

Teachers' pension system returns lag behind projections

By Dale Kasler, Sacramento Bee

CalSTRS is thinking of cutting its investment forecast for the second time in barely a year, a move that will reflect the increase strain on the pension fund.

The teachers' pension system on Thursday will consider a recommendation from its actuarial consultant to cut the forecast by a quarter point, to 7.5 percent. The consultant, Milliman Inc., said the current rate of 7.75 percent "is greater than the expected long-term return."

Lowering the forecast means could intensify the pressure on the Legislature and Gov. Jerry Brown to come up with a funding solution for CalSTRS. The retirement system is underfunded by tens of billions of dollars; lowering the forecast will increase the gap by another \$5.9 billion, according to Milliman's memo to the CalSTRS board.

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