	254,968,404	4,672,791
US TREASURY N/B	8/31/15	0.375	255,000,000	255,617,092	254,601,563	1,015,529
US TREASURY N/B	12/31/14	2.625	250,000,000	253,157,500	260,371,094	(7,213,594)

Private Equity

The Private Equity portfolio ended the June 30, 2014, fiscal year with a market value of \$21.8 billion or 11.5 percent of the total fund. The portfolio consists of investments in limited partnerships which accounts for 94 percent of the allocation with the remaining assets consisting of co-investments.

Private equity is a long-term asset class with performance results influenced by various factors. As shown on Table 3, private equity has generated double-digit returns for the one-, three-, five- and ten-year periods ending June 30, 2014. The program underperformed its benchmark for the one-, three- and five-year periods but outperformed its benchmark for the ten-year period.

This mixed performance pattern relative to the program benchmark (for the shorter time periods) is attributable to several factors including: 1) a benchmark that is based on the volatile public markets; 2) a heavy concentration of limited partnership investments in the pre-financial crisis vintage years (2006–2008); and 3) continuing slow economic growth throughout much of the world. The benchmark has since been adjusted for fiscal year 2014–2015 and forward.

For current information on the CalSTRS Private Equity portfolio, please refer to the Investment section of CalSTRS.com.

Real Estate

The Real Estate portfolio ended the fiscal year 2013-14 with a market value of \$22.1 billion or 11.7 percent of the total fund. The portfolio holds real estate investments in limited partnership funds, joint ventures, separate accounts, and other investments which account for 45.2 percent, 38.0 percent, and 16.2 percent, and 0.6 percent respectively. Over the last three years, staff has emphasized an increase in joint ventures and separate accounts in order to increase internal management control and lower fees. In addition, staff has emphasized an increase in investments in core assets over higher risk strategies.

Real Estate is a long-term asset with performance results influenced by various factors. As shown on Table 3, performance for the period ending June 30, 2014, has been very strong over the one and three-year periods and has exceeded its benchmark. The positive returns are due to the general recovery of the real estate markets. The outperformance over the benchmark can be attributed to 1) improved performance of value add assets, predominantly apartments; 2) higher leverage in the portfolio than the benchmark; and 3) high returns on recent investments that were purchased at distressed pricing. The suboptimal performance relative to the program benchmark in the five and ten year period is attributable to other factors including: 1) a low-risk benchmark that is based on unleveraged core real estate that has outperformed higher risk investments; 2) an over-concentration of higher risk limited partnership investments in the pre-financial crisis vintage years between 2005–2008; and 3) high leverage on the underlying assets.

For more up to date information on the CalSTRS Real Estate portfolio, please refer to the Investment section of CalSTRS.com.

Global Equity

For the fiscal year ending June 30, 2014, the \$108.4 billion Global Equity portfolio represented 57.3 percent of the total fund. U.S. Equity accounted for 67 percent of the total equity allocation, while Non-U.S. Equity accounted for the remaining 33 percent.

The Global Equity portfolio returned 24.73 percent, outperforming its policy benchmark by 51 basis points (24.73 vs. 24.22 percent). The relative outperformance was driven by the U.S. equity portfolio which outperformed the Russell 3000 ex-tobacco ex-firearm Index by 59 basis points (25.97 percent vs. 25.38 percent). The Non-U.S. equity portfolio had a positive relative return, outperforming the MSCI ACWI ex-U.S. ex-tobacco ex-firearm Index by 47 basis points (22.27 percent vs. 21.80 percent). For more information about the Global Equity portfolio, comprehensive Quarterly Investment Reports can be found in the Investment section of CalSTRS.com.

During fiscal year 2013–14, the Global Equity team focused on two key initiatives: 1) Increased internal asset management—Global Equity staff implemented a new trade and risk management system in 2013 which established the foundation to support additional internal management; 2) Refresh the active manager pool—Global Equity staff began the process of reviewing and refreshing the pools of our active external managers. Staff will be able to allocate and rebalance to these new managers as conditions warrant. Our goal is to partner with managers who have the

highest probability of generating positive alpha while also contributing to our knowledge and understanding of the global equity markets.

Corporate Governance

During fiscal year 2013–14, CalSTRS staff voted on 74,666 proxy proposals submitted by 7,060 corporations that were held by CalSTRS. The 74,666 proposals represented a 12 percent increase from the 66,670 proposals voted in 2012–13.

1. Election of Directors:

CalSTRS generally votes in favor of a director unless the proxy statement shows circumstances contrary to policy. Examples of such circumstances include: potential conflict of interest due to other directorships or employment, providing legal or investment banking advice and poor board meeting attendance (less than 75 percent).

- Number Voted: 17,546
- Voted For: 11,616 (66 percent)
- Voted Against: 5,930 (34 percent)

2. Selection of Auditors:

CalSTRS will vote in favor of the independent auditors recommended by management unless the auditor provides services that run contrary to what CalSTRS policy allows. Examples of such services are: consulting, information system design and implementation, investment banking support and excessive non-audit fees (greater than 30 percent of the total fees billed).

Table 5 Largest Equity Holdings as of June 30, 2014
(CalSTRS maintains a complete list of portfolio holdings)

Issue	Shares	Market Value	Average Cost	Unrealized Gain (Loss)
APPLE INC	17,906,003	\$1,664,004,859	\$1,240,918,343	\$423,086,516
EXXON MOBIL CORP	12,134,410	1,221,692,399	967,798,999	253,893,400
MICROSOFT CORP	24,639,383	1,027,462,271	746,543,545	280,918,726
JOHNSON + JOHNSON	9,098,296	951,863,728	620,122,438	331,741,290
CHEVRON TEXACO CORP	5,851,575	763,923,116	579,392,362	184,530,754
WELLS FARGO + CO	14,161,674	744,337,585	474,660,583	269,677,002
GENERAL ELECTRIC CO	27,833,077	731,453,264	550,106,939	181,346,325
VERIZON COMMUNICATIONS INC	13,969,745	683,541,987	592,680,646	90,861,341
BERKSHIRE HATHAWAY INC CL B	5,274,320	667,517,939	457,573,227	209,944,712
PFIZER INC	21,949,170	651,451,366	515,208,919	136,242,447

- Number Voted: 2,776
- Voted For: 2,536 (91 percent)
- Voted Against: 240 (9 percent)

3. Compensation Plans (Stock Option Plans, Employee Stock Purchase Plans, etc.):

Companies provide a variety of compensation plans for executives, employees and non-employee directors. Many 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' Executive Compensation Model Guidelines.

- Number Voted: 1,273
- Voted For: 1,042 (82 percent)
- Voted Against: 231 (18 percent)

4. Advisory Vote on Compensation:

More commonly known as Say-on-Pay, these votes provide shareholders the opportunity to ratify the compensation of the executives named in the proxy. CalSTRS votes on these proposals on a case-by-case basis.

- Number Voted: 2,533
- Voted For: 2,114 (83 percent)
- Voted Against: 419 (17 percent)

5. Approve Merger/Acquisition—Management:

CalSTRS evaluates mergers and acquisitions on a case-by-case basis utilizing a total portfolio view.

- Number Voted: 130
- Voted For: 127 (98 percent)
- Voted Against: 3 (2 percent)

6. Corporate Actions/Corporate Governance Issues:

These are issues related to spin-offs, incorporation, stock issuance, stock splits, and bylaw amendments. CalSTRS votes on these proposals on a case-by-case basis.

- Number Voted: 524
- Voted For: 378 (72 percent)
- Voted Against: 146 (28 percent)

7. Miscellaneous Issues—Management:

The most common miscellaneous votes considered are requests to transact other business or adjourn a meeting. CalSTRS votes these issues on a case-by-case basis.

- Number Voted: 237
- Voted For: 35 (15 percent)
- Voted Against: 202 (85 percent)

8. Frequency of Advisory Vote on Compensation:

More commonly known as Say-When-On-Pay, this vote is a requirement of the Dodd-Frank Act and allows shareholders to vote on the frequency of future advisory votes on compensation. Under the rule, shareholder can choose to vote every one-, two-, or three-years. CalSTRS routinely supports annual Say-On-Pay votes.

- Number Voted: 120
- 1-year: 120 (100 percent)
- 2-year: 0
- 3-year: 0

9. Shareholder Proposals:

CalSTRS votes on a variety of shareholder proposals. Examples of the issues voted on include: social and environmental issues, removing classified boards of directors, requiring an independent board chairman, giving shareholder access to the nomination process, tying compensation plans to company performance, and requiring shareholder approval for large severance packages.

- Number Voted: 555
- Voted For: 397 (72 percent)
- Voted Against: 158 (28 percent)

The Corporate Governance unit continues to manage nine governance funds, which accounts for \$5 billion in assets under management as of June 30, 2014 with returns of 33.6 percent. These funds invest in companies with poor governance structures and engage management to improve governance and enhance long-term shareholder value.

Cash Balance Benefit Program

The Cash Balance Benefit Program contributions were invested into pooled funds from inception in February 1997 through June 2001. Sixty percent of the contributions were allocated to the S&P 500 Portfolio and 40 percent to the Government Index Portfolio. In July 2001, the program's contributions were invested in CalSTRS entire portfolio, excluding Private Equity and Real Estate Investments. As of June 30, 2014, the market value was approximately \$236.8 million and the rate of return for the Cash Balance Benefit Program for the fiscal year was 19.45 percent.

Defined Benefit Supplemental Program

The Defined Benefit Supplement Program contributions were invested in CalSTRS entire portfolio, excluding Private Equity and Real Estate Investments from January 2001 through June 2011. In July 2011, the program contributions were invested in CalSTRS entire portfolio. As of June 30, 2014, the market value was approximately \$10.6 billion and the rate of return for the Defined Benefit Supplement Program for the fiscal year was 18.66 percent.

For further information on the Cash Balance Benefit Program or the Defined Benefit Supplement Program, please see the supplemental program information at CalSTRS.com.

Table 6 Investment Summary for the Current and Previous Fiscal Year
(dollars in millions)

Portfolio Type	June 30, 2013		June 30, 2014			
	Book Value	Net Asset Value	Book Value	Net Asset Value	% of Net Asset Value	Net Value Change
Global Equity	\$75,430	\$88,769	\$80,666	\$108,350	57.3%	\$19,581
Fixed Income	27,791	27,813	28,956	29,362	15.5%	1,549
Private Equity	21,647	21,878	21,111	21,771	11.5%	(107)
Real Estate	27,119	22,918	25,322	22,120	11.7%	(798)
Inflation Sensitive	697	710	1,253	1,342	0.7%	632
Absolute Return	982	1,037	1,309	1,397	0.8%	360
Cash	2,694	2,695	4,737	4,738	2.5%	2,043
Portfolio Total	\$156,360	\$165,820	\$163,354	\$189,080	100%	\$23,260
Adjustments:						
Securities Lending Collateral		23,216		22,303		
Accruals		1,693		3,098		
Cash & Cash Equiv		(1827)		(288)		
STRS PLAN ASSETS-INVESTMENTS		\$188,902		\$214,193		

INVESTMENTS

Table 7 Schedule of Investment Expenses
July 1, 2013 through June 30, 2014 (dollars in thousands)

Investment Categories	Net Asset Value	Investment Expenses*	Basis Points
Global Equity	\$108,350,490	\$133,970	12.4
Fixed Income	29,361,701	18,797	6.4
Private Equity	21,771,165	10,317	4.7
Real Estate	22,120,081	47,585	21.5
Inflation Sensitive	1,342,210	984	7.3
Absolute Return	1,396,709	11,754	**
Cash	4,737,690	276	0.6
Total Assets And Expenses	\$189,080,046	\$223,683	11.8

* Investment Expenses reflected in this table generally represent direct costs associated with investing. Certain expenses including carried interest and management fees related to private assets are not included.

** Absolute Return includes the Currency Management Program (CMP) which calculates basis points using notional values instead of net asset values.

Table 8 Global Equity Broker Commissions July 1, 2013 Through June 30, 2014

Broker Name	Commission	Shares	Commission Per Share (Avg)
Credit Suisse First Boston	\$2,242,880	451,376,998	\$0.005
State Street Bank and Trust Company	2,215,570	515,767,191	0.004
JP Morgan	1,853,741	185,247,836	0.010
Goldman Sachs	1,664,339	328,431,207	0.005
Citigroup	1,629,649	326,350,166	0.005
Morgan Stanley	1,359,006	359,094,708	0.004
Deutsche Bank	1,280,624	242,982,615	0.005
Merrill Lynch	1,222,264	136,290,904	0.009
UBS AG	1,185,571	156,468,403	0.008
Instinet	1,179,173	122,911,430	0.010
All Other Brokers	11,558,357	1,478,616,258	0.008
Total Commissions	\$27,391,174	4,303,537,716	\$0.006



CalSTRS administers retirement, disability and survivor **benefits for California's 879,329 public school educators** (from pre-kindergarten through community college) and their beneficiaries.

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VALUATION OF THE DEFINED BENEFIT PROGRAM



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November 24, 2014

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the Defined Benefit Program

Dear Members of the Board:

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

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

Valuation Date	Funded Ratio
June 30, 2011	69%
June 30, 2012	67%
June 30, 2013	67%

Based on the June 30, 2013 actuarial valuation, the income from member, employer, and State contributions was not projected to finance the DB Program on an actuarially sound basis. However, legislation enacted subsequent to the valuation provides for graded increases in the contribution rates for all three contributing groups. Based on the additional contribution schedule, CalSTRS is projected to reach a 100% Funded Ratio in 2046.

The June 30, 2013 valuation results are based on the membership data and the asset information provided by CalSTRS. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is found to be materially inaccurate or incomplete, our calculations will need to be revised.

Milliman did not prepare the summaries or schedules shown the Financial and Actuarial Sections. However, the actuarial information contained in Schedule I, II, III and V of the Financial Section and in this Actuarial Section was derived from our June 30, 2013 actuarial valuation report for funding and our September 25, 2014 letter which communicated the actuarial results for financial reporting for June 30, 2014.

The actuarial computations presented in the valuation report are for purposes of determining the recommended funding amounts for CalSTRS consistent with our understanding of their funding requirements and goals. The liabilities are determined by using the entry age normal funding method. The actuarial assets are determined by using a one-third smoothed recognition method of the difference between the actual market value to the expected actuarial value.



The valuation is based on our understanding of the current benefit provisions of the DB Program and the actuarial assumptions which were last reviewed and adopted by the Board in February of 2012. The assumptions will be reviewed in detail again in the fiscal year ending June 30, 2016. The assumptions used for financial reporting under GASB 67 are the same as the funding valuation assumptions with the following exceptions:

1. The discount rate of 7.60% is gross of administrative expenses; and
2. The market value of assets is used for the Fiduciary Net Position.

For financial reporting purposes, all programs within the State Teachers' Retirement Plan are reported in aggregate.

We believe the actuarial assumptions and methods are internally consistent, reasonable and meet the parameters of Governmental Accounting Standards Board Statement No. 67 for fulfilling financial accounting requirements. Nevertheless, the emerging costs will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions. Future actuarial measurements may differ significantly from the current measurements as presented in the valuation report due to many factors. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

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

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

We certify that the June 30, 2013 valuation was performed in accordance with the Actuarial Standards Board (ASB) standards of practice and by qualified actuaries. We are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

Respectfully submitted,

Mark C. Olleman, FSA, EA, MAAA
Principal and Consulting Actuary

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

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 study was adopted by the Teachers' Retirement Board on February 2, 2012.

The most recent experience study for 2006–2010 was completed as of June 30, 2010. The most recent actuarial valuation was completed as of June 30, 2013 and adopted by the Teachers' Retirement Board on April 3, 2014.

The following summary and tables were prepared by 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 February 2, 2012.

The following is a summary of the assumptions and methods adopted by the Teachers' Retirement Board for funding this program:

- Investment return rate and discount rate is 7.50 percent, net of investment and administrative expenses.
- 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 3.75 percent, of which 3.00 percent is due to inflation and 0.75 percent is due to expected gains in productivity.
- The actuarial cost method used by the program is the entry age normal actuarial cost method, with the actuarial gains/losses and the unfunded actuarial obligation amortized over 30 years.
- 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 benefit beginning on September 1 following the first anniversary of the effective date of the benefit. Since 1972, this increase is applied to all eligible continuing benefits.

Actuarial Cost Method

For funding purposes the entry age normal cost method was selected for the Defined Benefit Program since it is the most common cost method among public sector pension plans. The advantage to using this method is that the cost over time tends to remain fairly level as a percentage of overall payroll. This is well-suited to most public systems, which tend to contribute as a percentage of pay, and which benefit from a stable contribution rate for budgeting and planning purposes.

Financial Reporting

Under GASB 67 financial reporting the State Teachers' Retirement Plan (STRP) includes the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit, Supplemental Benefit Maintenance Account and Teachers' Replacement Benefit programs.

Actuarial method and assumptions for GASB 67 financial reporting

- The discount rate is 7.60 percent, net of investment expenses but gross of administrative expenses.
- The actuarial cost method is the entry age normal cost method.
- General wage increase is 3.75 percent, of which 3.00 percent is due to inflation.
- Postretirement benefit increases of 2.00 percent simple for Defined Benefit Program and 85% purchasing power level for SBMA program. Not applicable for Cash Balance Benefit and Defined Benefit Supplement programs.

As required by GASB 67, the discount rate used for financial reporting of 7.60 percent is net of investment expenses but gross of administrative expenses. The 7.50 percent investment return rate used for funding and administrative purposes is net of investment and administrative expenses. The 2011 CalSTRS mortality tables were used in both financial funding and administrative calculations. Table 6 provides more details of the mortality assumptions. For the valuation used for funding and administrative, the DB Program actuarial value of assets ("smoothed value") is used in the determination of the Unfunded Actuarial Obligation. For financial reporting, the aggregate assets for all programs in the State Teachers' Retirement Plan on a market basis are used in the determination of the Net Pension Liability.

Discussion of recent changes:

The nature of the program—Since the last experience study as of June 30, 2010, program amendments have been made that have affected the June 30, 2013 actuarial valuation.

Changes to the plan: Effective January 1, 2013 Chapter 296, Statutes of 2012 (AB 340-Furutani), was enacted in 2012. The new law reduces retirement benefits for educators who became members after 2012. Specifically, for new members some of the key provisions of the law are: 1) the benefit factors at all ages less than age 65 are reduced; 2) final compensation is based on a 36-month period; 3) the definition of creditable compensation is restricted; and, 4) compensation for benefit purposes is limited to no more than 120% of the Social Security taxable wage base. Additional changes that do not directly affect the calculated retirement benefits apply to all members.

Funding: The Teachers' Retirement Board had no authority to set contribution rates and had to rely upon remedy from the Legislature and the Governor, who this year enacted a responsible funding plan. Assembly Bill (AB) 1469 enacted in Chapter 47, Statutes of 2014 is projected to fully fund the CalSTRS Defined Benefit Program in 32 years through shared contribution increases among CalSTRS members, employers and State of California. Contribution increases will be phased in over several years with the first increases taking effect July 1, 2014. Member contribution increases will be phased in over the next three years and increase by an additional 2.25 percent of payroll for CalSTRS 2% at 60 members and an additional 1.205 percent for CalSTRS 2% at 62 members. Employer contributions will increase from 8.25 percent to a total of 19.1 percent, phased in over the next seven years. State contributions will increase over the next three years to a total of 6.328 percent. AB 1469 grants the Teachers' Retirement Board limited rate setting authority to adjust up or down state and employer contribution rates.

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 provides economic actuarial assumptions for this program as reflected in the most recent actuarial valuation as of June 30, 2013.

Demographic assumptions: Tables 1–4 and 6–8 provide demographic assumption information for this program as reflected in the most recent actuarial valuation as of June 30, 2013.

Actuarial Methods

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 9–12 provide summaries of the valuation results. The data displayed in Table 9 is as of June 30 of the specified year. Other information, specifically annual payroll amounts, reported in the financial section of this report will generally not be consistent with this data. The reason for this is that the financial data reflects payroll for all individuals who were active during the year, while Table 9 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 10 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 postretirement 2 percent not-compounded cost-of-living adjustment.

DEFINED BENEFIT PROGRAM

The data provided for each year end in Table 10 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 10 for these adjustments.

The following significant plan changes have taken place during the time depicted in Table 11. These program amendments include:

Effective January 1, 2005

- Recalculated benefits to part-time and adult education community college employees who were members prior to July 1, 1996.
- Expanded eligibility for partial lump-sum benefits.
- Eliminated one-year prohibition on employment in a California public school for members who receive a Retirement Incentive benefit.
- Extended five-year prohibition on postretirement employment with an incentive granting employer to Community College and County Office of Education members.
- Extended existing postretirement earnings exemption for retired members who fill a vacant administrative position in an emergency situation for up to two years.
- Extended retirement date and sunset date for other existing postretirement earnings exemptions.
- Allowed up to 0.2 of one year of unused sick leave service credit to count towards qualifying for one-year final compensation, longevity bonus and other benefit enhancements.

Effective January 1, 2009

Funding

- Effective with fiscal year 2009–10 through fiscal year 2012–13, payment of previously withheld contributions and interest of \$56,979,949, will be made each fiscal year to the SBMA program.
- Actuarial valuations for the Defined Benefit Program will be completed every year.

The most recent actuarial valuation of the system as of June 30, 2013, determined there is an unfunded actuarial obligation for this program. The prior actuarial valuation as of June 30, 2012, also indicated there was an unfunded actuarial obligation.

With one exception, actuarial valuations have been performed every year since June 30, 1997, 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.

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 CalSTRS are provided under contract by a qualified independent actuarial firm, with additional review provided by the actuarial staff.

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.

An audit of the 2007 Actuarial Experience Analysis of the Defined Benefit Program was performed by the firm, The Segal Company. The result of the audit was reported to the board on September 8, 2011.

DEFINED BENEFIT PROGRAM

An audit of the 2008 Actuarial Valuation of the CalSTRS Defined Benefit Program was performed by the firm Cheiron. The result of the audit was reported to the Teachers' Retirement Board on February 11, 2011.

The current actuarial consultant was retained on January 15, 2000 and in 2006 and 2012, as a result of the competitive bid process.

Summary of Defined Benefit Program Provisions

The following summary and tables were prepared by CalSTRS staff. All information is considered in the June 30, 2013 actuarial valuation.

Normal Retirement

Eligibility Requirement

CalSTRS 2% at 60 Members: Age 60 with five years of credited service.

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

Benefit

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

Benefit Factors

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

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—CalSTRS 2% at 60 Members: 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 compensation earnable in a consecutive 12-month period.

CalSTRS 2% at 62 Members: Final compensation is based on the highest three consecutive years of salary earnable. Compensation is limited to 120 percent of the Social

Security Wage Base. The limit for 2013 is \$136,440 (after applying the 120 percent factor) and is adjusted annually based on the changes in the Consumer Price Index for All Urban Consumers. CalSTRS 2% at 62 members are not eligible for the one-year final compensation benefit enhancement.

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

Career Factor—If a CalSTRS 2% at 60 member has 30 years of credited service, the age factor is increased by 0.2 percent. However, the maximum age factor is 2.4 percent. The career factor does not apply to CalSTRS 2% at 62 members.

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

Postretirement Benefit Adjustment

Benefit Improvement Factor—Two percent simple increase on September 1 following the first anniversary of the effective date of the benefit, applied to all continuing benefits.

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(b)

For CalSTRS 2% at 60 members benefits are subject to limits imposed under Internal Revenue Code Section 415(b). However, no limits are imposed in the valuation of Defined Benefit Program in order to address the potential pay-as-you-go funding needs of the Teachers' Replacement Benefits Program Fund. CalSTRS 2% at 62 members will not receive any benefits in excess of the federal limit.

DEFINED BENEFIT PROGRAM

Early Retirement

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

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

Benefit Reduction—CalSTRS 2% at 60 Members: A .50 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 .25 percent for each full month or partial month the member is younger than age 55.

CalSTRS 2% at 62 Members: A .50 percent reduction in the normal retirement allowance for each full month or partial month the member is younger than age 62.

Late Retirement

Benefit—CalSTRS 2% at 60 Members: 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.

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

Deferred Retirement

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

Disability Allowance—Coverage A

Eligibility Requirement—Member has five years of credited California service and has not attained age 60, or if a member has earned one year of creditable service and is disabled due to an unlawful act of bodily harm committed by another person while performing creditable service.

Benefit—Fifty percent of final compensation.

- or -

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

Children's Benefit—Ten 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—Benefit, 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, or if a member has earned one year of creditable service and is disabled due to an unlawful act of bodily harm committed by another person while performing creditable service.

Benefit—Fifty percent of final compensation, regardless of age and service credit.

Children's Benefit—Ten 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 benefit 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 benefit.

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

Benefit—The surviving spouse or registered domestic partner 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.

DEFINED BENEFIT PROGRAM

If there is no surviving spouse or registered domestic partner, a benefit 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 or registered domestic partner may elect to receive one-half of a 50 percent joint and survivor benefit projected to age 60 or take a lump-sum payment of the remaining contributions and interest.

Death Before Retirement—Coverage B

Eligibility—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.

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

- or -

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

If the surviving spouse or registered domestic partner elects a monthly benefit, or there is no surviving spouse, each eligible child would receive 10 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.

Members of retirement age may make a pre-retirement election of an option to designate a beneficiary.

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

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 beneficiary, if one is named, or to the deceased member's estate.

Termination from CalSTRS

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

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

Funding

Member Contribution—CalSTRS 2% at 60 Members: eight percent of creditable compensation.

CalSTRS 2% at 62 Members: Equal to one-half of the Normal Cost rate determined in the valuation rounded to the nearest quarter percent. Member rates only change when the Normal Cost rate changes by one percent of pay as compared to the initial Normal Cost rate (or at the time of the last adjustment). Currently, the member contribution rate is equal to eight percent of creditable compensation.

Employer 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 updated on or before the subsequent April 15th and paid in four equal quarterly payments.

- plus -

DEFINED BENEFIT PROGRAM

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 updated on or before the subsequent April 15th 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. Due to an unfunded actuarial obligation as of June 30, 2012 related to the 1990 Benefit Structure, an additional 1.024 percent contribution was made in 2013–14.

Changes in Defined Benefit Program Provisions

None.

DEFINED BENEFIT PROGRAM

Table 1 Post-Retirement Mortality Table for Sample Ages

Age	Male	Female
	2011	2011
50	0.114%	0.073%
55	0.164	0.118
60	0.300	0.254
65	0.596	0.468
70	1.095	0.864
75	1.886	1.451
80	3.772	2.759
85	7.619	5.596
90	14.212	11.702
95	22.860	17.780

All demographic assumptions used in the actuarial valuation were adopted by the Teachers' Retirement Board when the experience study was adopted on February 2, 2012.

Table 2 Service Retirement (sample ages)¹

DB Program Benefits				
	Age	1990 Benefits	Under 30 years	30 or More Years
Male				
	55	5.8%	2.7%	8.0%
	60	25.0	6.3	27.0
	65	20.0	13.5	32.5
	70	100.0	10.8	30.0
	75	100.0	100.0	100.0
Female				
	55	7.0%	4.5%	9.0%
	60	22.0	9.0	31.0
	65	18.0	14.4	37.5
	70	100.0	13.5	35.0
	75	100.0	100.0	100.0

¹Probabilities of retirement are adjusted for members with service between 25 and 30 years.

Table 3 Probabilities of Withdrawal from Active Service Before Age and Service Retirement for Sample Age

Duration	
Male	
1	13.0%
2	9.0
3	6.4
4	4.6
5	3.9
10	1.8
15	0.9
20	0.5
25	0.3
Female	
1	12.0%
2	8.5
3	6.4
4	4.6
5	3.9
10	1.8
15	0.9
20	0.5
25	0.3

Table 3 Probabilities of Refund by Sample Duration of Members and Sample Entry Ages (continued)

Duration	Entry Ages				
	Under 25	25-29	30-34	35-39	40+
Male					
Under 5	100%	100%	100%	100%	100%
10	46	46	38	36	36
15	38	38	31	21	—
20	28	31	15	—	—
25	15	15	—	—	—
Female					
Under 5	100%	100%	100%	100%	100%
10	34	32	32	29	29
15	27	24	24	24	—
20	19	14	14	—	—
25	10	10	—	—	—

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	5.6%	5.3%	5.1%	4.8%	4.8%	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	1.1	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5	—	—
40	0.8	0.6	—	—	—	—

Table 5 Economic Assumptions

Consumer Price Inflation	3.00%
Investment Yield (Net of Expenses)	7.50
Wage Inflation	3.75
Interest on Member Accounts	4.50

Table 6 Mortality Assumptions

Retired Members ¹	
Male	2011 CalSTRS Retired-M
Female	2011 CalSTRS Retired-F
Active Members	
Male	2011 CalSTRS Retired-M (-2 years)
Female	2011 CalSTRS Retired-F (-2 years)
Beneficiaries ¹	
Male	2011 CalSTRS Beneficiary-M
Female	2011 CalSTRS Beneficiary-F

¹Future retirees and beneficiaries are valued with a two-year age setback.

Table 7 Termination from Disability Due to Death¹

Male	
Age	
<70	2% at age 40 and under, graded to 3.2% at age 70
>70	RP 2000 male white collar +7 projected to 2025 at age 70 smoothed to +1 age 85 (select rates in first three years, regardless of age)
Female	
Age	
<70	1.5% at age 40 and less graded to 2.25% at age 70
>70	RP 2000 female white collar +6 projected to 2025 at age 70 smoothed to +2 at age 80 (select rates in first three years, regardless of age)

¹Future disabled members are valued with a two-year age setback.

DEFINED BENEFIT PROGRAM

Table 8 Disability Rates
(sample ages)

Coverage A			Coverage B		
Male	25	0.018%	Male	25	0.010%
	30	0.027		30	0.020
	40	0.072		35	0.030
	50	0.144		40	0.060
	55	0.189		45	0.100
Female	25	0.018%	50	0.140	
	30	0.027	55	0.245	
	40	0.081	Female	25	0.020%
	50	0.198	30	0.020	
	55	0.252	35	0.040	
			40	0.070	
			45	0.110	
			50	0.185	
			55	0.300	

Table 9 Schedule of Active Member Valuation Data

Date (as of June 30)	Number of Participating Employers*	Active Members			
		Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
2004	1,262	444,680	\$22,589,060,244	\$50,798	0.6%
2005	1,285	450,282	23,256,622,046	51,649	1.7
2006	1,322	453,365	24,239,606,097	53,466	3.5
2007	1,356	455,693	25,905,691,360	56,849	6.3
2008	1,428	461,378	27,118,230,762	58,777	3.4
2009	1,472	459,009	27,327,386,616	59,536	1.3
2010	1,514	441,544	26,274,889,981	59,507	0.0
2011	1,587	429,600	25,576,008,636	59,534	0.0
2012	1,660	421,499	25,388,209,920	60,233	1.2
2013	1,670	416,643	25,479,056,693	61,153	1.5

* Account employers who submit the last contribution line for the active member in the target fiscal year.

DEFINED BENEFIT PROGRAM

Table 10 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
2005	12,489	\$519,053	5,846	\$118,053	201,241	\$6,018,468	9.5%	\$29,907
2006	11,517	489,261	6,252	132,275	207,846	6,505,067	8.1%	31,298
2007	12,457	562,542	6,162	137,474	215,641	7,078,199	8.8%	32,824
2008	13,246	626,567	6,419	147,966	223,968	7,711,132	8.9%	34,430
2009	13,420	657,984	6,163	149,998	228,969	8,340,671	8.2%	36,427
2010	16,201	777,293	6,499	165,404	243,796	9,171,309	10.0%	37,619
2011	14,559	671,868	6,938	181,927	253,041	9,802,995	6.9%	38,741
2012	14,316	635,935	6,860	187,271	262,039	10,458,555	6.7%	39,912
2013	12,377	555,751	7,119	205,779	269,429	11,091,944	6.1%	41,168
2014	11,383	507,801	7,299	221,733	275,627	11,624,220	4.8%	42,173

¹Dollars in thousands.

Table 11 Solvency Test

Valuation Date (as of June 30)	Aggregate Accrued Liabilities For (in millions)				Funding of Liabilities		
	(1) Active Member Contributions on Deposit	(2) Future Benefits to Benefit Recipients	(3) Service Already Rendered by Active Members (Financed by Employer)	Actuarial Value of Assets	(1)	(2)	(3)
2004	\$24,442	\$58,225	\$52,010	\$ 114,094	100.0%	100.0%	60.4%
2005	24,619	63,762	53,812	121,882	100.0	100.0	62.3
2006	25,124	68,774	56,974	131,237	100.0	100.0	65.5
2007	25,895	75,612	65,622	148,427	100.0	100.0	71.5
2008	26,881	81,984	68,869	155,215	100.0	100.0	67.3
2009	27,477	88,927	69,279	145,142	100.0	100.0	41.5
2010	27,105	99,135	70,075	140,291	100.0	100.0	20.1
2011	27,038	109,984	71,383	143,930	100.0	100.0	9.7
2012	27,245	116,475	71,469	144,232	100.0	100.0	0.7
2013	27,683	121,714	72,884	148,614	100.0	99.4	0

DEFINED BENEFIT PROGRAM

Table 12 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		
	2013 (2012)	2012 (2011)
Actuarial Obligation at June 30:	\$215,189	\$208,405
Normal Cost	4,714	4,704
Benefit Payments	(10,922)	(10,291)
Expected Interest	15,910	15,425
Expected Actuarial Obligation at June 30:	224,891	218,243
Expected Actuarial Value of Assets at June 30:	149,003	149,261
Expected UAO at June 30	75,888	68,982
Actuarial (Gains) or Losses		
Change in Assumptions	0	0
Investment Return Assumptions	(517)	3,908
Demographic Assumptions	(2,610)	(3,054)
Net Change Other Sources	906	1,121
Total Actuarial (Gains) & Losses	(2,221)	1,975
Unfunded Actuarial Obligation at June 30	73,667	70,957
Funded Ratio	67%	67%

Table 13 Schedule of Funding Progress
(Dollars in Millions)

Actuarial Valuation Date as of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (Funding Excess) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2014	(1)	(1)	(1)	(1)	(1)	(1)
2013	\$148,614	\$222,281	\$73,667	67%	\$26,483	278%
2012	144,232	215,189	70,957	67%	26,404	269%
2011	143,930	208,405	64,475	69%	26,592	242%
2010	140,291	196,315	56,024	71%	26,275	213%
2009	145,142	185,683	40,541	78%	27,327	148%
2008	155,215	177,734	22,519	87%	27,118	83%
2007	146,419	167,129	20,710	88%	25,906	80%
2006	131,237	150,872	19,635	87%	24,240	81%
2005	121,882	142,193	20,311	86%	23,257	87%

¹Actuarial Valuation as of June 30, 2014 are expected to be available by April 2015.

Note: Information of actuarially determined and actual contributions for the State Teachers' Retirement Plan is provided in the Financial section, Schedule III, Contributions of Employer and Nonemployer Contributing Entity table.

VALUATION OF THE DEFINED BENEFIT SUPPLEMENT PROGRAM



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November 24, 2014

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the Defined Benefit Supplement Program

Dear Members of the Board:

The basic financial goal of the Defined Benefit Supplement (DBS) Program of the California State Teachers' Retirement System (CalSTRS) is to maintain sufficient resources to fully fund the obligations. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

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

Valuation Date	Funded Ratio
June 30, 2011	104%
June 30, 2012	101%
June 30, 2013	106%

The market gain for the fiscal year ended in 2013 caused an increase in the Funded Ratio. As of June 30, 2013, the Market Value of Assets for the DBS Program exceeds the Actuarial Obligation. Additional interest and annuity credits were granted based on the Program's funded level and are reflected in the Funded Ratio shown above. Prior to the additional credits, the Funded Ratio was 110% (as reported in the Management's Discussion and Analysis).

The June 30, 2013 valuation results are based on the membership data and the asset information provided by CalSTRS. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is found to be materially inaccurate or incomplete, our calculations will need to be revised.

Milliman did not prepare the summaries or schedules shown the Financial and Actuarial Sections. However, the actuarial information contained in Schedule I, II, III and V of the Financial Section and in this Actuarial Section was derived from our June 30, 2013 actuarial valuation report for funding and our September 25, 2014 letter which communicated the actuarial results for financial reporting for June 30, 2014.

The actuarial computations presented in the valuation report are for purposes of determining the recommended funding amounts for CalSTRS consistent with our understanding of their funding requirements and goals. The liabilities are determined by using the traditional unit credit funding method. The actuarial assets are equal to fair market value.

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VALUATION OF THE DEFINED BENEFIT SUPPLEMENT PROGRAM



Teachers' Retirement Board
November 24, 2014
Page 2

The funding valuation is based on our understanding of the current benefit provisions of the DBS Program and the actuarial assumptions which were last reviewed and adopted by the Board in February of 2012. The assumptions will be reviewed in detail again in 2015. The assumptions used for financial reporting under GASB 67 are the same as the funding valuation assumptions with the following exceptions:

1. The discount rate of 7.60% is gross of administrative expenses; and
2. The individual entry age normal cost method is used.

For financial reporting purposes, all programs within the State Teachers' Retirement Plan are reported in aggregate.

We believe the actuarial assumptions and methods are internally consistent, reasonable and meet the parameters of Governmental Accounting Standards Board Statement No. 67 for fulfilling financial accounting requirements. Nevertheless, the emerging costs will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions. Future actuarial measurements may differ significantly from the current measurements as presented in the valuation report due to many factors. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

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

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

We certify that the June 30, 2013 valuation was performed in accordance with the Actuarial Standards Board (ASB) standards of practice and by qualified actuaries. We are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark C. Olleman".

Mark C. Olleman, FSA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in black ink that reads "Nick Collier".

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

Summary of Actuarial Assumptions and Methods

CalSTRS, through its consulting actuary, performs 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 as of June 30, 2013, and adopted by the Teachers' Retirement Board April 3, 2014. The following summary and tables were prepared by CalSTRS staff. All information is considered in the June 30, 2013 actuarial valuation.

The Defined Benefit Supplement Program was established January 1, 2001. The demographic assumptions were based on those adopted for the Defined Benefit Program by the Board on February 2, 2012, and were used to complete the latest actuarial valuation. 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 February 2, 2012. Following are the assumptions adopted by the Teachers' Retirement Board for this program.

- Investment return rate and discount rate is 7.50 percent, net of investment and administrative expenses.
- Method used to value plan assets for actuarial valuation purposes: Fair market value.
- Assumption for general wage increase is 3.75 percent, of which 3.00 percent is due to inflation and 0.75 percent is due to expected gains in productivity.
- The actuarial cost method used by the program is the traditional unit credit cost method.
- The Defined Benefit Supplement Program does not provide cost-of-living adjustments for benefit recipients.

Actuarial Cost Method

For funding purposes, the Traditional Unit Credit Cost Method was selected for the Defined Benefit Supplement Program since the projected benefits of each individual member are allocated by a consistent formula to valuation years. As a result, the actuarial obligation is equal to the accumulated account balances, and the normal cost is equal to the total annual contribution.

Financial Reporting

Under GASB 67 financial reporting the State Teachers' Retirement Plan (STRP) includes the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit, Supplemental Benefit Maintenance Account and Teachers' Replacement Benefit Programs.

Actuarial method and assumptions for GASB 67 financial reporting

- The discount rate is 7.60 percent, net of investment expenses but gross of administrative expenses.
- The actuarial cost method is the entry age normal cost method.
- General wage increase is 3.75 percent, of which 3.00 percent is due to inflation.
- Postretirement benefit increases of 2.00 percent simple for Defined Benefit Program and 85% purchasing power level for SBMA program. Not applicable for Cash Balance Benefit and Defined Benefit Supplement programs.

As required by GASB 67, the discount rate used for financial reporting of 7.60 percent is net of investment expenses but gross of administrative expenses. The 7.50 percent investment return rate used for funding and administrative purposes is net of investment and administrative expenses. GASB 67 also specifies using the entry age normal cost method to calculate pension liability for financial reporting. The traditional unit credit method is used for funding. In addition, the 2011 CalSTRS mortality tables were used in both financial reporting and funding calculations. Table 6 provides more details of the mortality assumptions.

Discussion of recent changes in:

The nature of the program—The Defined Benefit Supplement Program was established January 1, 2001. 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.

Under the traditional unit credit actuarial cost method, neither the economic nor the demographic assumptions affect the actuarial obligation for the Defined Benefit

DEFINED BENEFIT SUPPLEMENT PROGRAM

Supplement Program. 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.

The actuarial methods used for the program's actuarial valuation as of June 30, 2013, result in an actuarial surplus of \$492,156,000 after additional credits.

CalSTRS contracts for many actuarial services. The current contractor, Milliman, has been CalSTRS actuary from the program's inception.

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

Independent Actuarial Review

Actuarial services for CalSTRS are provided under contract by a qualified independent actuarial firm, with additional review provided by the actuarial staff.

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.

An audit of the 2007 Actuarial Experience Analysis of the Defined Benefit Supplement Program was performed by the firm, The Segal Company. The result of the audit was reported to the Teachers' Retirement Board on September 8, 2011.

The current actuarial consultant was retained on January 15, 2000 and in 2006 and 2012, 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, 2013 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 Defined Benefit Supplement benefits payable to the member. Accounts are credited with contributions, interest at the minimum interest rate, and, if applicable, additional earnings credits.

Contributions—Member and employer contributions are credited to the member's Defined Benefit Supplement account for service greater than one year during a single school 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. The board adopted an additional earnings credit of 3.61 percent for the fiscal year ending June 30, 2013.

DEFINED BENEFIT SUPPLEMENT PROGRAM

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. The board adopted an additional annuity credit of 3.61 percent for the fiscal year ending June 30, 2013.

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 Defined Benefit Supplement Program benefit when the corresponding benefit is received under the Defined Benefit Program.

Disability Benefit

Eligibility Requirement—Receipt of a corresponding benefit under the Defined Benefit Program.

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

Form of Payment—Same as Normal Retirement. An annuity benefit is discontinued upon termination of the corresponding Defined Benefit 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.

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.

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, 2013 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 February 2, 2012. 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
	2011 CalSTRS Retired-M	2011 CalSTRS Retired-F
50	0.114%	0.073%
55	0.164	0.118
60	0.300	0.254
65	0.596	0.468
70	1.095	0.864
75	1.886	1.451
80	3.772	2.759
85	7.619	5.596
90	14.212	11.702
95	22.860	17.780

Table 2 Probabilities of Retirement for Sample Ages¹

Age	Under 30 years		30 or more years	
	Male	Female	Male	Female
55	2.7%	4.5%	8.0%	9.0%
60	6.3	9.0	27.0	31.0
65	13.5	14.4	32.5	37.5
70	10.8	13.5	30.0	35.0
75	100.0	100.0	100.0	100.0

¹Probabilities of retirement are adjusted for members with service between 25 and 30 years.

Table 3 Probabilities of Withdrawal from Active Service Before Age and Service Retirement for Sample Ages

Duration			
Male		Female	
1	13.0%	1	12.0%
2	9.0	2	8.5
3	6.4	3	6.4
4	4.6	4	4.6
5	3.9	5	3.9
10	1.8	10	1.8
15	0.9	15	0.9
20	0.5	20	0.5
25	0.3	25	0.3
30	0.2	30	0.2

DEFINED BENEFIT SUPPLEMENT 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	5.6%	5.3%	5.1%	4.8%	4.8%	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	1.1	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5	—	—
40	0.8	0.6	—	—	—	—

Table 5 Economic Assumptions

Consumer Price Inflation	3.00%
Investment Yield	7.50
Wage Inflation	3.75
Interest on Member Accounts	7.50

Table 6 Mortality Assumptions

Retired Members ¹	
Male	2011 CalSTRS Retired-M
Female	2011 CalSTRS Retired-F
Active Members	
Male	2011 CalSTRS Retired-M (-2 years)
Female	2011 CalSTRS Retired-F (-2 years)
Beneficiaries ¹	
Male	2011 CalSTRS Beneficiary-M
Female	2011 CalSTRS Beneficiary-F

¹Future retirees and beneficiaries are valued with a 2-year age setback.

Table 7 Termination from Disability Due to Death¹

Male	
Age	
<70	2% at age 40 and under, graded to 3.2% at age 70
>70	RP 2000 male white collar +7 projected to 2025 at age 70 smoothed to +1 age 85 (select rates in first three years, regardless of age)
Female	
Age	
<70	1.5% at age 40 and less graded to 2.25% at age 70
>70	RP 2000 female white collar +6 projected to 2025 at age 70 smoothed to +2 at age 80 (select rates in first three years, regardless of age)

¹Future disabled members are valued with a two-year age setback.

DEFINED BENEFIT SUPPLEMENT PROGRAM

Table 8 Disability Rates—Coverage B
(sample ages)

Coverage A			Coverage B		
Male	25	0.018%	Male	25	0.010
	30	0.027		30	0.020
	40	0.072		35	0.030
	50	0.144		40	0.060
	55	0.189		45	0.100
Female	25	0.018%	50	0.140	
	30	0.027	55	0.245	
	40	0.081	Female	25	0.020
	50	0.198	30	0.020	
	55	0.252	35	0.040	
			40	0.070	
			45	0.110	
			50	0.185	
			55	0.300	

Table 9 Schedule of Active Member Valuation Data

Date (as of June 30)	Number of Participating Employers*	Active Members			
		Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2004	1,262	444,316	\$23,764,350,000	\$53,485	0.309%
2005	1,285	449,773	24,481,444,000	54,431	1.768
2006	1,322	453,131	25,524,878,188	56,330	3.489
2007	1,356	455,453	27,076,457,044	59,450	5.539
2008	1,428	460,961	28,574,701,507	61,989	4.270
2009	1,472	458,736	28,763,266,744	62,701	1.148
2010	1,514	441,326	27,340,840,174	61,952	(1.195)
2011	1,587	423,366	26,758,301,370	63,204	2.021
2012	1,660	403,117	26,556,820,635	65,879	4.232
2013	1,670	390,465	26,444,290,250	67,725	2.802

* Account employers who submit the last contribution line for the active member in the target fiscal year.

DEFINED BENEFIT SUPPLEMENT PROGRAM

Table 10 Schedule of Retired Members and Beneficiaries Added to and Removed from Annuity Rolls

Date (as of June 30)	Added to Rolls*		Removed from Rolls		Rolls - End of Year			
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2005	2,951 ¹	\$4,765,404 ¹	18 ¹	\$29,192 ¹	5,477	\$7,624,364	256.0%	\$1,392
2006	4,067 ¹	7,984,912 ¹	363 ¹	588,458 ¹	9,302	15,183,661	99.1%	1,632
2007	4,841	11,483,366	651	1,405,165	13,561	25,387,837	67.2%	1,872
2008	5,404	14,810,571	1,113	3,006,699	17,900	37,308,946	47.0%	2,084
2009	6,668	22,090,439	1,582	4,948,230	23,010	55,237,098	48.1%	2,401
2010	8,796	31,707,577	1,816	6,612,662	30,048	80,571,112	45.9%	2,681
2011	8,811	31,693,536	343	1,329,718	36,110	103,087,388	27.9%	2,855
2012	8,257	32,650,936	2,386	11,666,909	42,055	124,148,784	20.4%	2,952
2013	7,425	30,392,875	2,657	13,354,982	47,014	141,044,393	13.6%	3,000
2014	6,753	27,678,797	3,115	16,285,428	50,963	153,375,082	8.7%	3,010

*The Defined Benefit Supplement Program was established January 1, 2001. As of June 30, 2003, all members who had retired or became disabled had elected a lump-sum distribution.

¹Revised in 2007.

Table 11 Solvency Test

Valuation Date (as of June 30)	Aggregate Accrued Liabilities for				Funding of Liabilities		
	(1) Active Member Contributions on Deposit	(2) Future Benefits to Benefit Recipients	(3) Service Already Rendered by Active Members (Financed by Employer)	Actuarial Value of Assets	(1)	(2)	(3)
2004	2,025,400,000	9,652,000	0	2,203,682,000	100.0%	100.0%	—
2005	2,722,432,000	33,767,000	0	3,023,177,000	100.0	100.0	—
2006	3,546,575,000	69,684,000	0	3,951,327,000	100.0	100.0	—
2007	4,498,170,000	123,876,000	0	5,381,585,000	100.0	100.0	—
2008	5,434,171,000	193,173,000	0	5,636,113,000	100.0	100.0	—
2009	6,316,154,000	283,161,000	0	5,145,981,000	81.5	—	—
2010	7,012,291,000	444,151,000	0	6,412,180,000	91.4	—	—
2011	7,196,652,000	577,115,000	0	8,054,962,000	100.0	100.0	—
2012	7,280,977,000	710,586,000	0	8,042,090,000	100.0	100.0	—
2013	7,641,488,000	850,275,000	0	8,983,919,000	100.0	100.0	—

DEFINED BENEFIT SUPPLEMENT PROGRAM

Table 12 Analysis of Financial Experience

(gains and losses in unfunded actuarial obligation resulting from differences between assumed and actual experience) (dollars in thousands)

Actuarial Valuation as of June 30		
	2013 (2012)	2012 (2011)
Actuarial Obligation at June 30	\$7,991,563	\$7,773,767
Expected Changes:		
Contributions	160,771	102,570
Benefits Paid	(304,415)	(247,847)
Expected Earnings/Credits	593,981	577,585
Expected Actuarial Obligation at June 30	8,441,900	8,206,075
Expected Actuarial Value of Assets at June 30	8,496,216	8,508,359
Expected UAO at June 30	(54,316)	(302,284)
Actuarial (Gains) or Losses		
(Gain) on Actuarial Obligation	(246,009)	(214,512)
(Gain) on Assets	487,703	466,269
Total Actuarial (Gains) & Losses	(733,712)	251,757
Additional Earnings and Annuity Credits		
Additional Earnings Credit	266,247	0
Additional Annuity Credit	29,625	0
Total Additional Earnings and Annuity Credits	295,872	0
Unfunded Actuarial Obligation (Surplus) at June 30	(492,156)	(50,527)
Funded Ratio	106%	101%

Table 13 Schedule of Funding Progress

(Dollars in Millions)

Actuarial Valuation Date as of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (Funding Excess) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ⁽¹⁾ (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2014	(2)	(2)	(2)	(2)	(2)	(2)
2013	\$8,984	\$8,492	(492)	106%	\$27,461	(2%)
2012	8,042	7,992	(50)	101%	27,407	0%
2011	8,055	7,774	(281)	104%	27,666	(1%)
2010	6,412	7,456	1,044	86%	27,340	4%
2009	5,146	6,599	1,453	78%	28,763	5%
2008	5,636	5,627	(9)	100%	27,118	0%
2007	5,382	4,622	(760)	116%	25,906	(3%)
2006	3,951	3,616	(335)	109%	24,239	(1%)
2005	3,023	2,756	(267)	110%	23,263	(1%)

¹From the June 30, 2005 to the June 30, 2008 valuation, covered payroll excludes limited term incentive pay and extra service credit pay in order to present the payroll based most relevant to the funding of any unfunded actuarial accrued liabilities of the Defined Benefit Supplement Program.

²Actuarial Valuation as of June 30, 2014 are expected to be available by April 2015.

Note: Information of actuarially determined and actual contributions for the State Teachers' Retirement Plan is provided in the Financial section, Schedule III, Contributions of Employer and Nonemployer Contributing Entity table.

VALUATION OF THE CASH BALANCE BENEFIT PROGRAM



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November 24, 2014

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the Cash Balance Benefit Program

Dear Members of the Board:

The basic financial goal of the Cash Balance Benefit (CBB) Program of the California State Teachers' Retirement System (CalSTRS) is to maintain sufficient resources to fully fund the obligations. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

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

Valuation Date	Funded Ratio
June 30, 2011	105%
June 30, 2012	100%
June 30, 2013	107%

The market gain for the fiscal year ended in 2013 caused an increase in the Funded Ratio. As of June 30, 2013, the Market Value of Assets for the CBB Program exceeds the Actuarial Obligation. Additional interest and annuity credits were granted based on the Program's funded level and are reflected in the Funded Ratio shown above. Prior to the additional credits, the Funded Ratio was 111% (as reported in the Management's Discussion and Analysis).

The June 30, 2013 valuation results are based on the membership data and the asset information provided by CalSTRS. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is found to be materially inaccurate or incomplete, our calculations will need to be revised.

Milliman did not prepare the summaries or schedules shown the Financial and Actuarial Sections. However, the actuarial information contained in Schedule I, II, III and V of the Financial Section and in this Actuarial Section was derived from our June 30, 2013 actuarial valuation report for funding and our September 25, 2014 letter which communicated the actuarial results for financial reporting for June 30, 2014.

The actuarial computations presented in the valuation report are for purposes of determining the recommended funding amounts for CalSTRS consistent with our understanding of their funding requirements and goals. The liabilities are determined by using the traditional unit credit funding method. The actuarial assets are equal to fair market value.

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VALUATION OF THE CASH BALANCE BENEFIT PROGRAM



Teachers' Retirement Board
November 24, 2014
Page 2

The funding valuation is based on our understanding of the current benefit provisions of the CBB Program and the actuarial assumptions which were last reviewed and adopted by the Board in February of 2012. The assumptions will be reviewed in detail again in the fiscal year ending June 30, 2016. The assumptions used for financial reporting under GASB 67 are the same as the funding valuation assumptions with the following exceptions:

1. The discount rate of 7.60% is gross of administrative expenses; and
2. The individual entry age normal cost method is used.

For financial reporting purposes, all programs within the State Teachers' Retirement Plan are reported in aggregate.

We believe the actuarial assumptions and methods are internally consistent, reasonable and meet the parameters of Governmental Accounting Standards Board Statement No. 67 for fulfilling financial accounting requirements. Nevertheless, the emerging costs will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions. Future actuarial measurements may differ significantly from the current measurements as presented in the valuation report due to many factors. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

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

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

We certify that the June 30, 2013 valuation was performed in accordance with the Actuarial Standards Board (ASB) standards of practice and by qualified actuaries. We are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark C. Olleman".

Mark C. Olleman, FSA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in black ink that reads "Nick Collier".

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

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, 2013, and adopted by the Teachers' Retirement Board on April 3, 2014. The following summary and tables were prepared by CalSTRS staff. All information is considered in the June 30, 2013 actuarial valuation.

The Cash Balance Benefit Program was established July 1, 1996. The most recent experience study of the program was completed as of June 30, 2010. The experience study was adopted by the Teachers' Retirement Board on February 2, 2012 and was used to complete the latest actuarial valuation. All of the assumptions used in the actuarial valuation was adopted by the Teachers' Retirement Board when the experience study was adopted. Following are the assumptions adopted by the Teachers' Retirement Board for this program.

- Investment return rate and discount rate is 7.00 percent, net of investment and administrative expenses.
- Method used to value plan assets for actuarial valuation purposes: Fair market value.
- Assumption for general wage increase is 3.75 percent, of which 3.00 percent is due to inflation and 0.75 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.

Actuarial Cost Method

For funding purposes, the Traditional Unit Credit Cost Method was selected for the Defined Benefit Supplement Program since the projected benefits of each individual member are allocated by a consistent formula to valuation years. As a result, the actuarial obligation is equal to the accumulated account balances, and the normal cost is equal to the total annual contribution.

Financial Reporting

Under GASB 67 financial reporting the State Teachers' Retirement Plan (STRP) includes the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit, Supplemental Benefit Maintenance Account and Teachers' Replacement Benefit Programs.

Actuarial method and assumptions for GASB 67 financial reporting

- The discount rate is 7.60 percent, net of investment expenses but gross of administrative expenses.
- The actuarial cost method is the entry age normal cost method.
- General wage increase is 3.75 percent, of which 3.00 percent is due to inflation.
- Postretirement benefit increases of 2.00 percent simple for Defined Benefit Program and 85% purchasing power level for SBMA program. Not applicable for Cash Balance Benefit and Defined Benefit Supplement programs.

As required by GASB 67, the discount rate used for financial reporting of 7.60 percent is the expected return for all programs in the State Teachers' Retirement Plan and is net of investment expenses but gross of administrative expenses. The 7.00 percent investment return rate used for funding purposes is for Cash Balance Benefit Program assets only and is net of investment and administrative expenses. GASB 67 also specifies using the entry age normal cost method to calculate pension liability for financial reporting. The traditional unit credit method is used for funding. In addition, the 2011 CalSTRS mortality tables were used in both financial reporting and funding calculations. Table 6 provides more details of the mortality assumptions.

Discussion of recent changes in:

The nature of the program—The Cash Balance Benefit Program was established July 1, 1996.

Program amendments include:

Effective January 1, 2006

- Reduced the one-year waiting period for the receipt of termination benefits to six months.
- Extended eligibility to members hired by a community college district to perform creditable service on a part-time or temporary basis (semester to semester), or for not more than 60 percent of the hours per week considered a regular full-time assignment.

CASH BALANCE BENEFIT 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, 2013, affected the actuarial surplus. 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.

The actuarial methods used for the program's actuarial valuation as of June 30, 2013, result in an actuarial surplus of \$12,428,000 after additional credits.

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 CalSTRS are provided under contract by a qualified independent actuarial firm, with additional review provided by the actuarial staff. The current actuarial consultant was retained on January 15, 2000 and in 2006 and 2012, as a result of the competitive bid process.

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.

An audit of the 2007 Actuarial Experience Analysis of the Cash Balance Benefit Program was performed by the firm, The Segal Company. The result of the audit was reported to the Teachers' Retirement Board on September 8, 2011.

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, 2013 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 12 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

CASH BALANCE BENEFIT PROGRAM

the earnings are sufficient to credit the minimum interest rate and provide any additions to the gain and loss reserve deemed warranted by the board. The board adopted an additional earnings credit of 3.25 percent for the fiscal year ending June 30, 2013.

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. The board adopted an additional annuity credit of 3.25 percent for the fiscal year ending June 30, 2013.

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 equals or exceeds \$3,500.

Early Retirement

Eligibility Requirement—Age 55.

Benefit and Form of Payment—Same as Normal Retirement.

Late Retirement

Benefit and Form of Payment—Same as Normal Retirement. Contributions and interest continue to be credited to the account balances until distributed.

Deferred Retirement

Benefit—A participant may cease active service, leave the accumulated account balance on deposit and later retire upon attaining the minimum age requirement.

Disability Benefit

Eligibility Requirement—Determination by the 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 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 six months 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, 2013 actuarial valuation.

CASH BALANCE BENEFIT PROGRAM

All demographic assumptions used in the actuarial valuation were adopted by the Teachers' Retirement Board when the experience study was adopted on February 2, 2012. The 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
	2011 CalSTRS Retired-M	2011 CalSTRS Retired-F
50	0.114%	0.073%
55	0.164	0.118
60	0.300	0.254
65	0.596	0.468
70	1.095	0.864
75	1.886	1.451
80	3.772	2.759
85	7.619	5.596
90	14.212	11.702
95	22.860	17.780

Table 2 Probabilities of Retirement for Sample Ages¹

Age	Under 30 years		30 or more years	
	Male	Female	Male	Female
55	2.7%	4.5%	8.0%	9.0%
60	6.3	9.0	27.0	31.0
65	13.5	14.4	32.5	37.5
70	10.8	13.5	30.0	35.0
75	100.0	100.0	100.0	100.0

¹Probabilities of retirement are adjusted for members with service between 25 and 30 years.

Table 3 Probabilities of Withdrawal from Active Service Before Age and Service Retirement for Sample Ages

Duration			
Male		Female	
1	13.0%	1	12.0%
2	9.0	2	8.5
3	6.4	3	6.4
4	4.6	4	4.6
5	3.9	5	3.9
10	1.8	10	1.8
15	0.9	15	0.9
20	0.5	20	0.5
25	0.3	25	0.3
30	0.2	30	0.2
35	—	35	—
40	—	40	—

CASH BALANCE 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	5.6%	5.3%	5.1%	4.8%	4.8%	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	1.1	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5	—	—
40	0.8	0.6	—	—	—	—

Table 5 Economic Assumptions

Consumer Price Inflation	3.00%
Investment Yield	7.00
Wage Inflation	3.75
Interest on Member Accounts	7.00

Table 6 Mortality Assumptions

Retired Members ¹	
Male	2011 CalSTRS Retired-M
Female	2011 CalSTRS Retired-F
Active Members	
Male	2011 CalSTRS Retired-M (-2 years)
Female	2011 CalSTRS Retired-F (-2 years)
Beneficiaries ¹	
Male	2011 CalSTRS Beneficiary-M
Female	2011 CalSTRS Beneficiary-F

¹Future retirees and beneficiaries are valued with a 2-year age setback.

Table 7 Termination from Disability Due to Death¹

Male	
Age	
<70	2% at age 40 and under, graded to 3.2% at age 70
>70	RP 2000 male white collar +7 projected to 2025 at age 70 smoothed to +1 age 85 (select rates in first three years, regardless of age)
Female	
Age	
<70	1.5% at age 40 and less graded to 2.25% at age 70
>70	RP 2000 female white collar +6 projected to 2025 at age 70 smoothed to +2 at age 80 (select rates in first three years, regardless of age)

¹Future disabled members are valued with a two-year age setback.

CASH BALANCE BENEFIT PROGRAM

Table 8 Disability Rates—Coverage B
(sample ages)

Coverage A			Coverage B		
Male	25	0.018%	Male	25	0.010
	30	0.027		30	0.020
	40	0.072		35	0.030
	50	0.144		40	0.060
	55	0.189		45	0.100
Female	25	0.018%	50	0.140	
	30	0.027	55	0.245	
	40	0.081	Female	25	0.020
	50	0.198	30	0.020	
	55	0.252	35	0.040	
			40	0.070	
			45	0.110	
			50	0.185	
			55	0.300	

Table 9 Schedule of Active Participant Valuation Data

Date (as of June 30)	Number of Participating Employers	Active Members			
		Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
2004	28	9,114	\$96,199,000	\$10,555	16.9%
2005	28	9,385	106,951,000	11,396	8.0
2006	30	9,869	122,316,000	12,394	8.8
2007	30	10,579	144,516,000	13,661	10.2
2008	33	11,627	181,104,000	15,576	14.0
2009	33	11,332	182,871,332	16,138	3.6
2010	33	10,378	163,248,119	15,730	(2.5)
2011	33	9,923	158,501,388	15,973	1.5
2012	33	9,273	151,284,621	16,315	2.1
2013	31	9,129	151,281,260	16,572	1.6

CASH BALANCE BENEFIT PROGRAM

Table 10 Schedule of Retired Participants and Beneficiaries Added to and Removed from Annuity Rolls

Date (as of June 30)	Added to Rolls*		Removed from Rolls		Rolls-End of Year			
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2005	4	\$9,700	1	\$803	6	\$13,716	184.6%	\$2,286
2006	5	10,708	0	0	11	24,423	78.1%	2,220
2007	5	10,715	0	0	16	35,139	43.9%	2,196
2008	7	21,650	0	0	23	56,788	61.6%	2,469
2009	12	29,184	2	4,104	33	81,935	44.3%	2,483
2010	17	51,207	5	23,079	45	110,061	34.3%	2,446
2011 ¹	24	66,664	2	6,899	67	169,827	54.3%	2,535
2012 ²	42	139,297	5	18,110	104	290,014	70.8%	2,789
2013	30	132,912	8	26,578	126	397,126	36.9%	3,152
2014	42	212,087	10	43,746	158	564,696	42.2%	3,574

*The Cash Balance Benefit Program was established July 1, 1996. As of June 30, 2003, all participants who had retired or became disabled had elected a lump-sum distribution.

¹Revised Annual Allowance figures in 2013.

²Revised Counts and Annual Allowances figures in 2013.

Table 11 Solvency Test

Valuation Date (as of June 30)	Aggregate Accrued Liabilities For (in millions)			Actuarial Value of Assets	Funding of Liabilities		
	(1) Active Member Contributions on Deposit	(2) Future Benefit to Benefit Recipients	(3) Service Already Rendered by Active Members (Financed by Employer)		(1)	(2)	(3)
2004	41,972,042	31,000	0	42,003,000	100.0%	100.0%	—
2005	51,728,731	52,000	0	53,918,000	100.0	100.0	—
2006	62,749,487	140,000	0	68,797,000	100.0	100.0	—
2007	79,691,000	191,000	0	93,182,000	100.0	100.0	—
2008	97,802,000	229,000	0	98,892,000	100.0	100.0	—
2009	114,338,000	354,000	0	91,793,000	80.2	—	—
2010	129,065,000	509,000	0	114,418,000	88.7	—	—
2011	143,695,000	767,000	0	151,248,000	100.0	100.0	—
2012	156,600,000	1,386,000	0	158,020,000	100.0	100.0	—
2013	174,171,000	1,952,000	0	188,551,000	100.0	100.0	—

CASH BALANCE BENEFIT PROGRAM

Table 12 Analysis of Financial Experience

(gains and losses in unfunded actuarial obligation resulting from differences between assumed and actual experience) (dollars in thousands)

Actuarial Valuation as of June 30		
	2013 (2012)	2012 (2011)
Actuarial Obligation at June 30:	\$157,986	\$144,462
Expected Changes:		
Contributions	13,425	11,846
Benefits Paid	(5,021)	(4,742)
Expected Earnings/Credits	11,353	10,361
Expected Actuarial Obligation at June 30:	177,743	161,927
Expected Actuarial Value of Assets at June 30:	177,780	169,188
Expected UAO at June 30	(37)	(7,261)
Actuarial (Gains) or Losses		
(Gain) on Actuarial Obligation	(7,164)	(3,941)
(Gain) on Assets	(10,771)	11,168
Total Actuarial (Gains) & Losses	(17,935)	7,227
Additional Earnings and Annuity Credits		
Additional Earnings Credit	5,483	0
Additional Annuity Credit	61	0
Total Additional Earnings and Annuity Credits	5,544	0
Unfunded Actuarial Obligation (Surplus) at June 30	(12,428)	(34)
Funded Ratio	107%	100%

Table 13 Schedule of Funding Progress

(Dollars in Millions)

Actuarial Valuation Date as of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (Funding Excess) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2014	(1)	(1)	(1)	(1)	(1)	(1)
2013	\$189	\$176	\$(13)	107%	\$151	(9%)
2012	158	158	0	100%	151	0%
2011	151	144	(7)	105%	158	(4%)
2010	114	130	16	88%	163	10%
2009	92	115	23	80%	182	13%
2008	99	98	(1)	101%	181	(1%)
2007	93	80	(13)	117%	145	(9%)
2006	69	63	(6)	109%	122	(5%)
2005	54	52	(2)	104%	107	(2%)

¹Actuarial Valuation as of June 30, 2014 are expected to be available by April 2015.

Note: Information of actuarially determined and actual contributions for the State Teachers' Retirement Plan is provided in the Financial section, Schedule III, Contributions of Employer and Nonemployer Contributing Entity table.

GASB 43 REPORTING FOR THE MEDICARE PREMIUM PAYMENT PROGRAM



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November 24, 2014

Teachers' Retirement Board
California State Teachers' Retirement System

Re: GASB 43 Reporting for the Medicare Premium Payment Program

Dear Members of the Board:

The basic financial goal of the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement System (CalSTRS) is to maintain sufficient resources to fully fund the obligations. Actuarial valuations used for GASB 43 reporting are performed every two years and measure the progress toward this goal, as well as test the adequacy of the contribution rates. The most recent valuation was as of June 30, 2012.

The MPP Program is essentially funded on a pay-as-you-go basis with a portion of contributions to the DB Program diverted to the Teachers' Health Benefit Fund to make MPP Program payments. As of June 30, 2012, \$424 million of future employer contributions to the DB Program have been allocated to pay the MPPP benefits; however, this amount is not included as an asset for GASB 43 reporting. This gives the appearance that the MPP Program is significantly underfunded in the GASB 43 results. However, based on the commitment to transfer a portion of future contributions from the DB Program to fund the MPP Program, it is our opinion that the MPP Program continues in sound financial condition as of June 30, 2012.

The June 30, 2012 valuation results are based on the membership data and the asset information provided by CalSTRS. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is found to be materially inaccurate or incomplete, our calculations will need to be revised.

Milliman did not prepare the summaries or schedules shown the Financial and Actuarial Sections. However, the actuarial information contained in Schedule I, II, III and V of the Financial Section and in this Actuarial Section was derived from our June 30, 2012 actuarial valuation report.

The valuation is based on our understanding of the current benefit provisions of the MPP Program and the actuarial assumptions which were last reviewed and adopted by the Board at the April 2013 meeting.

We believe the actuarial assumptions and methods are internally consistent, reasonable and meet the parameters of Governmental Accounting Standards Board Statement No. 43 for fulfilling financial accounting requirements. It should be noted that we relied on advice from Milliman's health actuaries on our recommendations of assumptions specific to health costs. Nevertheless, the emerging costs will vary from those presented in our report to the extent that actual experience differs from that projected by the actuarial assumptions. Future actuarial measurements may differ significantly from the current measurements as presented in the

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GASB 43 REPORTING FOR THE MEDICARE PREMIUM PAYMENT PROGRAM



Teachers' Retirement Board
November 22, 2013
Page 2

valuation report due to many factors. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

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

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

In conclusion, the results presented in this report satisfy GASB 43 reporting purposes. Based on the current actuarial assumptions, the current assets of the MPP Program fund 0.1% of the accrued liabilities. It should be noted that these calculations do not include \$601 million of future employer contributions to the DB Program that has been allocated to pay the MPPP benefits.

We certify that the June 30, 2012 valuation was performed in accordance with the Actuarial Standards Board (ASB) standards of practice and by qualified actuaries. We are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark C. Olleman".

Mark C. Olleman, FSA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in black ink that reads "Nick Collier".

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

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 two years when the consulting actuary produces GASB 43 reporting information for the CalSTRS Medicare Premium Payment Program. The GASB 43 reporting information was completed as of June 30, 2012, and adopted by the Teachers' Retirement Board April 11, 2013. The following tables and summary were prepared by CalSTRS staff.

The Medicare Premium Payment Program was established January 1, 2001. Assumptions specific to the Medicare Premium Payment Program were adopted by the Teachers' Retirement Board on June 5, 2009. The economic and demographic assumptions were based on those adopted for the Defined Benefit Program by the Teachers' Retirement Board on February 2, 2012. The economic and demographic assumptions were used for GASB 43 reporting information. The Defined Benefit Program and the Medicare Premium Payment Program share the same population, so it is reasonable to use most of the same assumptions for both programs. Following are the assumptions adopted by the Teachers' Retirement Board for GASB 43 reporting:

- GASB 43 discount rate is 4.00 percent.
- Method used to value plan assets for GASB 43 reporting purposes: market value of assets held in the Health Benefit Trust Fund.
- Assumption for the price increase is 3.00 percent.
- The actuarial cost method used for GASB 43 reporting purposes is entry age normal.

Discussion of recent changes in:

The nature of the program—The Medicare Premium Payment Program was established January 1, 2001. All provisions of the program as of June 2012 were considered when producing GASB 43 reporting information.

Actuarial Assumptions—There have been several changes to the assumptions since the June 30, 2012 valuation. The most significant changes were the reductions in the probabilities of enrollment in the Medicare Premium Payment Program and the reduced investment return assumption. The following assumptions were used to complete the valuation for this program.

Actuarial Methods

Actuarial Cost Method

Level Dollar Entry Age Normal

Asset Valuation Method

Fair Market Value in the Health Benefit Trust Fund

The actuarial methods used for GASB 43 reporting purposes as of June 30, 2012, result in an unfunded actuarial accrued liability of \$581.7 million.

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

There are no other specific assumptions that have a material impact on GASB 43 reporting information.

Independent Actuarial Review

Actuarial services for CalSTRS are provided under contract by a qualified independent actuarial firm, with additional review provided by the actuarial staff.

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.

An audit of the 2007 Actuarial Experience Analysis of the Medicare Premium Payment Program was performed by the firm, The Segal Company. The result of the audit was reported to the Teachers' Retirement Board on September 8, 2011.

Summary of Medicare Premium Payment Program Provisions

The following tables and summary were prepared by CalSTRS staff. All information is considered for GASB 43 reporting purposes as of June 30, 2012.

MEDICARE PREMIUM PAYMENT PROGRAM

Membership

Eligibility requirement—Part A

Member—satisfies either:

- 1) Retired or disabled prior to January 1, 2001; hired prior to April 1, 1986; age 65 or above; enrolled in Medicare Part A and Part B; and not eligible for Part A without premium payment.
- or -
- 2) Meet all above requirements, except retired or disabled before July 1, 2007; district completed a Medicare Division election prior to retirement; and active member less than 58 years of age at the time of the election.

Spouse eligibility—Spouses of members are not eligible to participate in the program.

Eligibility requirement—Part B

Only those currently enrolled are eligible.

Benefits Paid

Part A – Part A premium (\$451 per month in 2012)

Part B – Part B penalty. Based on Part B premium (\$99.90 per month in 2012). Small group of high earners will have higher premiums, up to \$319.70 in 2012.

Changes in the Medicare Premium Payment Program Provisions

The following amendments were considered for June 30, 2012 GASB 43 reporting:

Effective April 5, 2007

- Medicare Premium Payment Program was extended for a five-year period to include members retiring or becoming disabled prior to July 1, 2012.

MEDICARE PREMIUM PAYMENT PROGRAM

Demographic assumptions used for GASB 43 reporting were adopted by the Teachers' Retirement Board when the experience study was adopted on February 2, 2012. Following are assumptions adopted by the Teachers' Retirement Board for this program.

Table 1 Post-Retirement Mortality Table for Sample Ages

Age	Male	Female
	2011 CalSTRS Retired-M	2011 CalSTRS Retired-F
50	0.114%	0.073%
55	0.164	0.118
60	0.300	0.254
65	0.596	0.468
70	1.095	0.864
75	1.886	1.451
80	3.772	2.759
85	7.619	5.596
90	14.212	11.702
95	22.860	17.780

Table 2 Probabilities of Retirement for Sample Ages

NOT APPLICABLE

Table 3 Probabilities of Withdrawal from Active Service Before Age and Service Retirement for Sample Age

NOT APPLICABLE

MEDICARE PREMIUM PAYMENT PROGRAM

Table 4 Probability of Refund

NOT APPLICABLE

Table 5 Economic Assumptions

Investment Yield	
GASB Reporting	4.00%
Medical Inflation	
Part A Premiums	3.50%
Part B Premiums	4.50%
Price Inflation	
	3.00%

Table 6 Mortality Assumptions

Retired Members ¹	
Male	2011 CalSTRS Retired-M
Female	2011 CalSTRS Retired-F
Active Members	
Male	N/A
Female	N/A
Beneficiaries ¹	
Male	2011 CalSTRS Beneficiary-M
Female	2011 CalSTRS Beneficiary-F

¹Future retirees and beneficiaries are valued with a two-year age setback.

MEDICARE PREMIUM PAYMENT PROGRAM

Table 7 Termination from Disability Due to Death¹

Male	
Age	
<70	2% at age 40 and under, graded to 3.2% at age 70
>70	RP 2000 male white collar +7 projected to 2025 at age 70 smoothed to +1 age 85 (select rates in first three years, regardless of age)
Female	
Age	
<70	1.5% at age 40 and less graded to 2.25% at age 70
>70	RP 2000 female white collar +6 projected to 2025 at age 70 smoothed to +2 at age 80 (select rates in first three years, regardless of age)

¹Future disabled members are valued with a two-year age setback.

Table 8 Service Retirement
(sample ages)

NOT APPLICABLE

Table 9 Disability Rates
(sample ages)

NOT APPLICABLE

MEDICARE PREMIUM PAYMENT PROGRAM

Table 10 Schedule of Medicare Part A Enrollment Rates

Assumption	Best Estimate	
	Male	Female
% of Actives and Under 65 Retirees Enrolling (Retired On or After 2001)	2.80%	2.80%
% of Under 65 Retirees Enrolling (Retired Before 2001)	4.50	4.50
% of Over 65 Retirees Enrolling (For Those Not Currently Enrolled) at Age:		
65	1.20	1.20
66	0.12	0.12
67	0.10	0.10
68	0.08	0.08
69	0.06	0.06
70-84	0.02	0.02
85 & above	0.00	0.00

Table 11 Schedule of Retired Members Added to and Removed from Medicare Part A Premium Rolls

Date (as of June 30)	Added to Rolls ¹		Removed from Rolls		Rolls-End of Year			
	Number	Annual Allowances ²	Number	Annual Allowances ²	Number	Annual Allowances ²	% Increase in Annual Allowances	Average Annual Allowances
2005	319	\$905	195	\$514	6,120	\$25,977	7.7%	\$4,245
2006	405	1,193	219	613	6,188	27,326	5.2%	4,416
2007	391	1,274	215	630	6,268	29,618	8.4%	4,725
2008	389	1,296	213	608	6,300	31,328	5.8%	4,973
2009	399	1,489	208	604	6,431	35,814 ³	14.3%	5,569
2010	347	1,215	220	660	6,475	34,015	-5.0%	5,253
2011	537	2,202	231	695	6,709	34,677	1.9%	5,169
2012	359	1,177	218	634	6,742	33,708	-2.8%	5,000
2013*	305	1,009	212	641	6,770	33,663	-0.1%	4,972
2014	235	751	259	703	6,684	32,047	-4.8%	4,795

¹The Medicare Premium Payment Program was established July 1, 2001.

²Dollars in thousands.

³This does not include the \$8.04 million credit adjustments and deletions. If including the credit adjustments and deletions, the Total Annual Benefits would be \$28.3 million, the percentage increase in annual benefits would be -9.6% and the average annual benefit would be \$4,402.

*Numbers revised in 2014.

MEDICARE PREMIUM PAYMENT PROGRAM

Table 12 Solvency Test¹

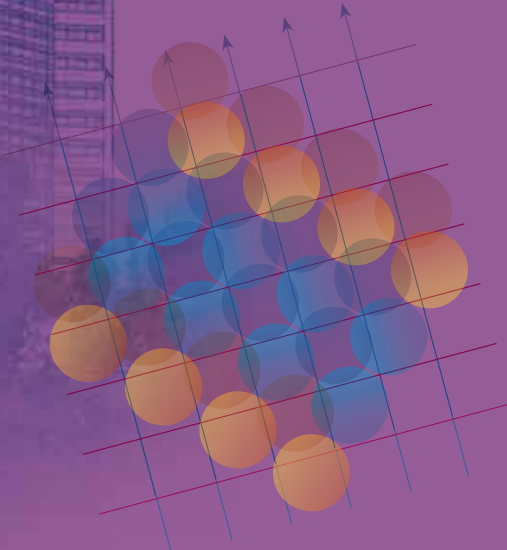
Aggregate Accrued Liabilities for (in millions)					Funding of Liabilities		
Valuation Date (as of June 30)	(1) Active Member Contributions on Deposit	(2) Future Benefit to Benefit Recipients	(3) Service Already Rendered by Active Members	Actuarial Value of Assets	(1)	(2)	(3)
2006	\$0	\$796.5	\$0	\$2.7	100%	0.3%	0%
2008	0	976.3	0	4.2	100	0.4	0
2010	0	905.0	0	0.6	100	0.1	0
2012	0	582.1	0	0.4	100	0.1	0

¹GASB 43 reporting information was determined for the first time as of June 30, 2006.

Table 13 Analysis of Financial Experience

(gains and losses in unfunded actuarial obligation resulting from differences between assumed and actual experience) (dollars in millions)

	GASB 43 reporting as of June 30	
	2012 (2011)	2010 (2009)
Actuarial Obligation at June 30:		
Expected Changes:		
Eligibility Extended	not calculated	not calculated
Benefits Paid	(\$35.0)	(\$36.0)
Interest	not calculated	not calculated
Expected Actuarial Obligation at June 30:	not calculated	not calculated
Expected Actuarial Value of Assets at June 30:	not calculated	not calculated
Expected UAO at June 30	not calculated	not calculated
Actuarial (Gains) or Losses		
(Gain) on Medical Trend Assumption	not calculated	not calculated
(Gain) on Premium/Penalty	not calculated	not calculated
(Gain) on Part B Premium for higher earners	not calculated	not calculated
(Gain) other sources	not calculated	not calculated
Total Actuarial Gains & Losses	not calculated	not calculated
Unfunded Actuarial Obligation (Surplus) at June 30	\$581.7	\$904.4
Funded Ratio	0.1%	0.1%



In fiscal year 2013–14, CalSTRS members, on average, retired at age 62 after about 25 years of service with **a pension replacing about 54 percent of their highest salary.**

▶ STATISTICAL

- 191** Statistical
- 193** State Teachers' Retirement Plan Schedules
- 195** Defined Benefit Program Schedules
- 203** Defined Benefit and Defined Benefit Supplement Program Participating Employers
- 207** Defined Benefit Supplement Program Schedules
- 210** Cash Balance Benefit Program Schedules
- 212** Cash Balance Benefit Program Participating Employers
- 213** Programs Administered or Overseen by the Retirement System
- 215** Medicare Premium Payment Program

The Statistical section presents additional detailed information that assists users in using the basic financial statements, notes to basic financial statements and required supplementary information to assess the economic condition of CalSTRS. The section provides financial trend information for the State Teachers' Retirement Plan (STRP), Pension2 and the Medicare Premium Payment program, as well as operating information for the Defined Benefit, Defined Benefit Supplement, Cash Balance Benefit, Pension2 and Medicare Premium Payment programs. Previously financial trend information for the STRP was presented by program—Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit. Financial trend information for those programs has been consolidated and presented as the STRP to be consistent with the basic financial statements. Operating information for STRP programs continues to be presented separately because consolidation would not provide meaningful information due to the unique characteristics of those programs. The Teachers' Deferred Compensation Fund is deemed immaterial and is not presented.

The financial trend schedules assist users in understanding and assessing how the system's financial position has changed over time and include:

- Changes in Fiduciary Net Position
- Benefit and Refund Deductions From Net Position by Type

The operating information schedules provide data about the system's operations and resources to assist users in understanding CalSTRS benefits and services, and include:

- Members and Benefit Recipient Statistics
- Participating Employers Statistics

The information in this section was derived from the CalSTRS pension administration system, START, except where noted.

Notes:

Supplemental statistical tables are available on request by calling CalSTRS at 800-228-5453.



STATE TEACHERS' RETIREMENT PLAN

Table 1 Changes in Fiduciary Net Position¹
(dollars in millions)

Fiscal Year Ending June 30	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Member Contributions	\$2,263.6	\$2,336.8	\$2,279.9	\$2,355.9	\$2,331.5	\$2,500.6	\$2,511.8	\$2,334.9	\$2,230.8	\$2,326.5
Employer Contributions	2,272.2	2,283.3	2,238.0	2,310.2	2,286.3	2,464.2	2,453.3	2,285.7	2,203.6	2,104.7
State of California/ Federal Government ²	1,383.5	1,328.3	1,302.5	1,193.3	1,221.6	1,140.4	1,629.6	1,084.4	1,018.7	1,218.6
Investment Income	30,401.9	20,682.4	1,071.3	30,030.3	15,089.3	(40,357.7)	(9,655.1)	29,839.9	16,077.7	14,137.7
Other Income	2.1	1.2	4.1	6.5	7.7	7.5	213.1	0.5	0.1	1.4
Total Additions	\$36,323.3	\$26,631.9	\$6,895.8	\$35,896.2	\$20,936.4	\$(34,245.0)	\$(2,847.3)	\$35,545.4	\$21,530.9	\$19,788.9
Deductions										
Benefit Payments to Members ³	\$11,725.3	\$11,133.3	\$10,442.5	\$9,854.5	\$9,085.3	\$8,256.2	\$7,591.7	\$6,937.6	\$6,433.7	\$5,912.6
Refunds of Member Contributions	107.6	105.0	108.1	116.1	100.2	105.8	101.8	106.2	97.4	88.0
Purchasing Power Benefits	202.2	221.5	234.6	237.6	272.6	348.1	229.8	230.3	215.3	221.3
Administration Expenses	154.2	136.9	138.4	110.4	140.2	113.2	109.4	105.9	95.6	94.6
Other Expense	8.8	4.4	0.0	0.0	0.0	0.0	(0.2)	0.0	0.0	10.1
Total Deductions	\$12,198.1	\$11,601.1	\$10,923.6	\$10,318.6	\$9,598.3	\$8,823.2	\$8,032.4	\$7,380.0	\$6,842.1	\$6,326.6
Change in Fiduciary Net Position	\$24,125.2	\$15,030.8	\$(4,027.7)	\$25,577.6	\$11,338.1	\$(43,068.2)	\$(10,879.6)	\$28,165.4	\$14,688.8	\$13,462.3

There may be immaterial rounding differences between the figures presented in this table and in the Statement of Changes in Fiduciary Net Position.

¹Includes the Replacement Benefit Program beginning in 2009, the year the Replacement Benefit Program began being reported as part of the State Teachers' Retirement Plan.

²Includes Elder Full Funding, SBMA contributions, and school lands revenue.

³Includes member elected administrative transfers to purchase service credit in the Defined Benefit program.

STATE TEACHERS' RETIREMENT PLAN

Table 2 Benefit and Refund Deductions from Fiduciary Net Position by Type¹
(dollars in millions)

Fiscal Year Ending June 30	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Type of Benefit										
Age & Service Benefits										
Retired Members ⁽²⁾	\$10,821.1	\$10,280.6	\$9,703.8	\$9,167.4	\$8,356.8	\$7,609.0	\$6,965.1	\$6,382.8	\$5,912.9	\$5,419.3
Survivors	547.3	527.9	502.8	464.8	503.9	443.6	426.6	376.9	351.9	329.9
Death	57.0	73.6	31.0	35.3	42.8	37.0	39.3	29.2	29.6	36.3
Purchasing Power Benefits	202.2	221.5	234.6	237.6	272.6	348.1	229.8	230.3	215.3	221.3
Disability Benefits										
Retired Members	299.9	251.2	204.9	187.1	181.8	166.5	160.8	148.7	139.2	127.1
Survivors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Benefits	\$11,927.5	\$11,354.8	\$10,677.1	\$10,092.2	\$9,357.9	\$8,604.2	\$7,821.6	\$7,167.9	\$6,649.0	\$6,133.9
Type of Refund										
Separation	\$107.6	\$105.0	\$108.1	\$116.1	\$100.2	\$105.8	\$101.8	\$106.2	\$97.5	\$88.0
Total Refunds	\$107.6	\$105.0	\$108.1	\$116.1	\$100.2	\$105.8	\$101.8	\$106.2	\$97.5	\$88.0

There may be immaterial rounding differences between the figures presented in this table and in the Statement of Changes in Fiduciary Net Position.

¹Includes the Replacement Benefit Program beginning in 2009.

²Benefit payments include member elected administrative transfers to purchase service credit in the Defined Benefit Program.

DEFINED BENEFIT PROGRAM

Table 1 Active Member Characteristics

Fiscal Year Ending June 30	Count	Average Earnable Salary ¹	Average Age	Average Service Credit	Average Service Projected to Age 60
2005	450,282	55,900	44.5	10.7	26.2
2006	453,365	57,698	44.6	10.8	26.1
2007	455,693	61,097	44.7	10.8	26.1
2008	461,378	63,281	44.7	10.8	26.2
2009	459,009	64,044	44.8	11.0	26.2
2010	441,544	64,156	45.1	11.3	26.3
2011	429,600	64,069	45.3	11.7	26.3
2012	421,499	64,743	45.5	11.9	26.5
2013	416,643	65,571	45.6	12.2	26.6
2014	420,887	67,276	45.6	12.3	26.6

¹Average salary that would be paid if members worked full-time basis.

Table 2 Members Retired for Service During Fiscal Year 2013–14, Classified by Unmodified Allowance¹

Monthly Unmodified Allowance ²	Count	Average Age at Retirement ³	Average Service Credit ³	Average Final Compensation ³	Average Allowance Payable ³
Less than \$500	474	62.7	5.507	\$3,536	\$314
500–1000	697	62.4	9.193	4,311	730
1000–1500	651	61.9	12.596	5,223	1,225
1500–2000	719	62.5	15.183	5,796	1,693
2000–2500	836	62.3	17.880	6,199	2,180
2500–3000	881	62.9	19.939	6,504	2,652
3000–3500	876	62.9	22.508	6,704	3,123
3500–4000	770	62.8	25.032	6,929	3,600
4000–4500	798	63.2	26.914	7,077	4,089
4500–5000	723	63.1	28.966	7,249	4,564
5000–5500	670	62.8	30.670	7,465	5,061
5500–6000	568	62.5	32.576	7,489	5,527
6000 & Greater	2,073	62.8	35.990	8,788	7,292
Total	10,736	62.7	23.819	\$6,774	\$3,777

¹Does not include formerly disabled members.

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

³Overall averages.

DEFINED BENEFIT PROGRAM

Table 3 Members Retired for Service During Fiscal Year 2013–14¹, Classified by Age and Joint & Survivor Option Elected²

Age	Total	Unmodified	Option types							
			2	3	4	5	6	7	8	9
Under 55	19	12					3	1		3
55	427	281					102	21	4	19
56	286	184					60	28	2	12
57	353	220					76	35	1	21
58	408	231					82	54	2	39
59	550	302					108	67	6	67
60	970	495					191	148	8	128
61	1,406	690	3				297	237	20	159
62	1,367	712	8				294	191	21	141
63	1,305	739	12	1			243	166	22	122
64	802	479	7	1			138	95	10	72
65	736	424	6	1			133	88	20	64
66	587	350	7	1			99	77	4	49
67	442	263	4				84	51	6	34
68	262	161	2				45	26	5	23
69	202	134	3				29	20	5	11
70	183	122	3	1			22	19	3	13
71	125	92	1				14	11		7
72	79	44	1				16	8	3	7
73	64	49	1				7	4	1	2
74	46	39	2				2	2		1
75 and over	117	69	2		1		15	20	4	6
Age Unknown	-	-								
Total	10,736	6,092	62	5	1		2,060	1,369	147	1,000
% of Total	100%	57%	1%	0%	0%	0%	19%	13%	1%	9%

¹Does not include formerly disabled members.

²Option Elected:

Option 2 - Beneficiary receives 100% of member's modified allowance.

Option 3 - Beneficiary receives 50% of member's modified allowance.

Option 4 - Beneficiary receives 2/3 of member's modified allowance.

Option 5 - Survivors receive 50% of member's modified allowance, upon death of either member of beneficiary.

Option 6 - Beneficiary receives 100% of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

Option 7 - Beneficiary receives 50% of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

Option 8 - Compound option that allows the member to provide for more than one beneficiary.

Option 9 - Beneficiary receives 75% of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

DEFINED BENEFIT PROGRAM

Table 4 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
2005	538	2,488	14.016	5,103	53.5
2006	402	2,522	14.061	5,134	54.5
2007	501	2,579	13.959	5,281	54.7
2008	510	2,660	14.074	5,478	54.5
2009	511	2,728	13.934	5,567	53.8
2010	498	2,825	14.524	5,827	55.3
2011	504	2,784	14.297	5,781	55.0
2012	488	2,825	14.321	5,823	55.4
2013	571	2,788	14.800	5,742	54.9
2014	494	2,875	14.993	5,967	55.1

Table 5 Total Number of Benefit Recipients by Type of Benefit

Fiscal Year Ending June 30	Service Retirement	Disability Benefits	Benefits for Survivors	Total Benefit Recipients
2005	176,008	7,571	17,662	201,241
2006	181,833	7,683	18,330	207,846
2007	188,659	7,915	19,067	215,641
2008	195,960	8,170	19,838	223,968
2009	203,649	8,380	20,588	232,617
2010	213,952	8,581	21,263	243,796
2011	222,222	8,813	22,006	253,041
2012	230,278	9,036	22,724	262,038
2013	236,487	9,374	23,413	269,274
2014	241,920	9,604	24,103	275,627

DEFINED BENEFIT PROGRAM

Table 6 Members Retired for Service Characteristics¹ by Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Unmodified Allowance	Average Final Compensation	Average Age at Retirement
7/1/2004 thru 6/30/2005²					
0-5	122	2.5	\$268	—	—
5-10	1,008	7.2	591	—	—
10-15	897	12.6	1,170	—	—
15-20	1,311	17.5	1,906	—	—
20-25	1,286	22.3	2,579	—	—
25-30	1,217	27.0	3,475	—	—
30-35	3,208	32.5	4,847	—	—
35-40	2,162	37.2	6,100	—	—
40 & over	413	42.0	7,422	—	—
Total	11,624	26.3	\$3,744	\$5,944	61.7
7/1/2005 thru 6/30/2006²					
0-5	115	2.4	\$281	\$5,724	61.2
5-10	980	7.3	607	4,056	61.7
10-15	919	12.5	1,197	4,756	61.2
15-20	1,235	17.6	1,935	5,387	61.2
20-25	1,198	22.2	2,631	5,758	61.3
25-30	1,143	27.0	3,678	6,423	61.9
30-35	2,843	32.5	4,982	6,685	60.4
35-40	2,091	37.2	6,279	7,024	61.2
40 & over	353	42.2	7,575	7,163	65.1
Total	10,877	26.0	\$3,810	\$6,079	61.2
7/1/2006 thru 6/30/2007²					
0-5	105	2.5	\$253	\$5,127	61.0
5-10	1,080	7.3	620	4,075	62.0
10-15	1,019	12.4	1,239	4,874	61.4
15-20	1,311	17.5	2,039	5,625	61.5
20-25	1,248	22.2	2,802	5,987	61.8
25-30	1,249	27.1	3,847	6,678	62.0
30-35	3,078	32.5	5,312	7,087	60.6
35-40	2,259	37.3	6,680	7,434	61.4
40 & over	413	42.2	8,151	7,830	65.0
Total	11,762	26.1	\$4,059	\$6,371	61.5

¹Does not include formerly disabled members.

²The Average unmodified allowance for this fiscal year includes the Longevity Bonus.

DEFINED BENEFIT PROGRAM

Table 6 Members Retired for Service Characteristics¹ by Year of Retirement (continued)

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Unmodified Allowance	Average Final Compensation	Average Age at Retirement
7/1/2007 thru 6/30/2008²					
0-5	129	2.6	\$286	\$5,393	61.5
5-10	1,038	7.3	643	4,213	62.2
10-15	1,093	12.4	1,307	5,090	61.6
15-20	1,324	17.7	2,148	5,822	61.6
20-25	1,463	22.2	2,902	6,203	61.7
25-30	1,408	27.0	4,000	6,921	62.1
30-35	3,203	32.5	5,526	7,315	60.9
35-40	2,443	37.3	6,908	7,685	61.4
40 & over	467	42.0	8,242	7,990	64.6
Total	12,568	26.3	\$4,239	\$6,612	61.6
7/1/2008 thru 6/30/2009²					
0-5	126	2.4	\$291	\$5,814	62.4
5-10	1,022	7.4	668	4,236	62.8
10-15	1,145	12.4	1,336	5,140	62.1
15-20	1,323	17.7	2,235	5,995	61.8
20-25	1,535	22.3	3,116	6,537	62.1
25-30	1,406	27.1	4,125	7,076	62.2
30-35	3,161	32.4	5,687	7,506	61.1
35-40	2,574	37.2	7,122	7,866	61.7
40 & over	461	42.2	8,594	8,316	64.9
Total	12,753	26.3	\$4,396	\$6,796	61.9
7/1/2009 thru 6/30/2010²					
0-5	148	2.3	\$289	\$5,535	61.4
5-10	1,356	7.4	686	4,287	63.0
10-15	1,436	12.6	1,446	5,385	62.4
15-20	1,663	17.6	2,326	6,138	62.3
20-25	2,323	22.4	3,236	6,658	62.4
25-30	1,885	27.1	4,231	7,165	62.5
30-35	3,620	32.4	5,665	7,478	61.2
35-40	2,481	37.2	7,228	7,999	61.6
40 & over	581	42.3	8,759	8,409	65.4
Total	15,493	25.5	\$4,256	\$6,800	62.2

¹Does not include formerly disabled members.

²The Average unmodified allowance for this fiscal year includes the Longevity Bonus.

DEFINED BENEFIT PROGRAM

Table 6 Members Retired for Service Characteristics¹ by Year of Retirement (continued)

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Unmodified Allowance	Average Final Compensation	Average Age at Retirement
7/1/2010 thru 6/30/2011²					
0-5	194	2.401	\$305	\$6,182	62.0
5-10	1,388	7.301	663	4,187	62.9
10-15	1,506	12.508	1,487	5,491	62.7
15-20	1,571	17.475	2,320	6,191	62.2
20-25	2,005	22.433	3,278	6,729	62.5
25-30	1,834	27.053	4,237	7,186	62.4
30-35	2,874	32.412	5,693	7,508	61.3
35-40	2,068	37.241	7,313	8,091	61.8
40 & over	456	42.267	9,037	8,738	65.6
Total	13,896	24.534	\$4,088	\$6,763	62.3
7/1/2011 thru 6/30/2012²					
0-5	167	2.441	\$310	\$6,013	63.0
5-10	1,497	7.306	676	4,224	63.2
10-15	1,659	12.521	1,437	5,315	62.7
15-20	1,743	17.425	2,316	6,122	62.7
20-25	1,962	22.535	3,350	6,788	62.6
25-30	1,878	27.097	4,318	7,212	62.8
30-35	2,547	32.504	5,750	7,550	61.4
35-40	1,770	37.203	7,364	8,093	61.9
40 & over	396	42.138	9,487	9,113	65.2
Total	13,619	23.710	\$3,936	\$6,670	62.5
7/1/2012 thru 6/30/2013²					
0-5	132	2.527	\$311	\$6,092	62.8
5-10	1,017	7.246	710	4,540	63.1
10-15	1,298	12.573	1,521	5,528	63.1
15-20	1,678	17.421	2,392	6,272	63.0
20-25	1,760	22.589	3,367	6,802	62.8
25-30	1,817	27.222	4,319	7,169	62.7
30-35	2,150	32.509	5,700	7,528	61.6
35-40	1,522	37.206	7,329	8,038	61.8
40 & over	271	42.344	8,924	8,439	65.6
Total	11,645	24.085	\$3,980	\$6,769	62.6

¹Does not include formerly disabled members.

²The Average unmodified allowance for this fiscal year includes the Longevity Bonus.

DEFINED BENEFIT PROGRAM

Table 6 Members Retired for Service Characteristics¹ by Year of Retirement (continued)

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Unmodified Allowance	Average Final Compensation	Average Age at Retirement
7/1/2013 thru 6/30/2014 ²					
0-5	144	2.230	\$268	\$5,994	62.9
5-10	950	7.416	721	4,463	63.2
10-15	1,176	12.645	1,533	5,553	63.1
15-20	1,604	17.432	2,425	6,286	63.2
20-25	1,593	22.411	3,334	6,743	62.9
25-30	1,845	27.167	4,443	7,367	63.0
30-35	1,814	32.332	5,607	7,532	61.6
35-40	1,374	37.179	7,295	7,973	61.9
40 & over	236	42.214	9,197	8,741	65.5
Total	10,736	23.819	\$3,939	\$6,774	62.7

¹Does not include formerly disabled members.

²The Average unmodified allowance for this fiscal year includes the Longevity Bonus.

Table 7 Members Retired for Service Characteristics¹

Fiscal Year Ending June 30	Average Age at Retirement	Average Years of Service Credit	Average Final Compensation	Average Current Allowance Payable
2005	60.8	26.1	\$4,103	\$2,617
2006	60.8	26.2	4,264	2,741
2007	60.8	26.3	4,437	2,878
2008	60.8	26.3	4,620	3,021
2009	60.8	26.4	4,798	3,164
2010	60.9	26.3	4,983	3,302
2011	61.0	26.3	5,138	3,417
2012	61.1	26.2	5,271	3,517
2013	61.1	26.1	5,385	3,609
2014	61.2	26.0	5,487	3,694

¹Does not include formerly disabled members.

DEFINED BENEFIT PROGRAM

Table 8 Retired Members by Type of Benefit and Option Selected

Monthly Unmodified Allowance ⁴	Total	Type of Benefit ¹			Option selected ²								
		1 ³	2	3	Unmodified	2	3	4	5	6	7	8	9
Less than \$500	17,808	15,317	109	2,382	13,091	1,499	491	68	85	1,655	622	87	210
500–1000	26,249	22,501	660	3,088	17,733	2,190	1,183	120	107	2,828	1,484	105	499
1000–1500	27,069	22,529	1,020	3,520	15,990	2,732	1,525	217	158	3,335	2,341	102	669
1500–2000	28,558	23,596	1,619	3,343	15,927	2,584	1,196	469	185	3,737	3,447	130	883
2000–2500	28,658	23,205	2,263	3,190	14,981	2,409	1,031	400	211	4,339	4,107	176	1,004
2500–3000	24,599	20,171	1,959	2,469	12,354	1,868	650	301	129	4,305	3,816	167	1,009
3000–3500	20,279	17,144	1,338	1,797	9,900	1,313	415	251	71	3,888	3,238	192	1,011
3500–4000	15,741	14,210	423	1,108	7,547	934	292	172	60	3,056	2,700	139	841
4000–4500	14,308	13,385	127	796	6,659	789	234	102	39	2,792	2,693	184	816
4500–5000	13,707	12,970	48	689	6,188	721	216	69	30	2,961	2,531	187	804
5000–5500	13,485	12,970	21	494	5,941	675	178	66	20	2,998	2,537	195	875
5500–6000	11,857	11,462	9	386	5,121	583	153	60	17	2,713	2,157	189	864
6000 & Greater	33,309	32,460	8	841	12,623	2,039	337	141	44	8,834	5,718	801	2,772
Total	275,627	241,920	9,604	24,103	144,055	20,336	7,901	2,436	1,156	47,441	37,391	2,654	12,257

¹Type of Benefit: 1) Service Retirement 2) Disability Benefits 3) Survivor Benefits

²Option Selected: Option 2 - Beneficiary receives 100% of member's modified allowance.
 Option 3 - Beneficiary receives 50% of member's modified allowance.
 Option 4 - Beneficiary receives 2/3 of member's modified allowance.
 Option 5 - Survivors receive 50% of member's modified allowance, upon death of either member or beneficiary.
 Option 6 - Beneficiary receives 100% of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.
 Option 7 - Beneficiary receives 50% of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.
 Option 8 - Compound option that allows the member to provide for more than one beneficiary.
 Option 9 - Beneficiary receives 75% of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

³Does not include formerly disabled members.

⁴As of the June 30, 2004 population report the longevity bonus is included in the unmodified allowance.

DEFINED BENEFIT PROGRAM

Table 9 Principal Participating Defined Benefit and Defined Benefit Supplement Employers for Current Year and Nine Years Ago

2013–2014			
Rank	Participating Employers	*Covered Employees	Percentage of Total System
1	Los Angeles Unified School District	38,651	8.05%
2	San Diego Unified School District	8,662	1.80
3	San Francisco Unified School District	5,011	1.04
4	Long Beach Unified School District	4,998	1.04
5	Fresno Unified School District	4,916	1.02
6	Elk Grove Unified School District	4,031	0.84
7	San Bernardino Unified School District	3,603	0.75
8	Corona-Norco Unified School District	3,445	0.72
9	Santa Ana Unified School District	3,294	0.69
10	Oakland Unified School District	3,227	0.67
11	Garden Grove Unified School District	3,020	0.63
12	San Juan Unified School District	2,959	0.62
	Top 12 Total	85,817	17.87
	All Other	394,422	82.13
	Total Covered Employees	480,239	100.00%

*Covered employees are calculated as all employees for whom an employer reports service credit during the fiscal year. Covered employees in this table are counted more than once if they are reported by multiple employers. They are also counted if their employer reports service credit for a retired employee from prior fiscal years. Therefore, the total number of covered employees in this table is higher than the number of active members shown in Table 9 on page 156 of the Actuarial section.

2004–2005			
Rank	Participating Employers	Covered Employees	Percentage of Total System
1	Los Angeles Unified School District	50,760	9.86%
2	San Diego Unified School District	11,061	2.15
3	Long Beach Unified School District	6,997	1.36
4	Fresno Unified School District	5,914	1.15
5	San Francisco Unified School District	4,453	0.87
6	Elk Grove Unified School District	4,054	0.79
7	San Bernardino City Unified School District	4,038	0.78
8	Sacramento City Unified School District	3,940	0.77
9	Oakland Unified School District	3,834	0.74
10	Santa Ana Unified School District	3,829	0.74
	Top 10 Total	98,880	19.21
	All Other	415,824	80.79
	Total Covered Employees	514,704	100.00%

DEFINED BENEFIT PROGRAM

Table 10 Average Allowance Purchasing Power for Fiscal Year 2013–14

Calendar Year of Benefit Effective Date	CCPI Increases Since Benefit Effective Date	Average Allowance Increases Since Benefit Effective Date	Average Purchasing Power of Current Allowance	Average Increase Needed to Restore Full Purchasing Power	Average Annual Supplemental Increase
(1)	(2)	(3)	(4)	(5)	(6)
Prior to 1956	841.3%	309.3%	43.5%	130.0%	\$3,333
1956	823.4%	285.0%	41.7%	139.8%	\$4,158
1957	792.7%	197.1%	33.3%	200.5%	\$4,430
1958	760.9%	217.0%	36.8%	171.6%	\$1,458
1959	748.9%	173.8%	32.3%	210.0%	\$6,043
1960	731.4%	140.4%	28.9%	245.8%	\$6,867
1961	720.1%	127.0%	27.7%	261.3%	\$5,938
1962	706.4%	118.3%	27.1%	269.4%	\$8,395
1963	701.1%	139.2%	29.9%	234.9%	\$5,059
1964	685.5%	115.3%	27.4%	264.8%	\$6,956
1965	665.6%	102.5%	26.5%	278.1%	\$6,035
1966	653.7%	110.5%	27.9%	258.1%	\$5,513
1967	635.3%	113.0%	29.0%	245.2%	\$7,138
1968	605.3%	107.5%	29.4%	239.9%	\$7,110
1969	572.0%	108.6%	31.0%	222.1%	\$8,150
1970	538.3%	97.7%	31.0%	222.9%	\$8,602
1971	514.0%	99.3%	32.5%	208.1%	\$8,205
1972	497.3%	93.4%	32.4%	208.8%	\$12,715
1973	466.6%	91.9%	33.9%	195.3%	\$13,838
1974	413.6%	84.0%	35.8%	179.1%	\$11,951
1975	365.2%	81.1%	38.9%	156.9%	\$11,297
1976	338.3%	77.7%	40.5%	146.7%	\$10,968
1977	306.6%	74.8%	43.0%	132.6%	\$10,837
1978	274.5%	71.8%	45.9%	118.0%	\$10,125
1979	240.7%	69.7%	49.8%	100.8%	\$9,046
1980	190.4%	67.4%	57.6%	73.5%	\$6,594
1981	168.5%	64.6%	61.3%	63.1%	\$5,805
1982	145.6%	62.6%	66.2%	51.0%	\$4,791
1983	144.1%	60.5%	65.8%	52.1%	\$5,324
1984	133.5%	58.4%	67.8%	47.4%	\$4,911
1985	123.2%	55.7%	69.8%	43.4%	\$4,538
1986	115.6%	53.4%	71.2%	40.5%	\$4,393

Explanation of source and/or calculation of data in columns 3, 4 and 5:

Column 3—Increases from all sources as a percentage of initial allowance. Obtained by dividing total current allowance by total initial allowance and adjusting to a percentage.

Column 4—Purchasing Power as of June 2013. Obtained by dividing total current allowance payable by full CCPI adjusted allowance. Based on totals for all benefit types by calendar year of effective date.

Column 5—Percentage increase in current allowance payable required to restore full 100 percent purchasing power as of June 2013. Obtained by dividing the fully adjusted CCPI allowance factor (column 2) by the percentage increase to date (column 3) and adjusting to a percentage.

Example: $(841.3 + 100) / (309.3 + 100) = 2.300 \times 100 = 230.0 - 100 = 130.0$ percent.

DEFINED BENEFIT PROGRAM

Table 10 Average Allowance Purchasing Power for Fiscal Year 2013–14 (Continued)

Calendar Year of Benefit Effective Date	CCPI Increases Since Benefit Effective Date	Average Allowance Increases Since Benefit Effective Date	Average Purchasing Power of Current Allowance	Average Increase Needed to Restore Full Purchasing Power	Average Annual Supplemental Increase
(1)	(2)	(3)	(4)	(5)	(6)
1987	108.0%	51.7%	72.9%	37.1%	\$4,119
1988	98.8%	49.3%	75.1%	33.2%	\$3,451
1989	88.7%	47.7%	78.3%	27.8%	\$2,339
1990	80.1%	45.8%	80.9%	23.5%	\$1,444
1991	72.7%	45.1%	84.0%	19.0%	\$383
1992	66.6%	42.8%	85.7%	16.7%	\$0
1993	62.5%	40.8%	86.6%	15.4%	\$0
1994	60.5%	39.0%	86.6%	15.5%	\$0
1995	56.9%	37.0%	87.3%	14.5%	\$0
1996	54.5%	34.8%	87.3%	14.6%	\$0
1997	51.2%	32.8%	87.9%	13.9%	\$0
1998	47.9%	31.2%	88.7%	12.7%	\$0
1999	44.2%	28.5%	89.1%	12.2%	\$0
2000	39.0%	26.6%	91.1%	9.8%	\$0
2001	32.1%	25.9%	95.3%	4.9%	\$0
2002	30.1%	23.7%	95.0%	5.2%	\$0
2003	27.4%	21.5%	95.4%	4.9%	\$0
2004	23.6%	19.2%	96.4%	3.7%	\$0
2005	20.2%	17.0%	97.4%	2.7%	\$0
2006	14.7%	14.9%	100.1%	-0.2%	\$0
2007	11.3%	12.6%	101.2%	-1.2%	\$0
2008	6.0%	10.5%	104.3%	-4.1%	\$0
2009	7.5%	8.3%	100.8%	-0.7%	\$0
2010	6.5%	6.1%	99.7%	0.4%	\$0
2011	3.7%	4.1%	100.4%	-0.4%	\$0
2012	3.3%	1.9%	98.6%	1.4%	\$0
2013	2.8%	0.0%	97.3%	2.8%	\$0
2014	0.0%	0.0%	100.0%	0.0%	\$0

Explanation of source and/or calculation of data in columns 3, 4 and 5:

Column 3—Increases from all sources as a percentage of initial allowance. Obtained by dividing total current allowance by total initial allowance and adjusting to a percentage.

Column 4—Purchasing Power as of June 2013. Obtained by dividing total current allowance payable by full CCPI adjusted allowance. Based on totals for all benefit types by calendar year of effective date.

Column 5—Percentage increase in current allowance payable required to restore full 100 percent purchasing power as of June 2013. Obtained by dividing the fully adjusted CCPI allowance factor (column 2) by the percentage increase to date (column 3) and adjusting to a percentage.

Example: $(841.3 + 100) / (309.3 + 100) = 2.300 \times 100 = 230.0 - 100 = 130.0$ percent.

DEFINED BENEFIT PROGRAM

Table 11 Restoration of Allowance Purchasing Power Through Supplemental Benefit Payments

Retirees' Purchasing Power Protection Account Payments						
Year	Purchasing Power	Count	Total \$ Paid	Income Source		
				School Lands	Investment Earnings	General Fund
83-84	58.40%	35,654	\$21,394,183	\$n/a	\$894,183	\$20,500,000
84-85	62.40%	57,189	54,306,976	10,119,124	2,426,456	41,761,396
85-86	65.50%	56,811	85,675,243	7,770,757	3,994,458	73,910,028
86-87	68.20%	57,343	122,275,289	4,167,970	5,511,448	112,595,871
87-88	68.20%	59,092	128,231,357	6,083,374	5,317,456	116,830,527
88-89	68.20%	58,037	143,061,285	4,479,266	5,956,019	132,626,000
89-90	68.20%	55,971	158,274,048	2,751,075	n/a	155,522,973 ¹

Supplemental Benefit Payments						
Year	Purchasing Power	Count	Total \$ Paid	Income Source		
				School Lands	Teachers' Retirement Fund	SBMA
90-91	68.20%	52,199	\$168,922,827	\$2,964,211	\$111,103,596	\$54,855,020
91-92	68.20%	48,650	178,057,887	2,913,338	56,985,521	118,159,028
92-93	68.20%	54,029	184,551,442	6,658,800	0	177,892,642
93-94	68.20%	49,113	178,886,980	4,225,808	0	174,661,172
94-95	68.20%	46,459	168,359,918	4,973,687	0	163,386,231
95-96	68.20%	41,703	168,517,183	1,171,779	0	167,345,404
96-97	68.20%	38,939	159,786,521	1,870,825	0	157,915,696
97-98	68.2%/75.0%	44,887	179,308,000	2,586,920	0	176,721,080
98-99	75.00%	42,624	197,860,324	4,168,363	0	193,691,961
99-00	75.00%	41,048	190,478,334	2,704,171	0	187,774,163
00-01	75.00%	44,699	189,388,495	4,023,007	0	185,365,488
01-02 ³	80.00%	60,428	256,976,205	7,967,992	0	249,008,212
02-03	80.00%	58,591	233,814,578	3,543,362	0	230,271,216
03-04	80.00%	55,779	223,501,415	2,922,844	0	220,578,571
04-05	80.00%	57,079	221,271,471	3,318,095	0	217,953,375
05-06	80.00%	54,360	215,257,813	4,301,959	0	210,955,854
06-07	80.00%	56,002	230,336,755	6,205,860	0	224,130,894
07-08	80.00%	53,122	229,860,350	6,522,856	0	223,337,493
08-09	85.00% ⁴	89,142	348,105,380	7,036,201	0	341,069,179
09-10	85.00%	63,949	272,579,523	6,334,670	0	266,244,852
10-11	85.00%	53,870	237,572,962	1,929,606	0	235,643,356
11-12	85.00%	57,337	234,612,294	5,227,046	0	229,385,248
12-13	85.00%	54,847	221,451,056	10,277,064	0	211,173,992
13-14	85.00%	50,331	202,231,779	10,297,864	0	191,933,914

¹The 89-90 appropriation was from the Teachers' Retirement Fund. This amount plus regular interest was repaid from General Fund contributions to the SBMA.

²Percentage changed to 75% effective 1/1/98 and payable 4/1/98 (Chapter 939, Statutes of 1997).

³Percentage changed to 80% effective 1/1/2002 and payable 10/1/2001 (Chapter 840, Statutes of 2001).

⁴Percentage changed to 85% effective 9/30/2008 and payable 10/1/2008 (Chapter 751, Statutes of 2008).

DEFINED BENEFIT SUPPLEMENT PROGRAM

Table 1 Members Retired for Service During Fiscal Year 2013–14¹, Classified by Age and Option Elected

Age	Total	Regular Annuity				Period Certain							
		Single Life with Cash	100% Joint and Survivor	75% Joint and Survivor	50% Joint and Survivor	10 Years	9 Years	8 Years	7 Years	6 Years	5 Years	4 Years	3 Years
Under 55	17	4	2	1		2					5		3
55	295	97	35	3	10	50	3	2	2		38	15	40
56	150	46	19	3	3	28	5	6	2	4	21	4	9
57	214	54	33	5	7	38	3	7	8	3	23	3	30
58	285	69	41	4	4	65	4	4	7	11	33	8	35
59	409	92	49	5	17	85	6		14	23	64	7	47
60	604	125	80	19	31	133	4	3	6	16	116	18	53
61	948	212	155	25	42	210	20	17	15	14	125	44	69
62	718	177	93	16	33	142	8	11	22	19	93	23	81
63	622	160	74	21	30	116	8	2	17	18	79	13	84
64	447	144	47	12	29	89	2	3	9	11	48	8	45
65	430	116	66	11	21	94	4	2	3	8	67	8	30
66	318	103	37	9	22	65	2		4	7	34	15	20
67	207	73	25	4	11	40	2	2		1	25	8	16
68	147	40	19	4	4	28	3		2	5	21	3	18
69	120	43	17	1	7	19	2		2	1	12	3	13
70	100	29	9	1	4	35				4	8	1	9
71	60	15	6	2	5	15	1	1			6	2	7
72	37	9	3	2	2	9				1	6	1	4
73	32	14	4	1		5		1			5	1	1
74	30	8	3		1	8				1	4	1	4
75 and over	55	18	3	2	8	4		3		2	8		7
Age Unknown	0												
Total	6,245	1,648	820	151	291	1,280	77	64	113	149	841	186	625

¹Does not include formerly disabled members.

DEFINED BENEFIT SUPPLEMENT PROGRAM

Table 2 Characteristics of All Members Retired for Service and Receiving an Annuity

Fiscal Year Ending June 30	Count	Average Monthly Retirement Annuity	Average Accumulated Credits ²	Average Age at Retirement
2003 ¹	—	\$ —	\$ —	—
2004	1,902	94	3,120	61.1
2005	5,394	118	4,317	61.3
2006	9,153	138	5,257	61.3
2007	13,299	158	6,379	61.4
2008	17,517	176	7,636	61.4
2009	22,474	203	9,019	61.6
2010	29,261	227	10,651	61.7
2011	34,917	241	12,004	61.9
2012	40,493	250	13,133	62.0
2013	45,110	254	14,088	62.1
2014	48,745	255	14,848	62.2

¹The 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.

²Neither service credit nor final compensation are factors in determining a benefit from the Defined Benefit Supplement Program and therefore are not included in this table.

Table 3 Characteristics of All Members Retired for Disability and Receiving an Annuity

Fiscal Year Ending June 30	Count	Average Monthly Disability Annuity	Average Accumulated Credits ²	Average Age at Retirement
2003 ¹	—	\$ —	\$ —	—
2004	25	82	2,152	55.4
2005	52	94	2,765	55.2
2006	76	106	3,335	55.8
2007	125	121	4,367	55.6
2008	175	129	5,332	55.2
2009	236	163	6,308	54.8
2010	336	201	7,673	55.6
2011	575	239	9,436	55.4
2012	747	239	10,404	55.5
2013	977	244	11,495	55.6
2014	1,123	239	12,407	55.8

¹The 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.

²Neither service credit nor final compensation are factors in determining a benefit from the Defined Benefit Supplement Program and therefore are not included in this table.

DEFINED BENEFIT SUPPLEMENT PROGRAM

Table 4 Retired Members by Type of Benefit and Option Selected
(as of June 30, 2014)

Type of Benefit	Monthly Unmodified Allowance					Total
	Less than \$250	\$250 - 500	\$500 - 750	\$750 - 1,000	\$1,000 & Greater	
Retirement	31,154	12,289	3,739	987	576	48,745
Disability	765	249	84	15	10	1,123
Survivors	655	223	65	24	17	984
Total	32,574	12,761	3,888	1,026	603	50,852
Type of Payment						
Regular Annuity						
Single Life Without Cash	1,097	1	0	0	0	1,098
Single Life With Cash	13,856	1,248	106	20	4	15,234
100% J&S	8,022	986	91	17	11	9,127
75% J&S	1,041	154	22	3	1	1,221
50% J&S	2,491	319	41	7	2	2,860
Period Certain Annuity						
10 Year	4,689	4,487	530	131	71	9,908
9 Year	290	370	59	6	9	734
8 Year	134	305	33	9	5	486
7 Year	146	570	112	24	11	863
6 Year	102	601	180	19	14	916
5 Year	412	3,054	1,576	295	167	5,504
4 Year	56	242	320	73	38	729
3 Year	238	424	818	422	270	2,172
Total	32,574	12,761	3,888	1,026	603	50,852

CASH BALANCE BENEFIT PROGRAM

Table 1 Participants Retired for Service During the 2013–14 Fiscal Year¹ Classified by Age and Type of Annuity Selected

Age	Total	Regular Annuity			Period Certain Annuity								
		Participant Only ²	100% Beneficiary ³	75% Beneficiary ⁴	50% Beneficiary ⁵	10 Years	9 Years	8 Years	7 Years	6 Years	5 Years	4 Years	3 Years
Under 55	0												
55	1	1											
56	0												
57	0												
58	0												
59	0												
60	0												
61	2	2											
62	2												2
63	4	1	1							1	1		
64	1												1
65	1					1							
66	6		1			1			1	2	1		
67	5	2				1							2
68	2		1			1							
69	2	2											
70	3					1				1			1
71	3					1		1					1
72	0												
73	1		1										
74	2											1	1
75	1												1
Over 75	4	1			1					1			1
Total	40	9	4	0	1	6	0	0	1	1	5	3	10

¹Does not include formerly disabled members.

²Formerly known as the Single Life Annuity with Cash Refund.

³Formerly known as the 100% Joint and Survivor Annuity.

⁴New option available for selection effective January 1, 2007.

⁵Formerly known as the 50% Joint and Survivor Annuity.

CASH BALANCE BENEFIT PROGRAM

Table 2 Characteristics of All Members Retired for Service and Receiving an Annuity

Fiscal Year Ending June 30	Average Age At Retirement	Average Annuitant Reserve	Average Monthly Annuity
2002	—	\$ —	\$ —
2003	—	—	—
2004	67.8	10,344	134
2005	65.0	13,187	191
2006	67.5 ¹	11,596	185
2007	66.9	10,892	183
2008	67.2	12,400	206
2009	67.3	13,054	201
2010	68.1	12,701	204
2011	67.8	13,388	215
2012	67.7	15,945	233
2013	67.1	18,442	263
2014	67.5	20,365	281

¹Revised 2007.

Table 3 All Participants Receiving an Annuity by Type of Benefit and Type of Annuity Selected

Type of Benefit	Monthly Unmodified Allowance					Total
	Less than \$250	\$250–500	\$500–750	\$750–1,000	\$1,000 & Greater	
Retirement	97	30	14	5	6	152
Disability	0	0	0	0	1	1
Survivors	3	2	0	0	0	5
Total	100	32	14	5	7	158
Type of Payment						
Regular Annuity						
Single Life With Cash	2	0	0	0	0	2
Single Life Without Cash	2	0	0	0	0	2
Participant Only	43	5	2	1	1	52
100% Beneficiary Annuity	11	1	0	1	0	13
75% Beneficiary Annuity	0	0	0	0	0	0
50% Beneficiary Annuity	3	2	0	0	0	5
Period-Certain Annuity						
10 Year	21	5	2	0	0	28
9 Year	2	0	0	0	0	2
8 Year	0	1	0	0	0	1
7 Year	1	3	0	0	0	4
6 Year	0	3	1	0	0	4
5 Year	7	7	3	2	1	20
4 Year	1	1	0	1	1	4
3 Year	7	4	6	0	4	21
Total	100	32	14	5	7	158

CASH BALANCE BENEFIT PROGRAM

Table 4 Principal Participating Employers for the Cash Balance Benefit Program, Current Year and Nine Years Ago

2013–2014			
Rank	Participating Employers	*Covered Employees	Percentage of Total System
1	Los Angeles Community College District	4,745	13.13%
2	Contra Costa Community College District	2,413	6.68
3	Peralta Community College District	2,276	6.30
4	West Contra Costa Unified School District	2,137	5.92
5	City College of San Francisco	1,924	5.33
6	San Jose/Evergreen Community College District	1,803	4.99
7	Chabot-Las Positas Community College District	1,717	4.75
8	Foothill-De Anza Community College District	1,559	4.32
9	Santa Rosa Junior College	1,460	4.04
10	Glendale Community College District	1,455	4.03
	Top 10 Total	21,489	59.48
	All Other	14,639	40.52
	Total Covered Employees	36,128	100.00%

*Covered employees are calculated as all employees for whom an employer reports service credit during the fiscal year. Covered employees in this table are counted more than once if they are reported by multiple employers. They are also counted if their employer reports service credit for a retired employee from prior fiscal years.

2004–2005			
Rank	Participating Employers	Covered Employees	Percentage of Total System
1	Contra Costa Community College District	1,697	7.77%
2	Los Angeles Community College District	1,688	7.73
3	West Contra Costa Unified School District	1,606	7.36
4	City College of San Francisco	1,528	7.00
5	Peralta Community College District	1,465	6.71
6	Chabot-Las Positas Community College District	1,435	6.57
7	San Jose/Evergreen Community College District	1,206	5.52
8	Santa Rosa Junior College	1,023	4.30
9	Glendale Community College District	938	4.30
10	Foothill-De Anza Community College District	928	4.25
	Top 10 Total	13,514	61.90
	All Other	8,318	38.10
	Total Covered Employees	21,832	100.00%

PROGRAMS ADMINISTERED OR OVERSEEN BY THE RETIREMENT SYSTEM (PENSION2)

Table 1A Changes in Fiduciary Net Position for Pension2 IRC 403(b) Plan
(dollars in thousands)²

Fiscal Year Ending June 30	2014	2013	2012	2011	2010	2009 ²	2008 ²	2007	2006	2005
Additions										
Participant Contributions	\$66,545	\$57,273	\$53,111	\$47,181	\$53,536	\$42,966	\$26,289	\$23,338	\$21,509	\$20,379
Interest, Dividends and Investment Income	66,002	43,151	6,132	43,782	17,175	(28,479)	(12,569)	22,793	10,245	6,143
Other Income	179	269	188	225	0	0	17	16	0	0
Total Additions	\$132,726	\$100,693	\$59,431	\$91,188	\$70,711	\$14,487	\$13,737	\$46,147	\$31,754	\$26,522
Deductions										
Distributions and Withdrawals ¹	\$22,173	\$25,727	\$19,978	\$16,690	\$11,892	\$8,644	\$9,570	\$8,451	\$ —	\$ —
Benefit Payments to Participant	0	0	0	0	0	0	0	0	2,286	2,645
Refunds of Participant Contributions	2,523	0	0	0	0	0	0	0	7,481	6,131
Administration Expenses	1,146	754	606	538	374	278	526	782	935	917
Total Deductions	\$25,842	\$26,481	\$20,584	\$17,228	\$12,266	\$8,922	\$10,096	\$9,233	\$10,702	\$9,693
Change in Fiduciary Net Position	\$106,884	\$74,212	\$38,847	\$73,960	\$58,445	\$5,565	\$3,641	\$36,914	\$21,052	\$16,829

¹Distributions and Withdrawals reflects the Benefit Payments to Participant and Refunds of Participant Contributions combined for fiscal year 2006/07 and thereafter.

²Certain reclassifications have been made to the totals for fiscal years 2007/2008 and 2008/2009.

Table 1B Changes in Fiduciary Net Position for Pension2 IRC 457 Plan
(dollars in thousands)

Fiscal Year Ending June 30	2014	2013	2012	2011	2010	2009
Additions						
Participant Contributions	\$3,230	\$2,591	\$6,877	\$1,289	\$674	\$37
Interest, Dividends and Investment Income	1,934	1,081	219	155	60	1
Other Income	51	37	37	42	0	0
Total Additions	\$5,215	\$3,709	\$7,133	\$1,486	\$734	\$38
Deductions						
Distributions and Withdrawals	\$358	\$530	\$19	\$82	\$0	\$0
Benefit Payments to Participant	0	0	0	0	0	0
Refunds of Participant Contributions	45	0	0	0	0	0
Administration Expenses	36	22	8	2	0	0
Total Deductions	\$439	\$552	\$27	\$84	\$0	\$0
Change in Fiduciary Net Position	\$4,776	\$3,157	\$7,106	\$1,402	\$734	\$38

The Pension2 IRC 457 Plan began in fiscal year 2008–09.

PROGRAMS ADMINISTERED OR OVERSEEN BY THE RETIREMENT SYSTEM (PENSION2)

Table 2 Largest Participating Employers for CalSTRS Pension2, Current Year and Eight Years Ago¹

2014			
Rank	Participating Employers	Covered Employees	Percentage
1	Los Angeles Unified School District	5,591	44.04%
2	San Diego City Unified School District	199	1.57
3	Los Angeles Community College District	174	1.37
4	Fremont Unified School District	164	1.29
5	City College of San Francisco	122	0.96
6	San Francisco Unified School District	111	0.87
7	Long Beach Unified School District	105	0.83
8	Sacramento City Unified School District	102	0.80
9	Riverside Community College	96	0.76
10	San Juan Unified School District	86	0.68
	Top 10 Total	6,750	53.17
	All Other	5,945	46.83
	Total (798 Employers)*	12,695	100.00%

2006			
Rank	Participating Employers	Covered Employees	Percentage
1	Los Angeles Unified School District	525	14.47%
2	San Diego City Unified School District	65	1.79
3	San Francisco Unified School District	44	1.21
4	Long Beach Unified School District	43	1.18
5	Sacramento City Unified School District	42	1.16
6	Capistrano Unified School District	37	1.02
7	Fresno Unified School District	33	0.91
8	Mt. Diablo Unified School District	31	0.85
9	San Juan Unified School District	29	0.80
10	Orange Unified School District	28	0.77
	All Other	2,752	75.83
	Total (745 employers)	3,872	100.00%

¹Due to change in record keeper, data is only available since 2006.

* If Employer offers 403 & 457 they are counted twice.

MEDICARE PREMIUM PAYMENT PROGRAM

Table 1 Changes in Fiduciary Net Position
(dollars in thousands)

Fiscal Year Ending June 30	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Employer Contributions	\$33,395	\$35,022	\$34,614	\$36,145	\$31,749	\$29,962	\$33,239	\$32,257	\$29,602	\$28,483
Interest, Dividends and Investment Income	10	6	8	10	33	106	205	240	143	87
Other Income	0	0	0	0	0	0	0	0	0	(158)
Total Additions	\$33,405	\$35,028	\$34,622	\$36,155	\$31,782	\$30,068	\$33,444	\$32,497	\$29,745	\$28,412
Deductions										
Premiums Paid	\$32,632	\$34,702	\$34,412	\$35,785	\$35,421	\$29,415	\$32,689	\$31,270	\$29,313	\$27,416
Administration Expenses	327	340	370	345	309	316	334	190	359	429
Total Deductions	\$32,959	\$35,042	\$34,782	\$36,130	\$35,730	\$29,731	\$33,023	\$31,460	\$29,672	\$27,845
Change in Fiduciary Net Position	\$446	(\$14)	(\$160)	\$25	(\$3,948)	\$337	\$421	\$1,037	\$73	\$567

Table 2 Benefit and Refund Deductions from Net Position by Type
(dollars in thousands)

Fiscal Year Ending June 30	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Type of Benefit										
Age & Service Benefits										
Retired Members	\$32,632	\$34,702	\$34,412	\$35,785	\$35,421	\$29,415	\$32,689	\$31,270	\$29,313	\$27,416
Total Benefits	\$32,632	\$34,702	\$34,412	\$35,785	\$35,421	\$29,415	\$32,689	\$31,270	\$29,313	\$27,416

MEDICARE PREMIUM PAYMENT PROGRAM

Table 3 Retired Members Enrolled in Medicare Premium Payment Program During Fiscal Year 2013–14 Classified by Age at Retirement

Age	Total
<55	3
55–56	21
56–57	17
57–58	15
58–59	28
59–60	22
60–61	43
61–62	53
62–63	11
63–64	16
64–65	3
65–66	1
66–67	1
67–68	0
68–69	1
69–70	0
70–71	0
71–72	0
72–73	0
73–74	0
74–75	0
>=75	0
Grand Total	235

Table 4 Characteristics of All Retired Members Enrolled in Medicare Premium Payment Program

Fiscal Year Ending June 30	Average Age at Retirement	Average Monthly Medicare Premium
2002	60.4	\$301
2003	60.4	301
2004	60.4	339
2005	60.4	354
2006	60.4	368
2007	60.4	394
2008	60.4	414
2009	60.3	464
2010	60.3	438
2011	60.3	431
2012	60.3	417
2013	60.3	413
2014	60.3	400

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