

# MEMBER HANDBOOK

Your Guide to CalSTRS Benefits



2017

**CALSTRS**  
HOW WILL YOU SPEND YOUR FUTURE?



## **Access Your Information on myCalSTRS**

Find your account information and more on *myCalSTRS* any time, from anywhere you have Internet service.

Start at [myCalSTRS.com](https://myCalSTRS.com). Once you complete the one-time, five-step registration process, your *myCalSTRS* account will be active.

With *myCalSTRS*, you can:

- Keep your mailing and email addresses and phone number current.
- Review your annual *Retirement Progress Report*, which includes your account balances and years of service credit.
- Designate and update your one-time death benefit recipient information.
- View your option beneficiary information.
- Ask questions and receive prompt, secure answers.
- Find the *Purchase Service Credit* and other forms.
- Complete and submit your *Service Retirement Application* online.



View the self-paced, interactive online registration guide on *myCalSTRS*.

# Welcome to CalSTRS

I am pleased to present the 2017 edition of the *CalSTRS Member Handbook*.

Whether you're just starting your career or are an experienced educator, this handbook answers many of the questions you may have about your benefit coverage. It can help you make informed decisions throughout your career, so that you're fully prepared for your secure future.

Your income in retirement is a shared responsibility between CalSTRS and you. On average, the CalSTRS retirement benefit replaces about 50 to 60 percent of a member's final salary. Need more for your future? Pension2, CalSTRS' supplemental savings plan, can help you fill the gap.

If you haven't already done so, be sure to register for *myCalSTRS*, our online member-only website for managing your CalSTRS accounts and personal information. Also check out [CalSTRS.com](http://CalSTRS.com) to sign up for workshops, view member education videos and download benefit-specific publications and forms.

Serving you and protecting your future remain our highest priorities. We are committed to providing exemplary service to every person who emails, calls, visits or writes us.

We look forward to assisting you and helping you plan for your secure financial future.

Thank you for choosing education for your career.

Sincerely,



Jack Ehnes  
Chief Executive Officer

*CalSTRS is governed by the Teachers' Retirement Law, available at [CalSTRS.com](http://CalSTRS.com), and other sections of state law. If there is a conflict between the law and this handbook, the law prevails.*

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# Changes to CalSTRS Benefits for 2017

## A Special Needs Trust Can Now Be an Option Beneficiary

Under a new law effective January 1, 2017, Defined Benefit Program members and Cash Balance Benefit Program participants may designate a special needs trust, sometimes called a supplemental needs trust, as an option or annuity beneficiary to provide an ongoing benefit to a disabled individual.

Assembly Bill 1875 (Chapter 559, Statutes of 2016) also allows members and participants to change an existing option or annuity beneficiary to a special needs trust without penalty, if the trust's beneficiary is the same as the previously named option or annuity beneficiary.

In the past, option beneficiaries could only be a person or persons. If members or participants wished to provide a lifetime benefit to a disabled person, they could not do so without jeopardizing that individual's eligibility for other public benefits and services. A special needs trust shields the assets and income of disabled individuals and protects their eligibility for other public benefits and services.

If you wish to designate a special needs trust as your beneficiary or change an existing option election, contact CalSTRS for additional information and the required forms.

*The Governor and Legislature can make statutory changes that may affect your CalSTRS benefits and career or retirement decisions. While CalSTRS makes every effort to inform you of these changes, legislation sometimes changes quickly. To stay informed, consult a variety of resources, including CalSTRS.com, the California State Legislative information website at [leginfo.legislature.ca.gov](http://leginfo.legislature.ca.gov), or your union or elected legislative representatives.*



## CalSTRS Is Here for You

CalSTRS offers services and information for every stage in your career:

- Your annual *Retirement Progress Report*, which provides your CalSTRS account and service credit balances.
- Convenient online services and access to your account information with *myCalSTRS*.
- Customer service by email, phone or letter.
- Benefits specialists to help you understand your benefits, review your forms and more.
- Publications about benefits and services.
- Financial awareness and retirement planning workshops and benefits planning sessions.
- CalSTRS Pension2<sup>®</sup> 403(b), 457(b), Roth 403(b) and Roth 457(b) investment plans.
- 403bCompare, an online tool at [403bCompare.com](http://403bCompare.com), to compare fees, performance and services of your employer's 403(b) plans.



## The Basics

CalSTRS provides retirement, disability and survivor benefits for full-time and part-time California public school educators through its Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. CalSTRS also has a voluntary defined contribution plan called CalSTRS Pension2, which offers 403(b), 457(b), Roth 403(b) and Roth 457(b) investment plans for additional retirement income.

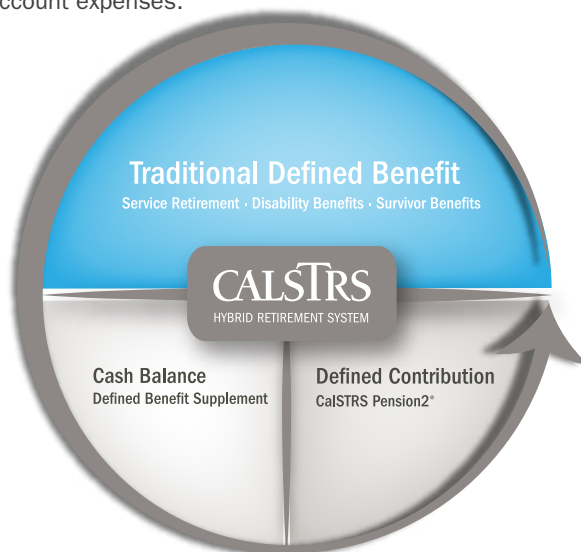
### Your Retirement Plan

CalSTRS administers a hybrid retirement system consisting of traditional defined benefit, cash balance and voluntary defined contribution plans:

- **Traditional defined benefit plan:** Your CalSTRS retirement benefit is a defined benefit pension. It's based on the following formula, not on how much you contribute or how well CalSTRS investments perform:

**service credit x age factor x final compensation = your retirement benefit**

- **Cash balance plans:** CalSTRS Defined Benefit Supplement Program is a cash balance plan. Your member contributions and your employer's contributions are credited to your Defined Benefit Supplement account. Your account earns guaranteed interest and, when the Teachers' Retirement Board declares, additional earnings credits. At retirement, you receive a benefit that is equal to your total account balance. The CalSTRS Cash Balance Benefit Program, an alternative to membership in the Defined Benefit Program for part-time educators, is also a cash balance plan.
- **Defined contribution plan:** With CalSTRS Pension2, you can set aside additional savings for retirement. Select from a variety of investment plans, then contribute to your tax-advantaged account through paycheck deductions. The amount you have at retirement depends on your contributions, investment gains or losses, and account expenses.



Your income in retirement is a shared responsibility between CalSTRS and you.



# CalSTRS Programs at a Glance

## Defined Benefit Program

Mandatory for full-time California public school preK–12 teachers, community college instructors and public school administrators; part-time educators can choose to become members.

### Retirement Benefit

With five years of service credit, you're eligible for a guaranteed lifetime retirement benefit based on a formula set by law:

**service credit x age factor x final compensation**

You can choose to provide a lifetime monthly benefit to someone after your death.

### Contributions in 2016–17

#### 2% at 60 members

You contribute 10.25 percent of your creditable earnings.

#### 2% at 62 members

You contribute 9.205 percent of your creditable earnings.

Your employer contributes an amount equal to 12.58 percent of your creditable earnings.

The state of California currently contributes 6.328 percent of members' annual earnings, plus an additional 2.5 percent of members' earnings to pay for purchasing power protection.

### Eligibility for Retirement

#### CalSTRS 2% at 60

Age 50 with at least 30 years of service credit.

Age 55 with five years of service credit—or fewer years of service credit under the special circumstances of concurrent service retirement with certain other California public retirement systems.

#### CalSTRS 2% at 62

Age 55 with at least five years of service—or fewer years of service credit under the special circumstances of concurrent service retirement.

### Survivor and Disability Benefits

Depending on your years of service credit and whether you die before or after retirement, your survivors may receive a monthly benefit or a refund of the balance in your account, and a one-time death benefit. The basic disability benefit is 50 percent of your final compensation calculated based on your actual earnings. The maximum benefit, including benefits for eligible dependent children, is 90 percent of your final compensation.

## Defined Benefit Supplement Program

A supplemental cash balance plan for Defined Benefit Program members.

### Retirement Benefit

Your Defined Benefit Supplement account balance, including interest earned, is payable to you at retirement.

### Contributions

You and your employer each contribute 8 percent of your earnings to your Defined Benefit Supplement account for certain types of creditable compensation, including earnings in excess of one year of service credit. For 2% at 60 members, contributions also include limited-term payments and retirement incentives. These types of compensation are not creditable for 2% at 62 members.

If you were a CalSTRS member from January 1, 2001, to December 31, 2010, one-fourth of your 8 percent member contribution to the Defined Benefit Program was credited to your Defined Benefit Supplement account during that time.

### Survivor and Disability Benefits

If you die before retirement, a lump-sum payment equal to the total balance of your Defined Benefit Supplement account will be distributed to your one-time death benefit recipient. If you die after retirement, your Defined Benefit Supplement account balance may be paid to your option beneficiary as a monthly annuity, or to your one-time death benefit recipient as a lump-sum payment or a period-certain annuity.

You will also receive your Defined Benefit Supplement account balance if you receive a CalSTRS disability benefit.

- See “Your Defined Benefit Membership,” page 21, and “Your Defined Benefit Supplement Account,” page 24.

## Cash Balance Benefit Program

A cash balance retirement plan employers can choose to offer part-time educators as an alternative to the Defined Benefit Program or Social Security.

### Retirement Benefit

Your Cash Balance Benefit account balance, which includes your contributions, employer contributions, guaranteed interest and any additional earnings credits, is payable to you at retirement.

### Contributions

You typically contribute 4 percent of your salary.

Your employer must contribute an amount equal to at least 4 percent of your salary.

Employers may bargain alternative rates, but the combined employer/employee contribution must be 8 percent. For contracts entered into or changed on or after January 1, 2014, the employee contribution rate can't be less than the employer's rate.

### Survivor and Disability Benefits

Your survivors typically receive a lump-sum distribution of the total account balance, which includes your contributions, employer contributions, guaranteed interest and any additional earnings credits.

Your disability benefit is the total account balance, which includes your contributions, employer contributions, guaranteed interest and any additional earnings credits.

● See "Cash Balance Benefit Program," page 35.

## CalSTRS Pension2

CalSTRS' voluntary defined contribution plan, with 403(b), 457(b), Roth 403(b) and Roth 457(b) investment options for additional retirement income.

### Retirement Benefit

Your investment account balance at retirement—early withdrawal tax penalty may apply if you are under age 59½.

### Contributions

You contribute to your tax-advantaged account through paycheck deductions or rollover.

### Survivor and Disability Benefits

403(b) and 457(b) funds can be withdrawn upon death and disability.

● See "CalSTRS Pension2," page 39.

Consider investing the 6.2 percent of your salary that would have gone to Social Security into a tax-deferred 403(b) or 457(b) supplemental savings account, such as CalSTRS Pension2.

## Social Security, CalSTRS and You

As a California public school educator, you do not pay into Social Security, so you will not receive Social Security benefits for your CalSTRS-covered position.

If you expect to receive a Social Security benefit through other employment or your spouse, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—could leave you with a smaller Social Security benefit or no benefit at all.

Your CalSTRS retirement benefit will not be reduced by these rules.

### Windfall Elimination Provision

- Affects your Social Security benefit that is based on your earnings from other employment.
- May reduce your Social Security benefit, but will not eliminate it.

### Government Pension Offset

- Affects your spousal, widow or widower Social Security benefit that is based on your spouse's earnings.
- Will reduce—and may eliminate—your Social Security benefit by two-thirds of your CalSTRS benefit.

### Important Things to Consider

- If you currently receive Social Security, your Social Security benefit may be reduced or eliminated when you begin receiving your CalSTRS benefit. Let the Social Security Administration know when you plan to retire so that your Social Security benefit can be adjusted. Otherwise, you may have to repay any excess Social Security benefits you received after you began receiving your CalSTRS benefit.
- If you take a refund of your CalSTRS accounts, your Social Security benefit still may be reduced by both rules.
- Your annual Social Security statement is based on your projected income and may not accurately reflect the effect of the offsets.
- After retirement, when you receive your annual benefit adjustment each year, contact the Social Security Administration. Your Social Security benefit may need to be adjusted.

### Steps to Take Near Retirement

- Visit Social Security at [ssa.gov/planners/retire/gpo-wep](https://ssa.gov/planners/retire/gpo-wep)
- Request an estimate of your Social Security benefit from the Social Security Administration.
- Use the online calculators at [ssa.gov/planners/benefitcalculators](https://ssa.gov/planners/benefitcalculators) to estimate any reductions to your Social Security check.
- Contact the Social Security Administration when you're ready to retire.

● See "Social Security Offsets," page 49.

➤ Also see the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com/publications](https://CalSTRS.com/publications).

## Your Retirement Progress Report

Your *Retirement Progress Report* is one of your most important CalSTRS records. It provides the balance of your contributions, interest and earnings credits and service credit total as of June 30 of the prior school year. Your report is posted to your *myCalSTRS* account in early September.

Your report summarizes:

- The service credit you earned or purchased the previous year.
- Your total accumulated service credit.
- The name of your one-time death benefit recipient and option beneficiary, if you elected one.
- Accumulated contributions and interest in your accounts.
- Any excess member contributions for the year.
- Balance of contributions, guaranteed interest and any additional earnings credits in your Defined Benefit Supplement account or your Cash Balance Benefit account.
- Your disability and survivor benefits under Coverage A or Coverage B.
- Two estimates of your retirement benefits beginning when you turn age 45.

Inactive members who have contributions and interest remaining in their Defined Benefit account balance, but who did not perform creditable service during the prior school year, also receive a report. Retired members and other benefit recipients do not receive a report.

If you believe there is a discrepancy on your report, contact your employer. Your employer must submit any adjustments to us through the regular reporting process. Adjustments made to service credit and contributions after June 30 will be included on your report for the next school year. If you purchased service credit or redeposited contributions previously refunded, the changes will appear on your report for the school year during which the final payment was made.

Your *Retirement Progress Report* is available online on *myCalSTRS*. If you would like to receive your report by mail, use your *myCalSTRS* account to request your delivery preference, or complete the *Retirement Progress Report Delivery Preference* form, available at [CalSTRS.com/forms](http://CalSTRS.com/forms).

If you believe there is a discrepancy on your report, contact your employer.

For security and privacy, all members have a randomly generated Client ID number for identification. You'll find your Client ID on your annual *Retirement Progress Report*. Please use it when you communicate with us about your account.



*myCalSTRS* is your online resource for managing your personal information and accounts with CalSTRS.

➤ Activate your account at [myCalSTRS.com](http://myCalSTRS.com).

**my**CALSTRS

CalSTRS serves more than 914,454 public school educators and their beneficiaries. Our dedicated and professional staff work hard to tailor our services to meet your needs.

## CalSTRS Overview

The California State Teachers' Retirement System is your retirement system. It was established by law in 1913 to provide retirement benefits to California's public school educators from prekindergarten through community college.

### Teachers' Retirement Board

The Teachers' Retirement Board administers CalSTRS and sets policies and rules to ensure benefits are paid according to the law.

The 12-member board is composed of:

- Three active CalSTRS members representing current educators.
- One retired CalSTRS member appointed by the Governor and confirmed by the Senate.
- Three public representatives appointed by the Governor and confirmed by the Senate.
- One school board representative appointed by the Governor and confirmed by the Senate.
- Four board members who serve in an ex-officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction and State Treasurer.

The board appoints a chief executive officer to administer CalSTRS consistent with the board's policies and rules, and selects a chief investment officer to direct the CalSTRS Investment Portfolio in accordance with board policy.

The board has six standing committees: Appeals, Audits and Risk Management, Benefits and Services, Board Governance, Compensation and Investment.

### Teachers' Retirement Fund

The Teachers' Retirement Fund is a special trust fund established by law that holds the assets of the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. The assets come from contributions by employees, employers and the State of California. Investment returns and contributions are used to pay member benefits.

When selecting investments, the board applies standards of safety, diversification, liquidity and structure for a complete and profitable investment portfolio. The portfolio includes stocks, bonds, real estate and short-term investments. Within these categories, CalSTRS further diversifies by holding a variety of investments within each segment.

The market value of the CalSTRS Investment Portfolio was \$189.1 billion as of June 30, 2016. CalSTRS is the largest educator-only pension fund in the world, and the second largest pension fund in the U.S.

# Take Advantage of CalSTRS Resources



## Online

### **myCalSTRS**

Access your account balances, service credit, forms and more. Start at [myCalSTRS.com](http://myCalSTRS.com).

### **CalSTRS.com**

Find information about CalSTRS benefits and services, workshops, publications, forms, benefit estimate calculators and more.

### **Pension2.com**

Learn about CalSTRS Pension2 403(b), Roth 403(b), 457(b) and Roth 457(b) investment plans, and find enrollment forms and financial planning tools.

### **403bCompare.com**

Make side-by-side comparisons of 403(b) plans in California offered by your employer.

### Stay Connected



## Forms

Find the forms you need to designate a one-time death benefit recipient, apply for a service retirement, change your address and more online and on *myCalSTRS*. Also, find the CalSTRS offices that accept hand-delivered forms.

- > [myCalSTRS.com](http://myCalSTRS.com)
- [CalSTRS.com/forms](http://CalSTRS.com/forms)
- [CalSTRS.com/forms-drop](http://CalSTRS.com/forms-drop)



## Publications

Find publications online:

- CalSTRS Comprehensive Annual Financial Report*
- Cash Balance: A Retirement Plan for Part-Time and Adjunct Educators*
- Community Property Guide*
- Concurrent Retirement*
- Introduction to CalSTRS Disability Benefits*
- Join CalSTRS? Join CalPERS?*
- Member Handbook*
- Purchase Additional Service Credit*
- Refund: Consider the Consequences*
- Social Security, CalSTRS and You*
- Survivor Benefits: Remember Your Loved Ones*
- Tax Considerations for Rollovers*
- Understanding the Formula*
- Uniformed Services Employment and Reemployment Rights Act*
- Welcome to CalSTRS*
- Working After Retirement*
- Your Disability Benefits Guide (Disability Benefits Application)*
- Your Retirement Guide*

### Newsletters

- CalSTRS Connections: Your Money Matters* (for active members under 50)
- CalSTRS Connections: Reaching Your Retirement* (for active members over 50)
- Retired Educator* (for retired members and other benefit recipients)

- > [CalSTRS.com/publications](http://CalSTRS.com/publications)



## Videos

Browse our growing library of three- to five-minute member education videos:

Introduction to CalSTRS

myCalSTRS

Understanding the Formula

The Gap

CalSTRS Pension2

Refund: Consider the Consequences

Introduction to Social Security

Purchasing Service Credit

Defined Benefit Supplement Program

Beneficiary Options

Survivor Benefits

Disability Benefits

Working After Retirement

Connect Now

> [CalSTRS.com/videos](https://www.calstrs.com/videos)



## CalSTRS Ombudsman

The Office of the Ombudsman was created by the California Legislature to receive complaints from our members and other entities regarding the actions of our employees. The Office of the Ombudsman can help you by:

- Providing information, answering questions or identifying staff or resources to address your issues.
- Researching CalSTRS policies and law that may assist you in resolving your problem.
- Addressing your concerns in a prompt and professional manner.

> [CalSTRS.com/contactus](https://www.calstrs.com/contactus), select CalSTRS Ombudsman to send a secure email



## Pension Abuse Reporting Hotline

Anonymously report suspicions of pension abuse to CalSTRS: toll free 855-844-2468.

> [CalSTRS.com/PensionAbuseReporting](https://www.calstrs.com/PensionAbuseReporting)



## Workshops

Explore benefits and services with the help of a CalSTRS benefits specialist.

**Workshops**—Find a list of workshops that match your career stage on page 52. Visit [CalSTRS.com/workshops](https://www.calstrs.com/workshops) to register for one near you.

**Financial Awareness Series**—Learn to save for, plan for and protect your future with a series of workshops on financial topics.

> [CalSTRS.com/financial-awareness](https://www.calstrs.com/financial-awareness)

## Benefits Planning Sessions

Meet with a CalSTRS benefits specialist to prepare for the decisions you'll need to make when you transition into retirement. Learn with fellow educators in a confidential, yet interactive, small-group setting. Find a list of benefits planning sessions on page 52. Contact your local office or visit *myCalSTRS* to schedule a session.

You can also meet with a benefits specialist one-on-one in person or over the phone.

> [CalSTRS.com/benefits-planning](https://www.calstrs.com/benefits-planning)





## CalSTRS Benefits Planning Offices

Office Locations	Telephone Numbers	Hours
Auburn	530-886-2012	M-F 8-5
Bakersfield	661-636-4880	M-F 8-5
Eureka	800-228-5453, ext. 3	M-F 8-4:30
Fresno *Visalia	559-497-3797	M-F 8-4:30
Glendale Member Service Center *Culver City, Lancaster, Oxnard, Walnut	800-228-5453, ext. 3	M-F 8-5
Irvine Member Service Center *Downey, Santa Fe Springs	800-228-5453, ext. 3	M-F 8-5
Riverside Member Service Center *Palm Springs	800-228-5453, ext. 3	M-F 8-5
San Diego Member Service Center *San Marcos, El Centro	800-228-5453, ext. 3	M-F 8-5
Santa Clara Member Service Center *Pleasant Hill, San Francisco	800-228-5453, ext. 3	M-F 8-5
Santa Cruz *Salinas	831-466-5755	M-F 8-5
Santa Maria *Santa Barbara	800-228-5453, ext. 3	M-F 8:30-5
Santa Rosa *Fairfield	800-228-5453, ext. 3	M-F 8-5
West Sacramento Member Service Center *Empire, Oroville, Redding	800-228-5453, ext. 3	M-F 8-5

\*Hours and services vary at satellite offices. Appointments are scheduled through the corresponding CalSTRS office.

All member service centers accept CalSTRS applications and forms. Contact satellite offices directly to find out if they accept forms. For a current listing of offices, visit [CalSTRS.com/localoffices](http://CalSTRS.com/localoffices).



## Keys to Your Secure Financial Future

CalSTRS shares your goal—a secure financial future.



### Determine How Much You'll Need

CalSTRS members typically have four sources of retirement income:

- CalSTRS monthly retirement benefit.
- Defined Benefit Supplement benefit.
- Additional investment savings, such as CalSTRS Pension2, which offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans.
- Other personal savings.

You do not receive Social Security benefits from your CalSTRS-covered employment. If you're eligible for Social Security through other employment or a spouse's earnings, see page 10.

On average, recent CalSTRS members retired at age 63 after 24.5 years of service with a retirement benefit that replaced about 56 percent of their salary. Financial planners recommend that to maintain your current lifestyle after retirement, you should plan to replace 80 percent to 90 percent of your salary. You'll need to close any gap between your retirement income goal and CalSTRS retirement benefit with personal savings and investments.

\* Plan ahead so you'll have the lifestyle you desire after you leave the classroom.



### Attend a CalSTRS Workshop and View Member Education Videos

CalSTRS offers workshops and benefits planning sessions designed to meet your needs at different stages of your career.

- [CalSTRS.com/financial-awareness](https://CalSTRS.com/financial-awareness)  
[CalSTRS.com/workshops](https://CalSTRS.com/workshops)  
[CalSTRS.com/benefits-planning](https://CalSTRS.com/benefits-planning)

View member education videos that address topics for targeted career stages.

- [CalSTRS.com/videos](https://CalSTRS.com/videos)



### Save More With CalSTRS Pension2

CalSTRS Pension2 offers investment plans for additional retirement savings. Flexible investment portfolios, low fees and expenses, and financial planning tools make Pension2 an attractive way to save.

It's never too early to start saving for retirement—and never too late.

> [Pension2.com](https://www.pension2.com)

403bCompare provides objective, side-by-side comparisons of registered 403(b) plans in California.

> [403bCompare.com](https://www.403bcompare.com)



### Purchase Service Credit

You may be eligible to purchase permissive service credit. The more service credit you have at retirement, the higher your CalSTRS retirement benefit.

**CalSTRS 2% at 60:** With the additional service credit, you may qualify for one or more benefit enhancements that will further increase your benefit.

**One-Year Final Compensation:** If you retire with 25 or more years of qualified service credit, your final compensation is your highest average annual compensation earnable for any 12 consecutive months rather than any 36 consecutive months.

**Career Factor:** If you retire with 30 or more years of service credit, 0.2 percent will be added to the age factor up to a maximum combined age factor and career factor of 2.4 percent.

**Longevity Bonus:** If you had at least 30 years of qualified service credit by December 31, 2010, you're eligible for a longevity bonus that adds a set dollar amount to your monthly retirement benefit.

**CalSTRS 2% at 62:** Your final compensation is based on your highest average annual compensation earnable for 36 consecutive months. You're not eligible for the career factor benefit enhancement.

> See the *Purchase Service Credit* publications on [CalSTRS.com/publications](https://www.calstrs.com/publications).

> Find forms on *myCalSTRS* and [CalSTRS.com/forms](https://www.calstrs.com/forms).

> Calculate the cost and any benefit of purchasing service credit at [CalSTRS.com/calculators](https://www.calstrs.com/calculators).



### Attend a Benefits Planning Session

You can attend a CalSTRS benefits planning session at any career stage to help you make the most of your CalSTRS membership. Current sessions include CalSTRS and You, CalSTRS and Your Retirement, and the Retirement Application Roundtable. Individual sessions in person or by telephone are also available.

> [CalSTRS.com/benefits-planning](https://www.calstrs.com/benefits-planning)



## Do It Now Checklist

### Less than one year of service credit

- Activate your *myCalSTRS* account at [myCalSTRS.com](http://myCalSTRS.com) to view your account balances and service credit, update your contact information and more online.
- Designate a one-time death benefit recipient using *myCalSTRS* or by completing the *Recipient Designation* form, available at [CalSTRS.com/forms](http://CalSTRS.com/forms).
- Watch the member education videos at [CalSTRS.com/videos](http://CalSTRS.com/videos) for a quick way to learn about your benefits.
- Start a tax-advantaged 403(b), 457(b), Roth 403(b) or Roth 457(b) account for additional money in retirement. Consider *CalSTRS Pension2*, which offers low fees and expenses. See the *Pension2* ebook at [Pension2.com](http://Pension2.com) and page 39 to learn more.

### One to five years of service credit

You're eligible to receive a **CalSTRS one-time death benefit recipient and survivor benefit if you should die before retirement.**

- Designate a one-time death benefit recipient using *myCalSTRS* or by completing the *Recipient Designation* form, available at [CalSTRS.com/forms](http://CalSTRS.com/forms), if you haven't already done so.
- Check your *Retirement Progress Report* every year to make sure your service credit is accurate.
- Attend a *CalSTRS* workshop or benefits planning session for new members.

### Five years of service credit

You're eligible now for a **lifetime monthly retirement benefit when you retire.**

- Attend a *CalSTRS* workshop or benefits planning session tailored to your career stage.
- Save more for retirement. Increase contributions to your 403(b), Roth 403(b), 457(b) or Roth 457(b) account.
- Consider purchasing additional service credit. You may be eligible to redeposit service credit or purchase permissive service credit. The earlier you purchase service credit, the lower the cost. Use the calculator at [CalSTRS.com/calculators](http://CalSTRS.com/calculators) to estimate the cost or submit the *Redeposit or Purchase Permissive Service Credit* form at [CalSTRS.com/forms](http://CalSTRS.com/forms).
- Estimate your retirement benefit using the *Retirement Benefits Calculator* at [CalSTRS.com/calculators](http://CalSTRS.com/calculators).
- Develop a financial plan for your secure future.
- Continue to review your *Retirement Progress Report* every year.

## 10 years of service credit

### It's time to plan for transitioning from career to retirement.

- Review your one-time death benefit recipient designation, account balances and service credit total as of the prior fiscal year on your *Retirement Progress Report*.
- Update your financial plan.
- Step up contributions to your 403(b) or 457(b) account. Or open an account today—it's never too late to start saving.
- Look into purchasing service credit to increase your retirement benefit, if you're eligible to do so.
- Ask your employer about health insurance in retirement. Consider setting aside extra money now for health care expenses later.

## Age 55 with at least five years of service credit—or fewer if you retire under the special circumstances of concurrent service retirement (or age 50 with at least 30 years of service credit if under CalSTRS 2% at 60)

### You're eligible to retire.

- Get the facts on Social Security. Know the rules that could affect your Social Security benefit based on other employment or your spousal Social Security benefit.
- Attend a CalSTRS and Your Retirement session to receive personalized benefit estimates prepared by a CalSTRS benefits specialist.
- Submit the *Preretirement Election of an Option* form if you want to provide a lifetime monthly benefit to someone should you die before retirement.
- Review your one-time death benefit recipient information.
- Complete and submit your *Service Retirement Application* online using *myCalSTRS* for faster processing, no earlier than six months before your retirement date. If you have a complex application, you can still complete it online, then print, sign and mail or fax it to us.



## California Public Employees' Pension Reform Act of 2013

The California Public Employees' Pension Reform Act of 2013 made changes to the plan structure that primarily affect benefits for members first hired to perform CalSTRS creditable service on or after January 1, 2013. These members are under the **CalSTRS 2% at 62** benefit structure.

Members under the **CalSTRS 2% at 60** benefit structure are those who:

- Were first hired to perform service that could be credited to the Defined Benefit Program on or before December 31, 2012.
- Were a CalSTRS member before 2013, terminated their membership and then returned to active membership on or after January 1, 2013.
- Performed service that could be credited to the Defined Benefit Program and was subject to coverage under a different retirement system, including Social Security, on or before December 31, 2012.
- Were members of a concurrent retirement system on or before December 31, 2012, and who performed service under that system within six months of becoming a CalSTRS member.

➤ See [CalSTRS.com/CalSTRS-2014-funding-plan](http://CalSTRS.com/CalSTRS-2014-funding-plan) to learn more.

Look here for benefit differences for CalSTRS 2% at 62 members

- **CalSTRS 2% at 62 = members first hired on or after January 1, 2013, to perform service that could be credited to the Defined Benefit Program and who never before performed service under a different retirement system, including Social Security, that could be credited to the Defined Benefit Program.**

# Your Defined Benefit Membership

CalSTRS Defined Benefit Program is a traditional defined benefit plan that provides retirement, survivor and disability benefits. Your retirement benefit is based on a formula set by law using your age, service credit and final compensation. CalSTRS has two benefit structures:

**CalSTRS 2% at 60:** Members first hired to perform service that could be credited to the Defined Benefit Program on or before December 31, 2012, in addition to certain other members (see previous page).

**CalSTRS 2% at 62:** Members first hired to perform service that could be credited to the Defined Benefit Program on or after January 1, 2013.

The 2 percent refers to the percentage of your final compensation that you'll receive as a retirement benefit for every year of service credit, also known as the age factor. Other differences between the two benefit structures are final compensation, age factors, normal retirement age, creditable compensation cap and contribution rate. In addition, 2% at 62 members aren't eligible for benefit enhancements, the Reduced Benefit Election or the CalSTRS Replacement Benefits Program.

- See "Your Retirement Benefit," page 55, for definitions of service credit, age factor and final compensation.

## Membership

If you're an educator or are performing other activities that are creditable service, you may be a member of the Defined Benefit Program as mandated by law or you may be eligible to elect membership. You're eligible for the Defined Benefit Program if you're an employee of a California public school system, prekindergarten through community college, and are performing activities:

- In a position that requires certification qualifications adopted by the Commission on Teacher Credentialing, OR
- In a position that meets the minimum standards adopted by the Board of Governors of the California Community Colleges, OR
- Under the provisions of an approved charter for a charter school eligible to receive state apportionment.

**creditable service = activities such as teaching, vocational or guidance counseling, mentoring, services related to school curriculum and certain administrative duties that count toward your service credit and require certification standards, minimum standards and other requirements defined in the California Education Code.**

**creditable compensation = salary and other earnings paid in cash by your employer under a publicly available written contractual agreement to everyone in the same class of employees and paid to you for performing creditable service. Certain payments, including allowances and cash in lieu of fringe benefits, are not creditable compensation.**

- **CalSTRS 2% at 62:** Only compensation paid in cash each pay period in which creditable service is performed under a publicly available written contractual agreement is considered creditable compensation. Certain additional payments, including bonuses and limited-period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS benefit program.

## Member Contribution Rates

**2% at 60:** You contribute 10.25 percent of your creditable earnings.

**2% at 62:** You contribute 50 percent of the normal cost of your benefits, rounded to the nearest .25 percent. This percentage may be adjusted each fiscal year based on the actuarial valuation, the snapshot of CalSTRS' financial status presented to the Teacher's Retirement Board each spring. For 2016–17, your contribution rate is 9.205 percent of your creditable earnings.

Only activities identified as creditable service count toward years of service for CalSTRS retirement.

## Full-Time Educators

If you're employed to perform creditable service on a full-time basis, you will automatically become a member of the Defined Benefit Program on your first day of employment.

**full time = the days or hours of creditable service your employer requires a class of employees to work in a school year in order to receive full compensation earnable.**

## Part-Time Educators

If you're a part-time, substitute or temporary employee performing creditable service in the California public school system, you can choose to belong to the Defined Benefit Program or an alternative program offered by your employer, such as the Cash Balance Benefit Program. Your employer must formally notify you of your right to elect membership in the Defined Benefit Program within 30 days of hiring. You can elect membership at any time and must do so using the appropriate form provided by your employer. The date of membership is the first day of the pay period following your election date. Your election must be received by CalSTRS within 30 days of the date of your signature. If you participate in the Cash Balance Benefit Program and later become a full-time employee, you automatically will become a member of the Defined Benefit Program. See tables below for information about mandatory Defined Benefit Program membership for part-time educators. When you permissively elect membership in the Defined Benefit Program, all creditable service subsequent to the effective date will be credited to the Defined Benefit Program.

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Mandatory membership in the Defined Benefit Program depends on your employment status, the type of employer, and in some cases, whether or not your employer offers the Cash Balance Benefit Program. Sojourn or exchange teachers are excluded from membership in the Defined Benefit Program.

### Employment Status | Mandatory Defined Benefit Membership Begins

#### PreK-12 or County Office of Education Not Offering the Cash Balance Benefit Program

Full Time	First day of employment.
Part Time – Contracted	First day of the pay period following employment to perform creditable service for 50 percent or more of the full-time position.
Part Time – Hourly	First day of the pay period following the pay period in which 60 hours of creditable service is performed with one employer, unless employed by an employer who offers the Cash Balance Benefit Program.
Part Time – Daily	First day of the pay period following the pay period in which 10 days of creditable service is performed with one employer, unless employed by an employer who offers the Cash Balance Benefit Program.
Substitute	First day of the pay period following the pay period in which 100 or more complete days of creditable service is performed with one employer in one school year, unless employed by an employer who offers the Cash Balance Benefit Program.

#### PreK-12 or County Office of Education Offering the Cash Balance Benefit Program

Part Time (contracted, hourly or daily)	First day of the pay period following the pay period in which employment to perform creditable service is 50 percent or more of the full-time position during one school year with the same employer.
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#### Community College Districts Not Offering the Cash Balance Benefit Program

Full Time	First day of employment, unless employed on a temporary basis.
Part Time or Temporary	First day of pay period following employment that is not on a temporary basis.
Substitute	First day of pay period following the pay period in which 100 or more complete days of creditable service is performed with one employer in one school year, unless employed by an employer who offers the Cash Balance Benefit Program.



## Charter School Educators

If you're a charter school employee performing creditable service in a charter school that is eligible to receive state apportionment, you are eligible for the Defined Benefit Program only if your school's charter designates the school's participation in the Defined Benefit Program.

## Eligibility for Benefits

You'll be eligible for a guaranteed lifetime retirement benefit when you have five years of service credit under the Defined Benefit Program. If you're a CalSTRS 2% at 60 member, you can retire as early as age 50 if you have at least 30 years of service credit. Or you can retire at age 55 with at least five years of service credit—or fewer if you service retire concurrently from certain other California public retirement systems. See "Retiring From More Than One Public Retirement System," page 44, for a list of the California public systems.

- **CalSTRS 2% at 62:** The earliest age you can retire is 55 with five years of service credit—or fewer under the special circumstances of concurrent service retirement. You are not eligible for retirement at age 50 with 30 years of service credit.

## Contributions

### Your Contributions

For CalSTRS 2% at 60 members, you contribute 10.25 percent of your creditable compensation to your CalSTRS retirement for service performed in 2016–17, up to the compensation cap (see "Section 401(a)(17)" on page 111).

- **CalSTRS 2% at 62:** You contribute 50 percent of the normal cost of benefits, rounded to the nearest 0.25 percent, in addition to the increase required under the 2014 CalSTRS Funding Plan, so your contribution rate will be adjusted up or down depending on the normal cost of benefits. Your contribution rate is 9.205 percent of your creditable earnings in 2016–17. The Teachers' Retirement Board typically adopts the rate for the coming school year in April based on the normal cost of benefits.

### Employer Pick-Up of Contributions

Most employers participate in the federal Employer Pick-Up Program under Internal Revenue Code section 414(h)(2). Under this provision, your employer "picks up" your CalSTRS member contributions so that you can defer income taxes on that portion of your compensation. The contributions are taxable when returned to you or your beneficiaries as a lump sum or monthly benefit.

- See "Tax Information and Legal Matters," page 109.

### Your Employer's Contributions

For 2016–17, your employer—school district, community college district, participating charter school or county office of education—contributes an amount equal to 12.58 percent of your earnings to CalSTRS. Your employer's contributions are not credited to your Defined Benefit account but are deposited into the Teachers' Retirement Fund to help fund the benefits paid to all members and beneficiaries. Under the 2014 funding plan, the employer contribution rate increases gradually to 19.1 percent in 2020–21. The rate for 2017–18 is 14.43 percent.

When you terminate CalSTRS-covered employment and receive a refund of your Defined Benefit member contributions, you are no longer eligible for CalSTRS benefits.

Designate your one-time death benefit recipient using your *myCalSTRS* account or the *Recipient Designation* form, available at [CalSTRS.com](http://CalSTRS.com). You can change your one-time death benefit recipient at any time, with no financial penalty.



## The State's Contributions

The state of California contributes 8.828 percent of the annual earnings of all members, including about 2.5 percent for the CalSTRS Supplemental Benefit Maintenance Account for purchasing power protection. The SBMA account is used to maintain the purchasing power of benefits.

- See “Purchasing Power Protection,” page 83.

## Your Defined Benefit Account

Your Defined Benefit account represents your accumulated retirement contributions and credited interest. You and your beneficiaries are entitled to the balance of this account if you terminate CalSTRS-covered employment and withdraw your contributions, or if you die and none of your survivors are eligible for a monthly benefit.

The amount in your account is not used to calculate your retirement benefit. Your retirement benefit is a guaranteed lifetime benefit using a formula based on your service credit, age and final compensation. You'll forfeit any right to a benefit immediately upon a withdrawal of your accumulated retirement contributions and credited interest.

You will not receive your employer's contributions if you terminate your membership—employers' contributions go toward paying all members' retirement benefits.

### Interest

Interest is credited to your accumulated Defined Benefit account balance. The interest rate is adopted annually by the Teachers' Retirement Board and approximates the yield on two-year Treasury notes. The rate through June 30, 2017, is 0.72 percent.

## Your Defined Benefit Supplement Account

As a Defined Benefit member, you have a Defined Benefit Supplement account. Your Defined Benefit Supplement account is a cash balance retirement plan that provides additional guaranteed income for retirement.

As of January 1, 2011, you and your employer each contribute 8 percent of your earnings, for a total of 16 percent, to your Defined Benefit Supplement account on the following types of earnings:

- Earnings in excess of one year of service.
- Special limited-term payments or retirement incentives.

From January 1, 2001, to December 31, 2010, one-fourth of your 8 percent member contribution to the Defined Benefit Program was redirected to your Defined Benefit Supplement account. The redirection did not affect your CalSTRS retirement benefit. Your entire Defined Benefit member contribution is now credited to your Defined Benefit account.

Contributions to your Defined Benefit Supplement account don't affect your ability to make contributions to 403(b), 457(b) or similar tax-advantaged accounts.

If you're a 2% at 60 member and never had earnings in excess of one year of service, special limited-term payments or retirement incentives—and you were hired on or after January 1, 2011—your Defined Benefit Supplement account balance will be \$0.

You cannot borrow from or against the funds in your CalSTRS Defined Benefit or Defined Benefit Supplement account.

Build your Defined Benefit Supplement account by taking on extra-pay assignments. See page 55.

- **CalSTRS 2% at 62:** If you have earnings in excess of one year of service credit but below the compensation cap, contributions on those earnings will be credited to your Defined Benefit Supplement account. Special limited-term payments and retirement incentives are not creditable to any CalSTRS program. There are no other sources of funds for your Defined Benefit Supplement account. To learn more about the compensation cap, see pages 111 and 118.

The benefit payable to you or your beneficiaries at retirement, disability, termination or death is equal to the balance of your and your employer's contributions, interest earnings and any additional earnings credits declared by the board.

## Interest

Your Defined Benefit Supplement account earns interest at a rate set at the beginning of each plan year, July 1 through June 30, by the Teachers' Retirement Board, based on the average 30-year Treasury rate. The rate through June 30, 2017, is 2.88 percent.

If the actual investment earnings exceed the board-set interest rate at the end of the year and program assets sufficiently exceed the amount needed to meet liabilities, the board may declare an additional earnings credit.

## Return of Excess Contributions

Your Defined Benefit account contains your member contributions on up to one year of service performed in a school year. Any contributions on earnings in excess of one year of service go into your Defined Benefit Supplement account. Under the 2014 funding plan, member contribution rates for the Defined Benefit Program increased beginning July 1, 2014. The member contribution rate for compensation creditable to the Defined Benefit Supplement Program, which includes compensation earned for service in excess of one year, remains at 8 percent.

CalSTRS determines if you performed more than one year of service at the end of the school year. Any excess member contributions you made during the school year are reported on your *Retirement Progress Report*. Your *myCalSTRS* account shows a breakdown of excess contributions by employer.

CalSTRS will return excess member contributions to your employer in late September. Your employer is responsible for returning your excess member contributions to you, less any authorized adjustments or tax withholding. Keep in mind it may take 30 or more days for the excess member contributions to be transferred from CalSTRS to your employer. The timing of the return of your excess member contributions by your employer will vary. If you have any questions regarding the return of your excess contributions, please contact your employer.

Your returned pre-tax member contributions are considered taxable income in the year you receive the funds regardless of when you initially paid the contributions.

- See [CalSTRS.com/excess-contributions](https://CalSTRS.com/excess-contributions) to learn more.

## Accessing Your Funds

Your Defined Benefit Supplement account balance is distributed to you:

- When you begin receiving your monthly service retirement benefit or a disability benefit, OR

- Six months after you terminate CalSTRS-covered employment and receive a refund of your Defined Benefit contributions. If you return to CalSTRS-covered employment within the six-month time frame, your Defined Benefit Supplement distribution will be canceled.

If you return to CalSTRS-covered employment after receiving a distribution of your Defined Benefit Supplement account, you'll have to wait five years before you can receive another distribution. You cannot redeposit Defined Benefit Supplement funds.

- See "Your Survivor Benefits," page 87, and "Your Disability Benefits," page 97, for Defined Benefit Supplement distributions upon your death or disability.

## Sick Leave

At service retirement, CalSTRS will process and convert your unused sick leave to additional service credit using the information your employer provides on the *Express Benefit Report* form. As soon as you change employers during your career, coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

For service retirements effective on or after January 1, 2013, each of your employers during the last school year in which you earned creditable compensation can submit the *Express Benefit Report* form if your unused sick leave was not transferred between districts. For service retirements effective before January 1, 2013, only your last employer can report unused sick leave by submitting the *Express Benefit Report* form.

- See also "Converting Unused Sick Leave to Service Credit," page 56.

## Refund: Consider the Consequences

Considering a career change? If you no longer work in a CalSTRS-covered position, you can leave your money in CalSTRS until you reach age 70½ or request a refund.

- See also "Internal Revenue Codes Affecting Benefits," page 110.

## Know the Consequences of a Refund

If you have fewer than five years of service credit and do not plan to return to teaching, and you are not eligible for concurrent service retirement with another California public system, you may wish to consider a refund. Otherwise, carefully consider the consequences of taking a refund.

### Benefits of leaving your contributions with CalSTRS:

- You'll keep your service credit.
- Your accounts will continue to accrue interest.
- You'll be eligible for a monthly retirement benefit when you are age 55 with at least five years of service credit.

### Consequences of receiving a refund:

- You'll no longer be a CalSTRS member.
- You'll cancel your eligibility for your CalSTRS retirement benefit, as well as for survivor and disability benefits, unless you return to CalSTRS-covered employment.
- You may not redeposit your Defined Benefit contributions unless you re-qualify for CalSTRS membership or are a member of certain other California public retirement systems.

## Redepositing as a Member of Another Public System

If you take a refund and go to work for certain other public retirement systems in California, you can redeposit your contributions and interest without re-establishing your CalSTRS membership.

- Any option beneficiary or one-time death benefit recipient designation will be canceled. If you return to CalSTRS membership and later retire, we will calculate an assessment at retirement for the preretirement election of an option you previously made. The assessment may reduce your lifetime monthly retirement benefit. (If you reinstate, you may designate a new one-time death benefit recipient or option beneficiary.)
- You must receive the total balance of your Defined Benefit Supplement account as a termination benefit. You cannot redeposit this distribution.
- Your refund and termination benefit may be taxed as income unless they are rolled over into a qualified retirement account. CalSTRS is required to withhold 20 percent federal income tax on all payments distributed directly to you. CalSTRS will withhold state income tax at 2 percent unless you elect not to have state income tax withheld or you're not a resident of California. California nonresidents may elect to have state income tax withheld by completing the tax withholding section of the *Refund Application* or the *Income Tax Withholding Preference Certificate*. You may have to pay additional federal and state taxes if you take your refund before age 59½ and do not roll over your funds to a qualified retirement plan. Consult a tax professional to determine your tax liability. Also see the *Tax Consideration for Rollovers* booklet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

In addition, keep in mind your Social Security benefit, if you're eligible to receive one from other employment or a spouse, still may be offset by two federal rules—the Windfall Elimination Provision or the Government Pension Offset—even if you take a refund.

#### **If you return to membership after taking a refund:**

- You will be covered under Coverage B for survivor and disability benefits even if you previously had Coverage A.
- You must earn one year of service credit since your last refund and have at least five years of service credit before being eligible for a CalSTRS retirement benefit, including a disability benefit unless you meet the exception.
- You will be under the CalSTRS 2% at 60 benefit structure if you were first hired to perform service that could be credited to the Defined Benefit Program before January 1, 2013.

You must purchase, or redeposit, the service credit previously refunded to you if you wish to restore your past service credit and receive full retirement benefits from your past CalSTRS membership. All service credit purchases must be paid in full before retirement.

## **Taking a Refund**

### **Defined Benefit Account**

When you terminate your CalSTRS-covered position, you can request a refund of your Defined Benefit member contributions, including interest earned. After your employer verifies your separation and CalSTRS receives your *Refund Application*, CalSTRS will refund your Defined Benefit member contributions, including any tax-deferred member contributions under the federal Employer Pick-Up Program, plus the interest earned on your contributions. Partial refunds are not allowed. In addition, employer and state contributions are not refundable.

Your redeposit must be paid in full before your retirement date. You may not redeposit Defined Benefit Supplement distributions.

Redepositing does not re-establish your earlier membership date for calculating your retirement benefit—or benefits that may have been available to you before you received a refund. **Note:** If you were first hired to perform service that could be credited to the Defined Benefit Program before January 1, 2013, you'll still be under the CalSTRS 2% at 60 benefit structure.

### Defined Benefit Supplement Account

After terminating employment and receiving a refund of your Defined Benefit member contributions and interest earned, if you have not performed creditable service, including substitute teaching, for six months, CalSTRS will provide you with a termination benefit from your Defined Benefit Supplement account after you respond to correspondence from us regarding the payout. Your termination benefit will include your member contributions and your employer's contributions that were credited to your Defined Benefit Supplement account.

If you return to CalSTRS-covered employment, you cannot redeposit your Defined Benefit Supplement Termination Benefit. In addition, only one termination benefit under the Defined Benefit Supplement Program is allowed in a five-year period.

- Visit [CalSTRS.com/members](http://CalSTRS.com/members) and see the *Refund: Consider the Consequences* fact sheet and the *Tax Considerations for Rollovers* booklet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

### Redepositing to Restore Service Credit

A redeposit allows you to restore the service credit you lost when you took a refund of your Defined Benefit contributions and interest earnings. If you return to CalSTRS-covered employment, or if you are a member of certain other California public retirement systems, you may restore past Defined Benefit refunded service credit by redepositing your refunded contributions plus interest the refunded amount would have earned had the funds remained in your CalSTRS account.

You may choose to restore a portion rather than all of the service credit you lost when you took a refund. The more time between your refund and redeposit, the higher the cost to redeposit. You may not redeposit Defined Benefit Supplement distributions.

Before being eligible for CalSTRS service retirement or disability retirement benefits, you must have earned at least one year of service credit after you received your most recent refund of accumulated retirement contributions and have at least five years of service credit, unless you're retiring for service concurrently from certain other California public retirement systems or unless you meet a narrow exemption for disability benefits.

In some community property settlements, your service credit, contributions and interest are divided to create a separate account for your former spouse or registered domestic partner. If your former spouse or partner doesn't take a refund of the separate account, you won't be eligible to purchase the service credit. If your former spouse or partner takes a refund of his or her account, you can choose to purchase all or a portion of the service credit awarded to your former spouse or partner. If you don't purchase this service credit, it won't be included in your retirement benefit calculation. However, for CalSTRS 2% at 60 members, this service credit will count in determining your eligibility to receive the career factor and the longevity bonus.

### Cost to Redeposit

The cost to redeposit and the benefits you will receive from restoring service credit will vary depending on your individual situation.

For example, a teacher who withdrew \$10,000 (representing three years of service credit) on May 1, 1994, and wanted to purchase those years of service credit on May 1, 2015, would be required to redeposit \$33,782.

- See "Purchasing Service Credit," page 57, and the *Purchase Additional Service Credit* booklet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

## Former Local Service Members

If you have Local Service credit listed on your *Retirement Progress Report* (certain members who worked for the Los Angeles Unified School District or the San Francisco Unified School District), it will not be fully funded. Unless you submit additional contributions, your retirement benefit will include only up to \$2.40 per year of Local Service credit toward your retirement benefit. To fully fund this service, contact CalSTRS.

## Changing Employment to a Different Public Retirement System

If you are a CalSTRS member and change to public education employment covered under certain other public retirement systems in California, such as the California Public Employees' Retirement System, you can continue your existing CalSTRS coverage or change to that other system. For example, you may move from a job as a classroom teacher to a position as a budget analyst in the district office, a position usually under CalPERS. Likewise, a school district budget analyst may decide to take a teaching position, a position usually under CalSTRS.

## If You Change to a Position Under Another Public Retirement System

If you are a Defined Benefit member and become employed by the same or a different school district, community college district, county office of education or have limited state of California employment to perform service that requires membership in CalPERS, you may elect to continue coverage under CalSTRS. If you do, service in your new position will be treated as creditable service under the CalSTRS Defined Benefit Program.

The election:

- Must be made within 60 days of the date of hire into your new position.
- Must be done on the appropriate CalSTRS form provided by your employer and received by CalSTRS within 30 days of the signature date.
- Is effective as of the date of hire into your new position.
- Is irrevocable and applies to all service for that position.

## If You Are a CalPERS Member

Certain members of CalPERS who subsequently are employed in a position that requires CalSTRS membership can elect within 60 days of their new hire date to continue coverage under CalPERS for all subsequent CalSTRS creditable service. This applies to CalPERS members employed by one or more of the following:

- A school district.
- The Board of Governors of the California Community Colleges.
- The California Department of Education as of January 1, 2002.
- A local or state agency not listed above (applies only to vested CalPERS members).
- A CalPERS and CalSTRS participating charter school.

The election:

- Must be made within 60 days of the date of hire into the new position.
- Must be done on the appropriate form and received by CalSTRS within 30 days of the signature date.
- Is effective as of the date of hire into the new position.
- Is irrevocable and applies to all service for that position.

## Social Security

CalSTRS members do not participate in Social Security, but CalPERS members do. Contact the Social Security Administration at 800-772-1213 to determine how an employment change would affect any Social Security benefit due to you.

## Dual Membership

Members of CalPERS who are employed full time and accept part-time, temporary employment to perform creditable service covered by the CalSTRS Defined Benefit Program can permissively elect membership in CalSTRS and have their part-time service reported to CalSTRS.

See the *Join CalSTRS? Join CalPERS?* booklet at [CalSTRS.com/publications](http://CalSTRS.com/publications), and ask your employer for the CalPERS benefit information brochure.



### Changing plans?

If you were first hired to perform service that could be credited to the Defined Benefit Program before January 1, 2013, and were covered under a different retirement system, including Social Security, you would be under the CalSTRS 2% at 60 benefit structure for the Defined Benefit Program.

## Part-Time Educators: Choosing a Plan That Works for You

As a part-time, adjunct or temporary employee, you may have a choice of retirement plans. Your employer must offer the Defined Benefit Program and either Social Security or an alternative to Social Security, including the Cash Balance Benefit Program or another program chosen by the district. Contact your employer to determine your plan eligibility.

### Things to Consider

#### Choose the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to become eligible for a CalSTRS retirement benefit (five years of service credit). This could take up to 10 years of half-time employment.
- Want a monthly benefit that is based on a percentage of your average full-time equivalent salary.
- Are comfortable contributing a percentage of your pay toward your retirement. For 2% at 60 members, your contribution rate is 10.25 percent. For 2% at 62 members, your contribution rate is 9.205 percent and is subject to change based on the normal cost of benefits.

#### Choose the Cash Balance Benefit Program if you:

- Want a program that provides immediate vesting of your benefit, which includes your member contributions, your employer's contributions and interest earned.
- Want a lump-sum payment or lifetime monthly benefit based on the total balance of contributions credited to your account, guaranteed interest and any additional earnings credits.
- Are comfortable with the contribution rate, which is typically 4 percent of your earnings, depending on your local bargaining agreement. Your contribution and your employer's contribution must equal at least 8 percent. Employers must contribute at least 4 percent, and your contribution rate cannot be less than the employer contribution rate, starting with contracts entered into or changed on or after January 1, 2014.

### Questions to Ask

If your employer offers an alternative program other than the Cash Balance Benefit Program:

- Do you plan to be a career educator?
- Does teaching provide supplemental income or is it your primary source of income?
- Before teaching, did you have employment that required you to pay into Social Security?
- What is the contribution rate for the plan and does your employer also make contributions?
- Is there a minimum requirement to be eligible for benefits?
- Does the plan offer a monthly retirement benefit for life, or is it a non-lifetime benefit based on contributions and interest?
- Does the plan charge administrative fees?
- Is there a guaranteed annual interest rate?
- Does the plan have a sound investment record?
- When does the plan permit distribution of your account?



## Benefits for Part-Time Educators

As a part-time educator, you have access to all the benefits CalSTRS offers and may have a choice of retirement plans. Your employer must offer the Defined Benefit Program and may also offer an alternative retirement plan such as the CalSTRS Cash Balance Benefit Program or Social Security. Contact your employer to determine your plan eligibility.

### Retirement Plans and Options

If you are performing creditable service in a public school and your time base is less than half time, your employer must offer you either Social Security or another retirement program as an alternative to Social Security, in addition to the Defined Benefit Program. The CalSTRS Cash Balance Benefit Program is an alternative program to Social Security.

Contact your employer for details about the programs it offers. In addition, offering the Cash Balance Benefit Program may be bargained. Contact your district, county superintendent of schools or union representative to find out if the Cash Balance Benefit Program is available to you.

### Defined Benefit Program

If you choose to be a member of the Defined Benefit Program, your retirement benefit calculation uses the same components as a member who works full time:

**your retirement benefit = service credit x age factor x final compensation**

Your final compensation and service credit depend on the amount you would have earned if you were working full time at the pay rate in your position. The minimum amount of hours required to complete a full-time contract is called full-time equivalent. The amount of annual compensation for the full-time equivalent is called compensation earnable.

### Full-Time Equivalent

The full-time equivalent is the time that a member who is employed part time would be required to perform service in one school year if he or she were employed full time in that position. It also must be at least the minimum number of days or hours specified by law.

Be sure your employer determines your FTE properly. Different assignments, even with the same employer, may have different FTEs. Refer to your employment agreement or collective bargaining agreement for your employing district's established FTE for your type of employment. If you see a discrepancy, contact your employer.

The FTEs listed in the tables on the next page are minimum standards. Your individual FTE could be higher if your employer requires full-time employees to work more days or hours in the same activity in a school year.

As a part-time educator, you may choose the Defined Benefit Program at any time during your career.

Your part-time status presents special considerations for retirement planning. CalSTRS benefits specialists receive special training to help them understand your needs.

## Minimum Full-Time Equivalent

If you are a:	Then the <i>minimum</i> FTE per school year is:
Part-time community college instructor	525 instructional hours, plus mandatory office hours, if paid
Full-time or part-time community college librarian or counselor	1,050 hours
Community college instructor employed in adult education programs	875 instructional hours, plus mandatory office hours, if paid
PreK–12 teacher or any other person who works directly with pupils, including an instructor in an adult education program	175 days or 1,050 hours

## Part-Time Community College and Adult Education Instructor Service Credit Example

In one school year, Veronica teaches as a community college instructor for 270 hours, which is 45 percent of the full-time equivalent, FTE, in her district. She also works as an adult education instructor for 350 hours, or 40 percent of the FTE for that position.

	Percent Time Worked	FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
Community College Instructor	45% (270 hours)	600 hours	\$21,600	÷	\$48,000	=	.450
Adult Education Instructor	40% (350 hours)	875 hours	\$16,800	÷	\$42,000	=	.400
Total Service Credit						=	.850

Veronica would earn .850 of service credit for the year.

## Part-Time PreK–12 Teacher Service Credit Example

During the school year, John taught 30 percent of the FTE for preK–12 teachers in his district, or 315 hours. The full-time pay rate was \$42,000. Because he worked every day of his 30-percent teaching contract, he earned \$12,600 for the school year.

	Percent Time Worked	FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
PreK–12 Instructor	30% (315 hours)	1,050 hours	\$12,600	÷	\$42,000	=	.300

John would earn .300 of service credit for the year.

## Calculating Your Compensation Earnable

Your compensation earnable is not the salary you actually were paid, but what you would have been paid if you had worked in those assignments full time based on your pay rate. To determine your compensation earnable, take the hourly or daily rate for the position and multiply it by the FTE for the position.

For 2% at 60 members, the cap on compensation that can be used to provide a CalSTRS benefit if you became a CalSTRS member or Cash Balance participant on or after July 1, 1996, is \$270,000 for calendar year 2017 (see "Section 401(a)(17)," page 111).

- **CalSTRS 2% at 62:** The cap on compensation, even if earned through a combination of employers, for 2016–17 is \$139,320. The cap is adjusted each July based on changes in the Consumer Price Index for All Urban Consumers: U.S. City Average. To learn more about the compensation cap, see pages 111 and 118.

## Calculating Your Final Compensation

Another key component of your retirement calculation is your final compensation. For 2% at 60 members, your final compensation is equal to the highest average annual compensation earnable for 36 consecutive months, or any 12 consecutive months of your highest average annual compensation earnable if you have earned 25 or more years of service credit.

- **CalSTRS 2% at 62:** Your final compensation is based on your highest average annual compensation earnable for 36 consecutive months. You're not eligible for the one-year final compensation benefit enhancement.

## Calculating Your Service Credit

For part-time, temporary, substitute or adjunct educators, service credit for one school year is equal to the compensation you actually earned in an assignment divided by your compensation earnable for that assignment. If you work multiple assignments, your service credit is the total service credit you earn from all your individual assignments, up to one year of service credit in a school year.

## Increasing Your Retirement Benefit

### Increase Service Credit With Additional Assignments

As a part-time educator, you may wish to consider taking on additional assignments to earn more service credit if you are not earning one full year of service credit under your existing assignment. You can earn service credit for activities such as teaching summer school or intersession, working paid office hours, attending staff development days, or serving as a coach, band director or department chair. Additional service credit will be included in calculating your total service credit for that school year.

## Consider Final Compensation If Working in Multiple Positions

When you work in multiple jobs for the same or different employers, your compensation earnable is the sum of all your actual earnings divided by the sum of all the service credit you earned for the school year.

Your final compensation is the average annual compensation earnable during your final compensation period, which is generally your highest consecutive 36 months. If your salary rates and service credit vary within a school year for your different assignments, your final compensation may be lower, which can lower your retirement benefit. This means it's possible to earn a larger retirement benefit if you reduce the number of different jobs you work in during your final compensation period. See example calculations on the next page.

- See also "Your Defined Benefit Membership," page 21.

The way final compensation is calculated can negatively affect your retirement benefit if you're a part-time educator working in multiple positions for one or more employers (see page 34). Plan to meet with a CalSTRS benefits specialist at least three years before you want to retire to discuss your particular situation.

## Working in Multiple Positions

### EXAMPLE

In the example, Kali decided that the increase of \$178 per month in his retirement benefit was significant enough to terminate two of his part-time jobs 36 months before he retires. Over the lifetime of his retirement, the difference in income would likely be about \$53,000, not including the 2 percent annual benefit adjustment and purchasing power payments.

However, Kali could not afford to work at only one part-time job during his final 36 months before retirement. To compensate for the loss in salary, he found part-time work outside the public school system in addition to teaching.

### Working in Multiple Positions

Kali works part time at two high schools and a community college. He has 8.95 years of service credit. If he continues to work for all three employers during his last 36 months before retirement at age 63, here is how his annual compensation earnable would be calculated:

Employer	Earnings	Service Credit
A	\$ 3,360	.100
B	30,250	.500
C	6,563	.250
<b>Total</b>	<b>\$ 40,173</b>	<b>.850</b>

Kali's annual compensation earnable:  $\$40,173 \div .850 = \$47,262$

To increase his retirement benefit, Kali could terminate the employment where he receives the lowest annual pay rate 36 months before he retires, and his retirement benefit would be higher:

Employer	Earnings	Service Credit
A	\$ 3,360	.100
B	30,250	.500
<b>Total</b>	<b>\$33,610</b>	<b>.600</b>

Kali's annual compensation earnable:  $\$33,610 \div .600 = \$56,017$

However, if Kali also terminates the position with the next lowest annual pay rate 36 months before he retires, his annual compensation earnable would be even higher:

Employer	Earnings	Service Credit
B	\$30,250	.500
<b>Total</b>	<b>\$30,250</b>	<b>.500</b>

Kali's annual compensation earnable:  $\$30,250 \div .500 = \$60,500$

Here's the impact of the three alternatives on Kali's retirement benefit calculation:

Works all three jobs for all 36 months:

Service Credit	Age Factor	Monthly Final Compensation
11.500 x	2.4%	x \$3,938 = \$1,087 per month

Terminates job with Employer C at the lowest annual pay rate 36 months before he retires:

Service Credit	Age Factor	Monthly Final Compensation
10.750 x	2.4%	x \$4,668 = \$1,204 per month or \$117 more per month

Terminates all jobs except one with Employer B at the highest annual pay rate 36 months before he retires:

Service Credit	Age Factor	Monthly Final Compensation
10.450 x	2.4%	x \$5,042 = \$1,265 per month or \$178 more per month

## Cash Balance Benefit Program

The Cash Balance Benefit Program is the CalSTRS retirement plan for part-time, substitute, adjunct or temporary educators. Your district may offer the Cash Balance Benefit Program as an alternative to Social Security. Your eligibility to participate in the program is determined by your basis of employment rather than the actual number of hours or days you work, and whether your employer offers the program.

Your Cash Balance Benefit contributions are made through pre-tax payroll deductions. There are no fees or expenses. In addition to a retirement benefit, you're eligible for survivor and disability benefits.

The California Public Employees' Pension Reform Act of 2013 made changes to the plan structure for Cash Balance Benefit participants first hired to perform CalSTRS creditable service on or after January 1, 2013, unless they were members of a concurrent retirement system on or before December 31, 2012, and performed service in that system within six months of becoming a Cash Balance Benefit participant. For these participants hired on or after January 1, 2013:

- Salary must be paid in cash each pay period in which creditable service is performed for compensation to count toward salary for a Cash Balance benefit.
- Salary credited to CalSTRS from all employers is capped at \$139,320 in 2016–17, adjusted annually based on changes to the Consumer Price Index for All Urban Consumers: U.S. City Average.
- The normal retirement age is 62.

The Cash Balance Benefit Program provides:

### Immediate vesting

You're immediately eligible for a benefit equal to the balance of your account, which includes your contributions, employer contributions, compounded interest earned on the contributions and any additional earnings credits.

### • Variable contribution rates that can be bargained

Your employer contributes at least 4 percent of your salary and, generally, you also pay 4 percent. Alternative rates may be bargained; however, the combined employer and employee contribution must be at least 8 percent. In addition, the employee contribution rate cannot be less than the employer contribution rate, starting with contracts entered into or changed on or after January 1, 2014. You can receive a termination benefit equal to the total balance in your member and employer accounts if you terminate public school employment. If you leave your contributions and interest in your accounts, they will continue to earn interest.

If you decide to receive a Cash Balance Termination Benefit before age 59½ and do not roll over your benefit to a qualified retirement plan, you may be subject to additional federal and state income taxes.

### • Guaranteed interest rate

The interest rate is set annually by the Teachers' Retirement Board based on the average 30-year Treasury rate. The current rate through June 30, 2017, is 2.88 percent.

### • Additional earnings credit

At the end of the year, the Teachers' Retirement Board may grant an additional earnings credit to be added to your account if program assets sufficiently exceed the amount needed to meet liabilities.

For more information, see the booklet, *Cash Balance Benefit Program: A Retirement Plan for Part-Time and Adjunct Educators*, at [CalSTRS.com/publications](http://CalSTRS.com/publications).

All Cash Balance annuitants are subject to the separation-from-service requirement if they return to work and perform retired member activities. If you receive your retirement benefit as a lump-sum payment, it will not be payable for 180 calendar days after the date you terminated employment.

### Benefits for Qualified Uniformed Service

Under the federal Uniformed Services Employment and Reemployment Rights Act of 1994, you have a right to receive credit toward your eligibility for CalSTRS benefits for the period of your uniformed service if you return to work in an eligible position for the same CalSTRS employer you had immediately before your service. To learn more, see the fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

- **Portability**

In most cases, you can continue to participate in the Cash Balance Benefit Program if you move to another employer that offers it. You also can roll over funds from other outside personal or employer plan pre-tax accounts into your Cash Balance Benefit account. If you become a member of the Defined Benefit Program and are no longer contributing to the Cash Balance Benefit Program, you may elect to receive service credit in the Defined Benefit Program for your eligible Cash Balance Benefit service.

- See "Consolidating Your Cash Balance and Defined Benefit Coverage," next page.

- **Options if you leave teaching**

If you leave CalSTRS-covered employment, you have two options:

- » Leave your funds on deposit with CalSTRS. The contributions in your Cash Balance account will continue to accrue interest.
- » Receive a termination benefit directly or roll it over to another eligible retirement plan. Your termination benefit may be taxed as income if it isn't rolled over. CalSTRS is required to withhold 20 percent federal income tax on all payments distributed to you. CalSTRS will withhold state income tax at 2 percent unless you elect not to have state income tax withheld or you're not a resident of California. California nonresidents may elect to have state income tax withheld by completing the *Income Tax Withholding Preference Certificate*. If you receive a termination benefit before age 59½ and do not roll over your benefit to a qualified retirement plan, you may be subject to additional federal and state taxes.

If you decide to receive a termination benefit, your benefit will become payable six months after you terminate employment. If you return to CalSTRS-covered employment within the six-month time frame, your termination benefit will be canceled. If you receive a termination benefit and return to CalSTRS-covered work, you will not be eligible to apply for a termination benefit again for five years.

- **Flexibility at retirement**

You can take your contributions and your employers' contributions, plus compounded interest, in a lump sum or as an annuity to provide a monthly retirement benefit if your balance is \$3,500 or more.

If you receive your retirement benefit as an annuity benefit, you'll be subject to the separation-from-service requirement. If you return to work in a CalSTRS-covered position, your annuity benefit will be reduced dollar for dollar by the amount you earn during the first 180 calendar days following your most recent retirement date.

If you receive your retirement benefit as a lump-sum payment, your benefit will not be payable until 180 calendar days after the date you terminate employment. If you return to work in a CalSTRS-covered position during this waiting period, your retirement will be canceled and you will not receive your benefit.

### Eligibility

When you're hired by a preK–12 district, county office of education, participating charter school or community college district, your employer must inform you that as a part-time employee you can elect membership in the Defined Benefit Program. You have the option to participate in the Cash Balance Benefit Program, if your district offers it, the Defined Benefit Program, or another retirement plan your employer may offer.

If you choose the Cash Balance Benefit Program as a preK–12 educator and your basis of employment changes to 50 percent or more of the full-time position or is no longer defined as a temporary position, you'll automatically become a member of the Defined Benefit Program. If you're a community college educator and your employment changes from temporary to permanent—or to a more than 67 percent position—you'll automatically become a Defined Benefit member.

### **Working for Multiple Employers**

If you're hired to perform temporary or part-time creditable service for more than one employer, you may participate in more than one retirement program with different employers at the same time.

## **Social Security**

Your district must offer Social Security to its part-time employees if it does not offer an alternative retirement plan. If you qualify for Social Security from any employment, including your spouse's, and you receive a benefit from CalSTRS or another retirement plan offered by your employer, your Social Security benefit may be reduced or eliminated under two federal provisions—the Windfall Elimination Provision and the Government Pension Offset.

Your CalSTRS retirement benefits will not be reduced if you receive a Social Security benefit.

The federal Social Security rules are complex. To learn more, contact Social Security at 800-772-1213 or visit [ssa.gov/gpo-wep](http://ssa.gov/gpo-wep) for publications on the Windfall Elimination Provision (reduction in your Social Security benefits) and the Government Pension Offset (reduction in your spousal Social Security benefits) and calculators.

● Also see "Social Security Offsets," page 49.

## **Consolidating Your Cash Balance and Defined Benefit Coverage**

If you have benefit coverage under both the Defined Benefit and the Cash Balance Benefit programs, you may be able to consolidate your benefit coverage under the Defined Benefit Program. To be eligible, you must:

- Currently be making contributions under the Defined Benefit Program.
- No longer be contributing to your Cash Balance Benefit account.
- Have eligible Cash Balance Benefit service to convert.
- Have funds in your Cash Balance Benefit account.

When you elect to consolidate your benefits, we will transfer your Cash Balance Benefit contributions and interest to your Defined Benefit account and close your Cash Balance Benefit account. We will determine the service credit that can be added to your Defined Benefit account based on your work performed as a Cash Balance Benefit participant, then apply those funds toward the cost of consolidating your eligible Cash Balance service under the Defined Benefit Program.

In most cases, your Cash Balance contributions and interest will not cover the full cost of all eligible Cash Balance service because the contribution rate to buy Defined Benefit permissive service credit is significantly higher than the Cash Balance contribution rate. You may use other retirement or personal funds to cover the remaining cost.

Your CalSTRS retirement benefits will not be reduced if you receive a Social Security benefit.

To consolidate your Cash Balance Benefit coverage under the Defined Benefit Program, complete the *Cash Balance Request to Consolidate Benefits Packet*, available at [CalSTRS.com/forms](http://CalSTRS.com/forms).

If you have more funds in your Cash Balance account than are required to cover the cost of your eligible service—perhaps your account includes funds that were rolled over from another retirement plan or you had past overtime service under the Cash Balance Benefit Program—you must specify how you would like CalSTRS to allocate the amount remaining in your Cash Balance account after funds are transferred to cover the cost of consolidating benefits.

You may use the remaining amount to redeposit previously withdrawn contributions in the Defined Benefit Program or use it to pay for additional service that you may be eligible to purchase. Any funds remaining in your account can be transferred to your Defined Benefit Supplement account and your Cash Balance account will be closed.

**Advantages of consolidating your benefits:**

- You may increase the amount of service credit that will be used to determine your retirement benefit, which will increase your monthly retirement benefit.
- Service credit for your eligible Cash Balance Benefit service also may be used toward your eligibility for benefit enhancements under the Defined Benefit Program, such as the one-year final compensation and the career factor. CalSTRS 2% at 62 members hired on or after January 1, 2013, are not eligible for these benefit enhancements.



# CalSTRS Pension2

CalSTRS Pension2 is CalSTRS' voluntary defined contribution plan, an important piece of the CalSTRS hybrid retirement system. Pension2 offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans with low fees and flexible investment options.



Check out the ebook at [Pension2.com](http://Pension2.com).

## Pension2 Complements Your Retirement Benefit

The median CalSTRS retirement benefit replaces about 50 to 60 percent of a member's salary. You'll need to close any gap between your retirement income goal and your CalSTRS retirement benefit with savings and investments.

With Pension2, you'll belong to a plan with:

- **Simple, low-cost and transparent fees**—there are no commissions, no load fees and no surrender charges.
- **Easy payroll deductions**
- **Investments for everyone**—Pension2 offers choices selected by CalSTRS to match every type of investor:
  - » **Easy Choice Portfolios provide** ready-made diversified portfolios that simplify your investment decisions.
  - » **Core investment options** to build your own portfolio.
  - » **Self-Directed Brokerage Account** gives experienced investors access to hundreds of mutual funds.
- **Services and a team to help you succeed**—you can manage your account 24/7 online or use the automated toll-free phone line. Online tools can help you plan and make decisions. Experienced retirement specialists can help you define and pursue goals in retirement.

Scan this QR code to learn the advantages of Pension2.



At retirement, consider rolling over the funds in your Defined Benefit Supplement or Cash Balance Benefit account into Pension2.

## Tax Advantages

When you contribute to your 403(b) or 457(b) account directly out of your paycheck, you defer taxes on the money you invest each month. Your earnings grow tax-deferred, and your monthly taxable income is lower. With a Roth 403(b) or Roth 457(b), you invest after-tax dollars, and your contributions and earnings are tax-free at retirement when you withdraw funds.

## Online Planning Tools

With Pension2, you have access to workshops, webinars, planning tools and account management features, including myOrangeMoney and the Personal Financial Dashboard.

myOrangeMoney is designed to help you focus on what matters most—how your accumulated savings translate into estimated monthly income in retirement. The Personal Financial Dashboard is an easy way to organize your finances. This tool gives you a secure online environment to set your financial goals, assess where you stand today, create budgets, track spending and more. The consolidation feature lets you add all your accounts to one place, so you always have a current and comprehensive view of your finances.

### Three Steps to Opening Your Pension2 Account

1. **Enroll online at Pension2.com or call 844-electP2 (844-353-2872).**
2. **Determine how much you want to invest.**
3. **Fill out your district's *Salary Reduction Agreement***, available from your payroll office or online at 403bCompare.com (select *Find My Employer*, then look for the link on your district's page).



## 403bCompare—Find the Right 403(b) for You

403bCompare is your resource for information on the 403(b) products offered by your employer. Here you'll find everything you need to compare, select and start building your personal retirement savings.

Visit 403bCompare to:

- Learn about the advantages of a 403(b) account.
- Find your employer's approved list of 403(b) vendors.
- Compare 403(b) products side by side, including fees, performance and features.
- Get information about how to start easy paycheck contributions.

> **Check out 403bCompare.com today.**

## The Power of Time and Money

### How a 403(b) or 457(b) Can Work for You

A monthly contribution of \$50 to your tax-deferred account may reduce your paycheck by only \$32.\*

Monthly Contribution	Reduces Your Take-Home Pay By
\$50	\$32
\$100	\$63
\$150	\$95
\$200	\$126
\$250	\$142
\$300	\$173
\$400	\$252
\$500	\$315

### Have Other Retirement Savings Accounts?

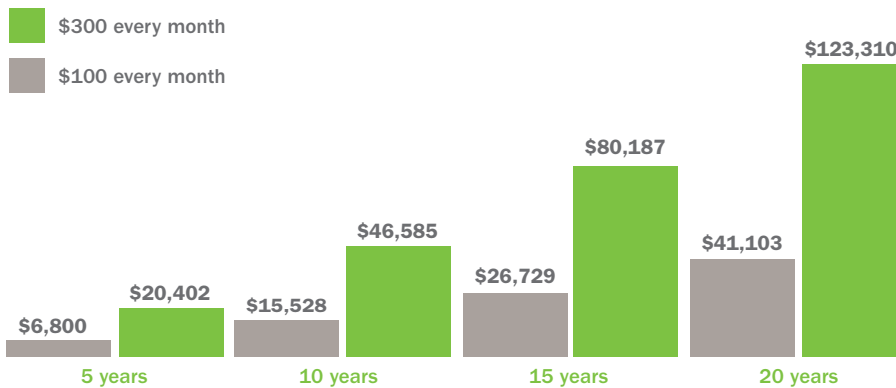
#### Bring Them All Together

Consider rolling over money currently held in other qualified retirement plans to Pension2. You'll be able to manage your retirement savings in one place and benefit from some great features. What's more, you may be able to save on fees.

To get a no-cost, no-obligation comparison of the fees you may pay elsewhere and with Pension2, call 888-394-2060.

### A Little Now Can Really Add Up Later

Let's say you contribute \$100 a month to your account directly from your paycheck. If your account averages a 5 percent rate of return annually, after 20 years you could have \$41,103. If you increase your monthly contribution to \$300 a month, your savings could grow to \$123,310—an increase of \$104,185. An added benefit of tax-deferred contributions: Your \$300 investment may reduce your paycheck by only \$173.\*



\*These hypothetical illustrations assume a combined 37 percent state and federal tax rate. They are not meant to represent the performance of any investment product and should not be used to predict investment performance. Any taxes and expenses associated with an actual investment are not reflected. While taxes are paid when funds are withdrawn, investors are often in a lower tax bracket at retirement. CalSTRS Pension2 does not guarantee any rate of return on investments. Investing involves risk, including risk of loss of principal.



# Your Retirement Income Gap Worksheet

How much money will you have to enjoy the future you want?

## 1. My Retirement Goal

My goal is to retire with \_\_\_\_\_ % of my working income.

According to financial advisers, you may need 80–90% of your salary to maintain your standard of living in retirement.

## 2. Calculate My Gap

$$\begin{array}{rcl}
 \frac{\text{Service Credit}}{\text{Age Factor}} \times \frac{\text{Age Factor}}{\text{Age Factor}} & = & \frac{\text{Service Credit}}{\text{Age Factor}} \times \frac{\text{Age Factor}}{\text{Age Factor}} \times \frac{\text{Age Factor}}{\text{Age Factor}} \\
 & & \text{\% of Final Compensation} \\
 \\ 
 \frac{\text{My Goal}}{\text{Age Factor}} \times \frac{\text{Age Factor}}{\text{Age Factor}} & - & \frac{\text{\% of Final Compensation}}{\text{Age Factor}} \times \frac{\text{Age Factor}}{\text{Age Factor}} = \frac{\text{My Gap}}{\text{Age Factor}} \\
 \text{\%} & & \text{\%} \qquad \qquad \qquad \text{\%}
 \end{array}$$

Your percent of final compensation will be less if you choose to elect an option benefit for a loved one.

## 3. Bridge My Gap

What if I take on outgrowth or extra-pay assignments to increase my Defined Benefit Supplement account?

Current Defined Benefit Supplement account balance \$ \_\_\_\_\_

Use the annuity calculations at [CalSTRS.com/calculators](http://CalSTRS.com/calculators) to estimate your Defined Benefit Supplement annuity monthly payments.

What if I start and add to my supplemental savings account, such as a Pension2 403(b) or 457(b) account?

Estimated value of my current 403(b) or 457(b) \$ \_\_\_\_\_

Estimated value of my 403(b) or 457(b) at retirement \$ \_\_\_\_\_

Use the savings calculators at [CalSTRS.com/calculators](http://CalSTRS.com/calculators). The savings calculators illustrate the principle of time and compounding. Investing involves risk, including the possible loss of your contributions.

What percent of my working income do I think I can replace by annuitizing my Defined Benefit Supplement balance and investments? \_\_\_\_\_%

What if I extend my career or purchase service credit?

$$\begin{array}{rcl}
 \frac{\text{Adjusted Service Credit}}{\text{Adjusted Age Factor}} \times \frac{\text{Adjusted Age Factor}}{\text{Adjusted Age Factor}} & = & \frac{\text{Adjusted Service Credit}}{\text{Adjusted Age Factor}} \times \frac{\text{Adjusted Age Factor}}{\text{Adjusted Age Factor}} \times \frac{\text{Adjusted Age Factor}}{\text{Adjusted Age Factor}} \\
 & & \text{Adjusted \% of Final Compensation} \\
 \\ 
 \frac{\text{My Goal}}{\text{Adjusted Age Factor}} \times \frac{\text{Adjusted Age Factor}}{\text{Adjusted Age Factor}} & - & \frac{\text{Adjusted \% of Final Compensation}}{\text{Adjusted Age Factor}} \times \frac{\text{Adjusted Age Factor}}{\text{Adjusted Age Factor}} = \frac{\text{My Adjusted Gap}}{\text{Adjusted Age Factor}} \\
 \text{\%} & & \text{\%} \qquad \qquad \qquad \text{\%} \\
 \\ 
 \frac{\text{My Adjusted Gap}}{\text{Adjusted Age Factor}} & - & \frac{\text{My Gap Filled by My Defined Benefit Supplement and Investment Annuities}}{\text{Adjusted Age Factor}} = \frac{\text{Any Remaining Gap}}{\text{Adjusted Age Factor}} \\
 \text{\%} & & \text{\%} \qquad \qquad \qquad \text{\%}
 \end{array}$$

View The Gap video at [CalSTRS.com/videos](http://CalSTRS.com/videos).

See "Purchasing Service Credit" on page 57 and the Age Factor and Career Factor tables on pages 69–70.

## Planning for Retirement

When you are eligible to retire, you'll have important decisions to make, from determining when to retire to deciding if you want to provide a lifetime benefit to someone after your death.

In addition, be sure to get the facts on Social Security. If you qualify for Social Security through your spouse or other employment, your Social Security check may be smaller or you may get no check at all because of two federal rules: the Windfall Elimination Provision and the Government Pension Offset. Your CalSTRS retirement benefit will not be reduced or eliminated by these rules.

- See the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications), and "Social Security Offsets," page 49.

### Deciding When to Retire

If you're a CalSTRS 2% at 60 member, you can retire as early as age 50 with at least 30 years of service credit, or you can retire at age 55 with at least five years of service credit—or fewer if you service retire concurrently from certain other California public retirement systems.

If you took a refund and then reinstated, at least one year of your service credit must have been performed after your most recent refund unless you retire for service concurrently from certain other California public retirement systems.

Under the Uniformed Service Employment and Reemployment Rights Act of 1994, time you spent in the military while a CalSTRS member is considered when determining your eligibility for a retirement benefit.

- **CalSTRS 2% at 62:** The earliest age you can retire is 55 with five years of service credit—or fewer if you retire under the special circumstances of concurrent service retirement. See page 44.
- See the *Uniformed Services Employment and Reemployment Rights Act* fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

### Choosing Your Retirement Date

You'll be officially retired as of the date you request on your *Service Retirement Application*. Your retirement date must be after your last day of work, vacation or compensated approved leave. Your age factor is based on how old you are on the last day of the month in which your retirement becomes effective. Carefully consider your retirement date. If it's not the first of the month, your first benefit payment will be prorated from your retirement date to the end of the month.

If you are unable to submit your application before your retirement date, you can backdate your retirement effective date to the day following the date you terminated your CalSTRS-covered position, but no earlier than January 1, 2012.

Your membership in another public retirement system cannot be used to qualify for benefit enhancements or early retirement—age 50 with at least 30 years of service credit.

## Retiring From More Than One Public Retirement System

If you're at least age 55 and a member of certain other California public retirement systems, you may retire with fewer than five years of CalSTRS service credit if you retire for service concurrently from both systems. To receive concurrent benefits, you must service retire on the same day from both systems. Or you may retire for service on different dates as long as you do not perform service creditable to either system between those dates.

CalSTRS may use the full-time equivalent compensation for your service performed under the other retirement system to calculate your CalSTRS service retirement benefit. However, if you perform creditable service with both retirement systems during the same pay periods of your final compensation period, CalSTRS is required by law to use your CalSTRS compensation earnable to calculate your final compensation.

You may retire for service concurrently from CalSTRS and any of the following retirement systems:

- California Public Employees' Retirement System.
- San Francisco Employees' Retirement System.
- University of California Retirement System.
- Legislators' Retirement System.
- Systems established under the County Employees Retirement Law of 1937. For a list of counties covered by this law, see the glossary, "County Employees Retirement Law of 1937."

Be sure to check the retirement eligibility requirements for the other retirement systems.

> See the *Concurrent Retirement* fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

## Reduced Benefit Election

For 2% at 60 members, if you're at least age 55, but under age 60, and have at least five years of service credit, you can apply for retirement under the Reduced Benefit Election. You will receive one-half of the monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, your retirement benefit amount will be the amount you would have received had you retired at age 60. For an example calculation, see the *Reduced Benefit Election* form at [CalSTRS.com/forms](http://CalSTRS.com/forms).

If you previously retired for service or disability, or received a disability benefit, you're not eligible for the Reduced Benefit Election.

With the Reduced Benefit Election, annual benefit adjustments accrue. However, you will not receive the benefit payment increases until you receive your normal service retirement benefit.

Due to the initial reduction in your retirement benefit, talk to a CalSTRS benefits specialist to estimate your monthly retirement benefit before electing this program. The *Reduced Benefit Election* form at [CalSTRS.com/forms](http://CalSTRS.com/forms) has an example calculation. Use your actual numbers to determine your approximate benefit reduction and the length of time you would receive the reduced benefit.

● **CalSTRS 2% at 62:** You're not eligible for the Reduced Benefit Election.

## Reduced Workload Program

The CalSTRS Reduced Workload Program (also known as the Willie Brown Act) allows you to reduce your workload from full-time to part-time duties, defined as at least 50 percent of full time, for up to 10 years—normally the last 10 years before retirement. Participation is available only if your employer offers the program.

Both your and your employer's contributions will be paid based on the full-time compensation earnable, rather than your actual part-time earnings while participating in the program. In addition, your employer pays a contribution rate for you to participate, which is set each year by the Teachers' Retirement Board.

Because contributions are based on your full-time compensation earnable, you will receive full-time service credit while working less than full time. At retirement, your benefit will be calculated as if you continued to work full time, including determining your final compensation and service credit, provided you complete your contractual agreement.

### Eligibility

To be eligible for the program, you must:

- Be age 55 or older.
- Have at least 10 years of service credit.
- Have been employed on a full-time basis to perform credible service for five years immediately before entering the program.

The agreement to reduce your workload must be in effect and CalSTRS must verify your eligibility before the beginning of the school year.

After discussing the Reduced Workload Program with your employer and reviewing your qualifications, you must enter into a contractual agreement with your employer to participate in the program for the entire school year. You must enroll before the school year begins.

### Important Considerations

If you do not work at least one-half of the time your employer requires for full time, your service credit for the year will be calculated on actual time worked.

For example, if you were employed 50 percent of full time and your pay was docked because you became ill and ran out of sick leave, you would not have performed creditable service for at least 50 percent of full time that year. Therefore, for that year, you would not be eligible to participate in the Reduced Workload Program and would earn service credit for the time worked.

If you retire or terminate employment before the end of the school year, your agreement under the Reduced Workload Program will be revoked. You will receive service credit only for the part-time service you actually performed.

## Retirement Incentive Program

If your school district offers the CalSTRS Retirement Incentive Program, you have at least five years of service credit and you're eligible to retire, you can receive two additional years of service credit. Retirement incentives are offered at your employer's discretion, not CalSTRS'.

If you wish to designate a special needs trust as your beneficiary or change an existing option election to a special needs trust, contact CalSTRS for additional information and the required forms. Also see page 5.

You must be eligible for service retirement and retire from active service within the time period specified by your employer to take advantage of the incentive.

The additional service credit given under the incentive program will not count toward eligibility for service retirement or the one-year final compensation and career factor benefit enhancements.

Your employer must pay for the additional service credit. In addition, your employer must fund the full two years of service credit—CalSTRS does not grant partial benefits.

You'll lose the ongoing increase in your benefit if you do any of the following:

- Become an active member again by returning to CalSTRS-covered employment (reinstate).
  - Return within five years to any job, including substitute teaching, with the employer that granted your incentive credit.
  - Receive unemployment benefits within one year of your retirement date.
- Visit [CalSTRS.com/calculators](https://www.calstrs.com/calculators) or meet with a CalSTRS benefits specialist to help you determine the potential boost to your retirement benefit.

## Protecting Your Loved Ones Before You Retire

When you're eligible to retire, you may make a preretirement election of an option to provide a monthly lifetime income for another person or persons or a special needs trust if you should die before retirement. When you elect an option, your monthly retirement benefit will be reduced from the Member-Only Benefit. The percentage of the reduction is based on the option you elect, your age and your beneficiary's age at the time you elect an option.

- See "Option Choices," page 62, for descriptions of options and their effect on your monthly benefit.

If you make a preretirement election of an option and die before retirement, the monthly retirement benefit paid to your beneficiaries will be based on the percentage of the reduced benefit that would have been paid if you had retired as of the date of your death.

In addition, if you make a preretirement option election, the option factor when you retire will be the higher of the option factor in effect when the option was chosen or on the date of retirement. In most cases, this will result in a higher Modified Benefit than if you elected an option at retirement.

### Nonspouse Option Beneficiary

Under federal law, if you name someone other than your current or former spouse to be your option beneficiary, the type of option you may elect depends on your age and the age of your beneficiary:

- Under the 75% Beneficiary Option, your nonspouse beneficiary cannot be more than exactly 19 years younger than you.
- If you elect the Compound Option, your nonspouse beneficiaries cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Option, or more than exactly 10 years younger than you under the 100% Beneficiary Option.

These federal age restrictions also apply to registered domestic partners. If you elect a special needs trust as an option beneficiary, the age difference restrictions also apply to you and the trust's beneficiary.



## Example: Effect of a Preretirement Option Election vs. Option Election at Retirement

### Choosing a Preretirement Election of an Option

- Member retires at age 60
- 100% Option Beneficiary is also age 60
- Both member and option beneficiary were age 55 when preretirement option was chosen

Member-Only Benefit		\$ 1,963.89
Option Factor	x	.9213
<b>Member's Reduced Benefit</b>		<b>= \$1,809.33</b>

### Choosing an Option at Retirement

- Member retires at age 60
- 100% Option Beneficiary is also age 60

Member-Only Benefit		\$1,963.89
Option Factor	x	.8937
<b>Member's Reduced Benefit</b>		<b>= \$1,755.13</b>

The example above illustrates the difference in benefits if you choose an option beneficiary before retirement or wait until retirement. Your benefit will be reduced based on the option you choose and the ages of both you and your beneficiary at the time of election. Therefore, the reduction in your benefit may be slightly higher than if you wait until retirement to choose that same option.

## Advantages and Disadvantages of Preretirement Elections

Be sure to consider the advantages and disadvantages of choosing a preretirement election of an option. Only you can decide whether to reduce your monthly benefit by electing an option. Consider consulting a financial adviser. CalSTRS can provide you with information on your benefit choices but does not provide advice.

### Advantages

If you die before retirement and you made a preretirement election of an option, your beneficiary will receive a lifetime monthly retirement benefit. The benefit begins immediately after your death, regardless of the ages of your beneficiaries. In most cases, the reduced benefit will be higher than if you elected an option at the time of retirement.

If you become disabled after making a preretirement election of an option and you have a disability benefit under Coverage A, you may retain the option election to provide a monthly benefit to your option beneficiary.

If you're a CalSTRS 2% at 60 member with at least 30 years of service and you die before retirement, benefit enhancements such as the career factor that you may otherwise be eligible to receive will not apply to benefits for your survivors unless you have a preretirement option election on file with CalSTRS.

- **CalSTRS 2% at 62:** You're not eligible for the longevity bonus or the career factor enhancement to the age factor.

Your preretirement election is effective as of your signature date. CalSTRS must receive your form within 30 days of your signature date to be valid.



### Disadvantages

If you cancel or change your preretirement election of an option before retiring, or if your option beneficiary dies before you retire, your retirement benefit will be subject to an assessment and may be reduced for life.

### Electing a Preretirement Option

To elect a preretirement option:

1. Contact CalSTRS if you would like to receive an estimate of your retirement benefit based on the option you would like to elect or if you'd like to elect a special needs trust.
2. Complete the *Preretirement Election of an Option* form or the *Preretirement Compound Option Election* form, available at CalSTRS.com or myCalSTRS.
3. Your spouse or registered domestic partner must sign your form or you must complete and return the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form with your preretirement election. Your preretirement election will not be accepted and your election will not be effective until the requirement is met.

To be valid, CalSTRS must receive your election form within 30 days of the date you signed it, and all other requirements must be met. Your preretirement option election is effective as of your signature date.

### Date of Birth Verification

CalSTRS requires verification of your and your option beneficiary's dates of birth. Acceptable documentation for verification includes clear, unaltered photocopies of one of the following:

- Birth certificate
- State-issued ID
- Passport ID page
- Certain military IDs

If a name has been changed from the name shown on the record of birth, a copy of the marriage certificate or court order documenting the change is required. If you do not have any of these records, contact CalSTRS for assistance.

### Canceling a Preretirement Election of an Option

If you cancel your preretirement election of an option for any reason, an assessment will apply and will be calculated at retirement. The assessment may reduce your monthly retirement benefit for life.

A preretirement election of an option is canceled automatically if:

- You take a refund.
- You elect a new option or a new option beneficiary.
- Your option beneficiary predeceases you.

CalSTRS will calculate the assessment factor as of the cancellation date of your preretirement election based on:

- The option you elected.
- The amount of time your preretirement option election was in effect.

If you're thinking of canceling your preretirement election of an option, electing a different option or changing your option beneficiary, meet with a CalSTRS benefits specialist to discuss the possible effects a change would have on your retirement benefit.

- Your age at the time of election and cancellation.
- Whether you have Coverage A or Coverage B.
- Whether your option beneficiary is your spouse or registered domestic partner.

Your preretirement option election will become irrevocable when you retire except under limited circumstances (see pages 64–65).

Your spouse or partner must sign the cancellation of your preretirement election of an option or you must complete and return the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form with the request for cancellation. If your spouse or partner's signature is not provided or if we do not receive the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form, the cancellation will not be accepted, and it will not be effective until the requirements are met.

You can elect a new beneficiary if you cancel your previous election or your beneficiary dies before you retire. Your benefit amount would be reduced based on your new beneficiary's age, your age and the option you elect.

In addition, under a new law, you can change an existing option or annuity beneficiary to a special needs trust without penalty, if the trust's beneficiary is the same as the previously named option or annuity beneficiary. To make this election, contact CalSTRS for instructions and the required forms. If the trust qualifies under AB 1875 (Chapter 559, Statutes of 2016), we will update your option election at no cost to you.

## Social Security Offsets

CalSTRS members do not pay into Social Security, so you will not receive Social Security benefits for your CalSTRS-covered position.

If you or your spouse qualifies for Social Security from other employment, your monthly Social Security check may be smaller or you may not receive a Social Security check at all because of two federal rules: the Windfall Elimination Provision and the Government Pension Offset. In addition, your benefit estimate from Social Security may be overstated because non-Social Security pensions such as CalSTRS aren't considered in the estimate.

Your CalSTRS retirement benefit will not be reduced by these rules. In addition, any CalSTRS benefits paid to your beneficiaries will not affect their Social Security benefits.

Your eligibility for Medicare will not be affected.

## Windfall Elimination Provision

The Windfall Elimination Provision affects your Social Security benefit that is based on your earnings from other employment. The rule may reduce your Social Security benefit, but it will not eliminate it.

Your Social Security benefit is based on your average monthly covered earnings over a 35-year period, adjusted for inflation. When Social Security determines your benefits, it separates your average earnings into three amounts and multiplies the amounts using three different factors. For example, if you turned 62 in 2017, the first \$885 of your average monthly earnings would be multiplied by 90 percent, the next \$4,451 would be multiplied by 32 percent, and any remainder by 15 percent.

If you're also eligible for a CalSTRS retirement benefit, the 90 percent factor could be reduced to 40 percent.

Social Security is a federal program and neither CalSTRS nor the State of California has control over eligibility requirements or benefit calculations.

You're exempt from the Windfall Elimination Provision if you were eligible to retire from CalSTRS before January 1, 1986, or if you have 30 or more years of substantial earnings under employment covered by Social Security. In 2017, substantial earnings are \$23,625 annually. With 21 to 29 years of substantial earnings, the 90 percent factor is reduced on a sliding scale beginning at 45 percent for 21 years up to 85 percent for 29 years.

### Government Pension Offset

The Government Pension Offset affects your spousal, widow or widower Social Security benefit that is based on your spouse's earnings. The spousal Social Security benefit was introduced to provide financially dependent spouses with a benefit upon the retirement or death of their spouse. This offset was introduced so that government employees, including California public educators, who don't pay into Social Security would be treated similarly to spouses who earn a Social Security benefit from their own employment, as the law reduces and may eliminate their spousal benefit based on the amount of their Social Security benefit.

Under this rule, your Social Security spousal benefit will be reduced by two-thirds of your CalSTRS retirement benefit. If two-thirds of your CalSTRS benefit exceeds the amount of your spousal benefit from Social Security, you will not receive a Social Security spousal benefit. If your Social Security spousal benefit is higher than two-thirds of your CalSTRS benefit, you'll receive the difference. There are limited exemptions to the Government Pension Offset.

Due to the complexity of Social Security law and the formulas used in determining Social Security benefits, contact a Social Security representative to determine if these provisions or exceptions apply to your individual situation.

- See the online calculators at [ssa.gov/planners/benefitcalculators](http://ssa.gov/planners/benefitcalculators). Or contact the Social Security Administration at [socialsecurity.gov](http://socialsecurity.gov) or 800-772-1213.
- Also see "Social Security, CalSTRS and You," page 10.

### Health Insurance

CalSTRS does not provide health or dental insurance coverage. Under California Education Code sections 7000–7008, school districts, community colleges and county offices of education must offer retiring CalSTRS members and their spouses or registered domestic partners the opportunity to continue their medical and dental insurance at their own cost.



Each district has its own policies. Coverage may also be part of your union contract, so your benefits may differ from others in your district. Contact your employer to learn if you will have any health benefits in retirement. Consider setting aside extra money now for your future health care coverage.

You and your employer each pay 1.45 percent of your wages toward earning coverage under Medicare, the federal insurance program for people age 65 and older.

## Health Insurance Premium Deductions

CalSTRS can deduct health insurance premiums from your monthly retirement benefit and forward the premium to your insurance carrier, if your carrier has an agreement with us and your carrier submits the appropriate paperwork. Contact your employer to learn more.

## Medicare Eligibility

You may be eligible for premium-free Medicare Part A coverage on your own or through your spouse's employment. While you do not pay into Social Security, you do pay the Medicare tax of 1.45 percent of gross earnings if you were hired after April 1986, or if you elected to participate in Medicare under your employer's Medicare division election.

Contact Social Security at 800-772-1213 to determine if you're eligible for premium-free Medicare Part A.

 Visit [medicare.gov](https://www.medicare.gov).

## CalSTRS Medicare Premium Payment Program

The CalSTRS Medicare Premium Payment Program, which pays Medicare Part A hospital insurance premiums for certain eligible retired members, is not being offered to members with a retirement effective date on or after July 1, 2012. Your most recent retirement date is used to determine eligibility.

If you started CalSTRS-covered employment before April 1, 1986, you were not initially subject to the Medicare tax. If you switched employers after that date, or if your employer held a Medicare Division election and you voted "yes," you began paying the Medicare tax. If you or your spouse paid the Medicare tax for 10 or more years, you most likely qualify for premium-free Medicare Part A on your own.

Under the program, if you don't qualify for premium-free Medicare Part A, CalSTRS will pay your Part A premium directly to Medicare if you meet all of the following requirements:

- Are retired and receiving a monthly CalSTRS benefit (or receiving a CalSTRS disability benefit) from which Medicare premiums can be deducted.
- Have a retirement effective date on or before June 30, 2012.
- Are age 65 or older.
- Are enrolled in both Medicare Part A and Part B.

Your eligibility also depends on when your district held a Medicare division election. If your district completed a Medicare division election before January 1, 2001, your voting results will not be used to determine your eligibility. If your district completed or conducted a Medicare election after January 1, 2001, and before June 30, 2012, you must have retired during or after the 10-day Medicare election period. In addition, if you were less than 58 years of age at the time of the election, you must have elected to be covered by Medicare. Check with your employer to determine if and when it conducted a Medicare election.

Under federal law, you must also enroll in Medicare Part B when you turn age 65 to participate in the CalSTRS program. You will have to pay the Medicare Part B premium. At your request, CalSTRS can deduct Medicare Part B premiums from your monthly retirement benefit and forward the payment to the Centers for Medicare and Medicaid Services, the federal agency that administers Medicare. You have this option even if CalSTRS does not pay your Medicare Part A premiums. CalSTRS does not have a program for Medicare Part D.

Take advantage of publications, workshops, videos, benefits specialists and other resources to help you make informed retirement decisions.

## CalPERS Long-Term Care Program

As a CalSTRS member, you and certain family members may be eligible for the CalPERS Long-Term Care Program. Long-term care plans are offered by a number of entities. Be sure to consult a trusted financial adviser and talk with your family to help you decide if a long-term care plan is right for you and which long-term care insurance might be most suitable for you. To learn more about the CalPERS program, visit [www.calperslongtermcare.com](http://www.calperslongtermcare.com) or call 800-908-9119.

## Benefits Planning Services

CalSTRS offers various services to help you learn about your CalSTRS benefits and plan for retirement.

### Attend a Workshop

Our CalSTRS workshops are designed to meet your needs at your different career stages. Visit [CalSTRS.com/workshops](http://CalSTRS.com/workshops) to register for one near you.

We also offer a financial awareness series that focuses on financial literacy and money-management skills.

- **Save for Your Future**—Discover ways to create and evaluate a budget, tips for managing credit and debt, and the questions to ask before investing.
  - **Plan for Your Future**—Explore retirement income sources and expenses, prepare for potential obstacles and gain a better perspective for what your future may hold.
  - **Protect Your Future**—Learn more about benefit adjustments and distributions, opportunities to maximize income in retirement and ways to protect the retirement lifestyle you've built.
- Visit [CalSTRS.com/financial-awareness](http://CalSTRS.com/financial-awareness) to learn more.

### Schedule a Benefits Planning Session

Learn with fellow educators in a confidential, yet interactive, small-group setting. Contact your local office or visit *myCalSTRS* to schedule a session near you. Sessions are typically scheduled six weeks in advance.

- **CalSTRS and You**—Are you an early or mid-career educator or otherwise not yet eligible to retire? It's never too early to start planning! CalSTRS and You covers:
  - » The CalSTRS hybrid system and your different accounts.
  - » Your retirement, survivor and disability benefits.
  - » Retirement eligibility and how to estimate your benefit.
  - » What you can do now to increase your income in retirement.

## Questions You'll Need to Answer

Before making your retirement decisions, you'll need to answer these questions:

- Am I eligible to retire?
- How much will my benefit be each month?
- Do I want to provide a monthly benefit to someone after I die?
- How do I want my Defined Benefit Supplement distribution paid?



- **CalSTRS and Your Retirement**—Are you currently eligible to retire or considering retirement within the next five years? Learn about your retirement decisions and review personalized estimates prepared by a CalSTRS benefits specialist. *CalSTRS and Your Retirement* covers:
  - » Your CalSTRS accounts and personalized benefit estimates.
  - » Beneficiary options and how to leave a lifetime benefit to a loved one.
  - » How to purchase service credit and what happens to your unused sick leave.
  - » Concurrent service retirement for those retiring from more than one California public retirement system.
  - » Considerations regarding health benefits, Medicare and Social Security.
  - » How to apply for retirement and when to expect your benefit.
  - » Your relationship with CalSTRS in retirement.
- **Retirement Application Roundtable**—Complete your *Service Retirement Application* with the help of a CalSTRS benefits specialist. This session is typically available in winter and spring.

Other sessions include topics such as disability benefits, community property, the Cash Balance Benefit Program and reinstatement. You can also meet with a benefits specialist one-on-one in person or by telephone. Contact your local office for more information.

## Connections Newsletter

Keep up to date by reading *Connections*, published twice a year. Sign up on *myCalSTRS* to receive your newsletter electronically to help us conserve natural resources.

# Your Retirement Formula: How It Works

## CalSTRS 2% at 60

Faye is a first-grade teacher with 29 years of service credit. She just turned 58 and though not in a hurry to retire, she's been thinking more about retirement lately. Her monthly pay is \$4,708.

Here are three examples for her retirement benefit calculation, not including any sick leave she may have that will be converted to service credit at retirement, and assuming her pay stays the same.

If Faye retires with at least 30 years of service credit, a 0.2 percent career factor will be added to her age factor, up to a maximum age factor of 2.40 percent.

### EXAMPLE 1

If Faye were to retire today, her monthly retirement benefit would be:

29	x	1.76%	x	\$4,708	=	\$2,403
service credit		age factor		final compensation		retirement benefit

### EXAMPLE 2

If she continued working until her 60th birthday, she would qualify for the career factor. Her monthly retirement benefit would be:

31	x	2.20%	x	\$4,708	=	\$3,211
service credit		age factor + career factor		final compensation		retirement benefit

### EXAMPLE 3

If she continued working until her 62nd birthday, she would be eligible for the maximum combined age factor and career factor of 2.40 percent, giving her a monthly retirement benefit of:

33	x	2.40%	x	\$4,708	=	\$3,729
service credit		age factor + career factor		final compensation		retirement benefit

## CalSTRS 2% at 62

Bill was first hired to teach high school chemistry in March 2013, so he falls under the CalSTRS 2% at 62 benefit structure. He is 30 years old and would like to retire at age 62 or later. Under CalSTRS 2% at 62, there is no career factor or one-year final compensation benefit enhancement.

### EXAMPLE 1

If Bill continues working until his 62nd birthday, he would be eligible for the age factor of 2 percent. If his final compensation is \$5,100, his monthly retirement benefit would be:

32	x	2%	x	\$5,100	=	\$3,264
service credit		age factor		final compensation		retirement benefit

### EXAMPLE 2

If Bill continues working until he turns 65, he would be eligible for the maximum age factor of 2.4 percent. If his final compensation was still \$5,100, his monthly retirement benefit would be:

35	x	2.4%	x	\$5,100	=	\$4,284
service credit		age factor		final compensation		retirement benefit



# Your Retirement Benefit

As a Defined Benefit member, your retirement benefit is based on the following formula set by law:

**service credit x age factor x final compensation**

## Ways to Increase Your Benefit

You can increase your retirement benefit by increasing one or more of the elements in the retirement benefit calculation formula. For instance, you can increase your service credit by working longer, purchasing permissive service credit or redepositing a service credit refund. In addition, by working longer and retiring later, you could increase your age factor up to a maximum of 2.4 percent.

- See "Benefit Enhancements," page 60.

## Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation and make contributions to the Defined Benefit Program. You may also receive service credit for creditable compensation for certain employer-approved leaves of absence. Permissive service credit may be purchased under certain circumstances.

- See "Purchasing Service Credit," page 57.

## How Service Credit Is Calculated

Service credit for one school year is earned proportionally, based on the creditable compensation you earn divided by the compensation that is payable for full-time service in that position.

- See "Benefits for Part-Time Educators," page 31.

## Outgrowth Assignments

If you perform outgrowth assignments, or extra-pay assignments, for school activities related to—and an outgrowth of—your school's instructional or guidance program, you will earn service credit in addition to the service credit you earn for your regular position. These extra-pay assignments may include yearbook or science club adviser, soccer coach or band director. Sixteen percent—you and your employer each contribute 8 percent—of your earnings for service that exceeds one full year of service credit, up to the compensation cap, will be credited to your Defined Benefit Supplement account at the end of the fiscal year. Under the 2014 funding plan, your employer is responsible for returning any contributions that you make in excess of 8 percent.

- See "Return of Excess Contributions," page 25.

### One-Time Death Benefit

Designate a recipient for the one-time death benefit using your *myCalSTRS* account or the *Recipient Designation* form. The amount of this benefit depends on your coverage, and if you die before or after you retire. See "Your Survivor Benefits," page 87, to learn more.

## Estimating Benefits

Estimate your retirement benefit using the Benefit Estimate Worksheet on page 68 or the *Retirement Benefits Calculator* at CalSTRS.com. The calculation for your service retirement benefit is different if you reinstated after receiving a service retirement or a disability benefit. See page 85 or contact us to learn more.

See your most recent *Retirement Progress Report* for your service credit total.





## Multiple Positions/Additional Assignments

If you're employed in multiple positions for one or more CalSTRS employers or perform additional assignments during the school year, you may perform more than one year of service in a school year. If you do, you'll receive one year of service credit under the Defined Benefit Program for service performed at the highest pay rates. Contributions made on service performed in excess of one year—you and your employer each contribute 8 percent—will be credited to your Defined Benefit Supplement account, up to any compensation cap.

CalSTRS determines if you performed service in excess of one year at the end of the school year. Any excess member contributions you made during the school year under the funding plan are reported on your *Retirement Progress Report*. Your *myCalSTRS* account provides a breakdown of excess contributions by employer. CalSTRS will return excess contributions to employers in late September. Your employer is responsible for returning any excess member contributions to you.

- See "Consider Final Compensation If Working in Multiple Positions," page 33, "Return of Excess Contributions," page 25, and "Mid-Year Retirement," page 60.

You cannot receive more than one year of service credit for any one school year. You and your employer each contribute 8 percent on earnings from service performed in excess of one year which is credited to your Defined Benefit Supplement account, up to the compensation cap.

## Compensation for Excess Service

The compensation for service in excess of one year is not used to determine your highest average annual compensation earnable when calculating final compensation. This is because final compensation is not based on total earnings but on compensation credited to the Defined Benefit Program. If your employer adjusts your reported earnings after the school year ends, your Defined Benefit and Defined Benefit Supplement account balances may be adjusted resulting in a change to your retirement benefit calculation.

## Converting Unused Sick Leave to Service Credit

At service retirement, CalSTRS will process and convert your unused sick leave to additional service credit using the information your employer provides on the *Express Benefit Report* form. As soon as you change employers during your career, coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

For retirements effective on or after January 1, 2013, each of your employers during the last school year in which you earned creditable compensation can submit the *Express Benefit Report* form if your unused sick leave was not already transferred between districts. Employers are required to submit the *Express Benefit Report* within 30 days of your benefit effective date or the date we receive your *Service Retirement Application*, whichever is later. For retirements effective before January 1, 2013, only your last employer can report unused sick leave by submitting the *Express Benefit Report* form.

If you cash out your accumulated sick leave, it is not creditable to CalSTRS.

If you're employed full time as an educator, sick leave credit is calculated by dividing the number of accumulated unused sick leave days, as certified by your employer, by the number of base service days required to complete the last school term:

$$\frac{\text{accumulated days of unused sick leave}}{\text{number of base days for full-time service}} = \text{service credit granted}$$

Base service days equal the number of days of service your employer requires your class of employees to perform in a school year during your final year of creditable service. The base service days cannot be fewer than 175 days. If you're employed part time, the base service days are calculated based on the full-time equivalent.

Sick leave service credit cannot be used to meet eligibility requirements for service retirement. However, under CalSTRS 2% at 60, up to two-tenths of one year of unused sick leave may be used to qualify for the career factor, which is given for 30 or more years of service, as well as the 25-year threshold for one-year final compensation and an increased longevity bonus, if you qualified for the longevity bonus on or before December 31, 2010.

## Purchasing Service Credit

There are two main types of service credit you may be eligible to purchase: redeposit and permissive service. (The California Public Employees' Pension Reform Act of 2013 eliminated the ability to purchase nonqualified service credit, or air time.)

### Redeposit

You can restore service credit you lost when you left CalSTRS-covered employment, took a refund of your contributions and interest, then returned to a CalSTRS-covered position—or are a member of certain other public retirement systems—by redepositing the funds with interest. You cannot redeposit Defined Benefit Supplement distributions.

- See “Redepositing to Restore Service Credit,” page 28.

### Permissive Service

You may be eligible to purchase permissive service credit for:

- Creditable service performed after a Defined Benefit refund and before reinstating as a CalSTRS member. Typically this is part-time or substitute teaching service in the California public school system for which you did not earn service credit.
- Prior service covered under the CalSTRS Cash Balance Benefit Program.
- Time spent on a qualifying employer-approved leave of absence or sabbatical for which you did not make retirement contributions to CalSTRS.
- Certain active military leave.
- University of California or California State University teaching service not credited or purchasable under another retirement system.
- Employer-approved maternity or paternity leave, up to 24 months.
- Out-of-state or foreign school service performed in a public education institution.
- Employer-approved leave under the federal Family and Medical Leave Act or the California Family Rights Act.
- Service in the Fulbright Teacher Exchange Program.
- Certificated teaching in a child care center, or teaching in a school for the blind or deaf, or Native American school in California.

You may purchase a portion, rather than all, of the permissive service you have available. However, you cannot purchase service credit if you have received, or are eligible to receive, credit for the service in another public retirement system. You must complete payment for the service credit before your retirement date.

- See the *Purchase Additional Service Credit* brochure for additional information at CalSTRS.com.

### Benefits for Qualified Uniformed Service

Under the federal Uniformed Services Employment and Reemployment Rights Act of 1994, you have a right to receive credit toward your eligibility for CalSTRS benefits for the period of your uniformed service if you return to work in an eligible position for the same CalSTRS employer you had immediately before your service.

See the *Uniformed Services Employment and Reemployment Rights Act* fact sheet at CalSTRS.com/publications to learn more.

## Estimating the Cost of Permissive Service Credit

The cost to purchase permissive service credit depends on your age and your highest annual compensation earnable during your last three years of employment. As of January 1, 2014, the contribution rates for purchasing service credit are assigned to each age, instead of by age group. You can estimate the cost to purchase permissive service credit online at [CalSTRS.com/calculators](http://CalSTRS.com/calculators). If you're an inactive member, the online estimates may not be accurate, so please call us for assistance.

To manually calculate your cost, you'll find the contribution rates by age on the right.

Compare the cost to purchase service credit with the increase it would provide to your lifetime retirement income at [CalSTRS.com/calculators](http://CalSTRS.com/calculators) or contact us for help.

To manually estimate your cost to purchase service credit:

1. Multiply the amount of service credit (years) you want to purchase by the contribution rate for your age.
2. Multiply the result by your highest annual compensation earnable during the last three years.

Permissive Service Contribution Rates*		
Age	CalSTRS 2% at 60	CalSTRS 2% at 62
Under 28	17.4	15.0
28	17.8	15.2
29	17.9	15.3
30	18.0	15.4
31	18.1	15.5
32	18.2	15.6
33	18.3	15.7
34	18.4	15.8
35	18.5	15.9
36	18.6	16.0
37	18.7	16.1
38	18.8	16.2
39	18.9	16.3
40	19.0	16.4
41	19.2	16.6
42	19.5	16.8
43	20.0	17.3
44	20.3	17.7
45	20.6	17.8
46	21.0	18.2
47	21.4	18.4
48	21.8	18.8
49	22.3	19.3
50	22.7	19.6
51	23.2	20.0
52	23.8	20.6
53	24.4	21.1
54	25.0	21.6
55	25.6	22.0
56	26.2	22.7
57	26.9	23.3
58	27.6	23.9
59	28.4	24.5
60	29.1	25.2
61	29.8	25.8
62	30.5	26.5
63	30.8	27.4
64	30.2	28.5
65	29.5	28.8
66	28.9	28.2
67	28.1	27.5
68	27.4	26.8
69	26.6	26.1
70	25.7	25.4
71	25.1	24.6
72	24.2	23.8
73 and above	22.3	21.9

\*These rates are effective July 1, 2016. Rates may be adjusted each July 1. The new rates are available in spring at [CalSTRS.com](http://CalSTRS.com).

## Age Factor

The age factor is the percentage of your final compensation you'll receive as a retirement benefit for every year of service credit. The percentage is determined by your age on the last day of the month in which your retirement is effective.

If you're a CalSTRS 2% at 60 member, the basic age factor is set at 2 percent at age 60. If you retire before age 60, the age factor gradually decreases to 1.1 percent at age 50. If you retire after age 60, it increases to a maximum of 2.4 percent at age 63. If you qualify for the 0.2 percent career factor by having at least 30 years of service credit, you reach the maximum age factor of 2.4 percent at age 61 and six months.

- **CalSTRS 2% at 62:** The basic age factor is set at 2 percent at age 62. If you retire before age 62, it gradually decreases to 1.16 percent at age 55 and increases to a maximum of 2.40 percent at age 65. There is no career factor benefit enhancement.
- See the Age Factor Tables, pages 69–70.

## Final Compensation

If you're a CalSTRS 2% at 60 member and have fewer than 25 years of service credit—and you're not an eligible classroom teacher with collectively bargained 12-consecutive-month final compensation—your final compensation is based on your highest average annual compensation earnable during any period of 36 consecutive months of paid employment covered by CalSTRS.

If you're an eligible classroom teacher under the CalSTRS 2% at 60 benefit structure with fewer than 25 years of service credit, you may use 12 consecutive months of compensation earnable to determine your final compensation if your written collective bargaining agreement specifically provides for it and all costs are paid by your employer or you, or both. The 12-consecutive-month final compensation calculation cannot be bargained for members with fewer than 25 years of service credit beginning with any collective bargaining agreement that is entered into, renewed, amended or extended on or after January 1, 2014.

If you retire with 25 or more years of service credit under the 2% at 60 benefit structure, CalSTRS uses your highest average annual compensation earnable during any 12 consecutive months as the final compensation component in your retirement calculation, which for most people is one school year. Unused sick leave in excess of two-tenths of one year, nonqualified service credit and retirement incentive credit cannot be used to qualify for the 25 years.

Nonconsecutive final compensation is available if you received a salary reduction due to a reduction in school funds. Upon certification from your employer, we can use nonconsecutive periods of time to determine your final compensation over 36 months.

If you work part time at more than one pay rate, your final compensation is equal to the sum of your earnings for which contributions were credited to your Defined Benefit account, divided by the sum of your service credit earned during the final compensation period.

We will automatically determine your final compensation by searching your past 15 years of records. In some cases, it may be to your benefit to designate an earlier period of time as your final compensation period if your compensation was higher more than 15 years ago.

## Multiple Positions

Additional assignments at a lower pay rate may also lower your benefit if you perform less than 90 percent of a full year of service credit at your highest pay rate in any of the school years used to calculate your final compensation. This is because your annual compensation earnable is prorated over the portion of the school term in which you worked and is an average of the various pay rates you receive during that period.

If you have earned creditable compensation at multiple pay rates during a school year and your service credit at the highest pay rate is equal to at least 90 percent of a school year, then your final compensation will be determined as if all service for that school year had been earned at that pay rate.

- **CalSTRS 2% at 62:** Your final compensation is based on your highest average annual compensation earnable during any 36 consecutive months, and you're not eligible for the one-year final compensation benefit enhancement.

In addition, there is a cap on compensation that counts toward your CalSTRS retirement benefit. The cap is adjusted annually for changes in the Consumer Price Index for All Urban Consumers: U.S. City Average. The 2016–17 cap is \$139,320.

## Compensation Earnable

Your annual compensation earnable for a school year is based on the gross monthly pay you could have earned for creditable service performed full time. If you plan to retire before the end of the school year, your compensation earnable for the year will be prorated to your retirement date. See page 34 if you're working in multiple positions.

## Mid-Year Retirement

If you retire in the middle of the school year, your final compensation may be lower than expected if you received a salary increase toward the end of your career. This is because for a mid-year retirement, CalSTRS may have to include the monthly average of your prior year's compensation earnable as part of your final compensation calculation. The calculation will have more of an effect if you're under the CalSTRS 2% at 60 benefit structure and have at least 25 years of service, since your final compensation would be based on a 12-month period.

### Example

If you earned \$57,000 last school year and would have earned \$60,000 this school year, and you have more than 25 years of service credit under CalSTRS 2% at 60, your one-year final compensation for a retirement date in January would be:

$$\begin{array}{r} \$57,000 \div 12 = \$ 4,750 \times 6 \text{ months} = \$28,500 \\ \$60,000 \div 12 = \$ 5,000 \times 6 \text{ months} = \$30,000 \\ \hline \$58,500 \end{array}$$
$$\$58,500 \div 12 = \$ 4,875$$

**Your final compensation for your last 12 months would be \$4,875 per month.**

A mid-year retirement while working under the Reduced Workload Program will result in ineligibility for the program and may negatively affect your service credit and final compensation. See page 45 for more on the Reduced Workload Program.

## Benefit Enhancements

You may qualify for one or more benefit enhancements that will increase your monthly retirement benefit. You may use up to two-tenths of one year of unused sick leave credit at retirement to qualify for benefit enhancements.

## Career Factor

For CalSTRS 2% at 60 members, a 0.20 percent career factor will be added to your age factor if you retire with at least 30 years of earned service credit, up to the maximum combined age and career factor of 2.40 percent (at age 61 and six months).

- **CalSTRS 2% at 62:** You're not eligible for the career factor enhancement.

## One-Year Final Compensation

For 2% at 60 members, if you have at least 25 years of service credit, the calculation for your final compensation is based on your highest average annual compensation earnable for 12 consecutive months.

- **CalSTRS 2% at 62:** Your final compensation is based on your highest average annual compensation earnable for 36 consecutive months, and you are not eligible for the one-year final compensation benefit enhancement.

If you're a 2% at 60 member, up to two-tenths of a year of unused sick leave can be used at retirement to qualify for benefit enhancements.

## Longevity Bonus

For 2% at 60 members, the longevity bonus is a set dollar amount that is permanently added to your monthly retirement benefit if you earned at least 30 years of qualified service credit on or before December 31, 2010. The amount of the longevity bonus for the Member-Only Benefit depends on your years of service credit at retirement, even if that additional service was performed after 2010:

If you earned:	You will receive monthly:
30 years	\$200
31 years	\$300
32 or more years	\$400

The longevity bonus is:

- Included in the 2 percent annual benefit adjustment but not in the quarterly supplemental purchasing power protection benefit.
- Partially reduced if you elect an option.
- Partially reduced if you cancel a preretirement election of an option.

## Member-Only Benefit

The Member-Only Benefit is usually the highest monthly benefit available when you retire. It provides a monthly benefit for your lifetime, but the benefit stops when you die. Any contributions and interest remaining in your account at the time of your death, minus the total amount already paid to you, will be paid to your designated one-time death benefit recipients. To provide a monthly CalSTRS benefit to your loved ones after your death, you must elect a retirement option. The beneficiary option is different from the one-time death benefit and the ongoing monthly survivor benefits.

- See "One-Time Death Benefit," page 87; "Coverage A Survivor Benefits—If You Die Before Retirement," pages 89–91; and "Coverage B Survivor Benefits—If You Die Before Retirement," pages 92–95.



Your option beneficiary can be a person or special needs trust—you cannot designate another type of trust, charity, estate, organization or other entity.

To find out how each option would affect your retirement benefit, use the Retirement Benefits Calculator at [CalSTRS.com/calculators](http://CalSTRS.com/calculators) or make an appointment with a benefits specialist.

## Protecting Your Survivors With a Lifetime Benefit (Modified Benefit)

To provide a lifetime monthly benefit to someone when you die, you can elect an option at retirement (this is different from the one-time death benefit). An option allows you to distribute your retirement benefit over your life and the life of your option beneficiaries. If you did not make a preretirement election of an option, your option election is effective as of your retirement date. The deadline to change or cancel your option election on your *Service Retirement Application* is 30 days from the date your first benefit payment is issued. Once the deadline to change or cancel your retirement application passes, your option election is irrevocable, except under certain limited circumstances (see pages 63–65).

You can elect an option if you're eligible, but not yet ready, to retire or a concurrent member of certain other California public retirement systems and are age 55 or older. Making a preretirement election of an option provides a lifetime monthly benefit to your beneficiaries if you should die before retirement (see pages 46–49).

**Note:** If you're a concurrent member, age 55 or older with less than five years of CalSTRS service credit, we will verify your retirement eligibility as of the date of your death. If you were ineligible for concurrent service retirement, your preretirement election will be void.

## Option Choices

You can provide a monthly benefit for someone after your death by electing the 100% Beneficiary Option, the 75% Beneficiary Option or the 50% Beneficiary Option. You may also elect the Compound Option to provide for one or more option beneficiaries and/or retain a portion of your benefit as Member-Only. Any option you elect will decrease the amount of your monthly benefit.

**100% Beneficiary Option:** Provides your option beneficiary with 100 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit. This results in the largest decrease to your monthly benefit.

**75% Beneficiary Option:** Provides your option beneficiary with 75 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit.

**50% Beneficiary Option:** Provides your option beneficiary with 50 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit. This results in the smallest decrease to your monthly benefit while still providing a monthly benefit for someone after your death.

**Compound Option:** Allows various choices. You may:

- Name one option beneficiary and retain a portion of your benefit as a Member-Only Benefit.
  - Name two or more option beneficiaries, with an option choice for each, and retain a portion of your benefit as a Member-Only Benefit.
  - Name two or more option beneficiaries, with an option choice for each, and not retain any of your benefit as a Member-Only Benefit.
- See "Protecting Your Loved Ones Before You Retire," page 46, and "Option Worksheets," pages 72–73.

**Note:** If you elect a Compound Option, no contributions or interest will be distributed, even if you retain a portion of your benefit as Member-Only.



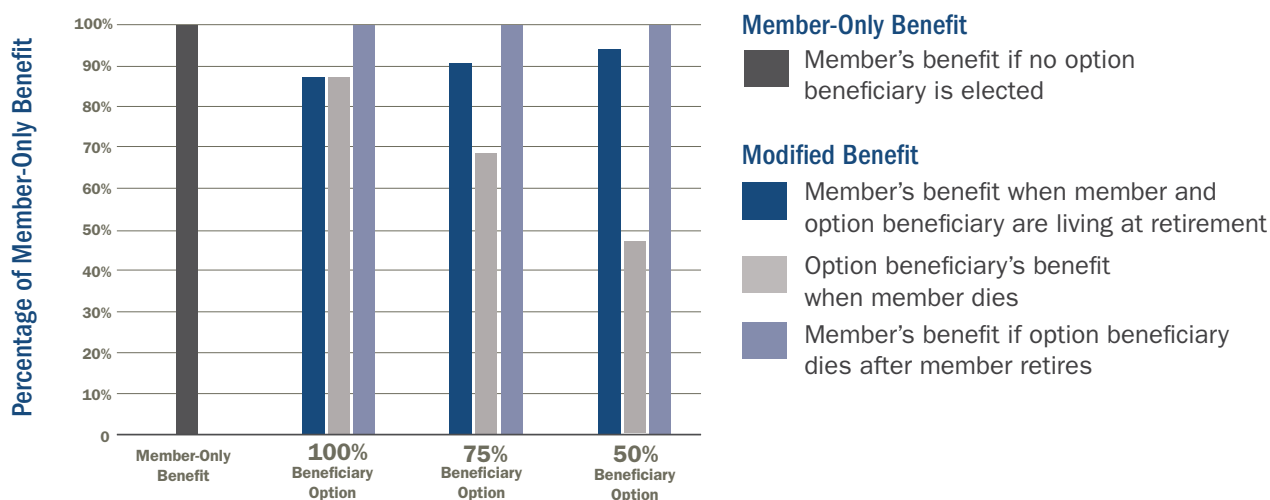


## How Choosing an Option Changes Your Benefit

An option provides you with a reduced retirement benefit, or Modified Benefit, based on a percentage of your Member-Only Benefit. That percentage, called an option factor, is based on your age and the age of your option beneficiary on the effective date of your retirement or when you make a preretirement election of an option, and the option you elect.

If you elect an option before retirement, the option factor when you retire will be the higher of the option factor in effect when the option was chosen or on the date of retirement. In most cases, this will result in a higher Modified Benefit than if you elected an option at retirement.

### Options Comparison Example



The percentages shown here are for a member, age 60, who designates an option beneficiary, age 57.

To find out how each option would affect your retirement benefit, use the *Retirement Benefit Calculator* at [CalSTRS.com/calculators](http://CalSTRS.com/calculators).

## Electing a Nonspouse Option Beneficiary

Under federal law, if you name someone other than your spouse or a former spouse as your option beneficiary, the type of option you may elect depends on your age and the age of your beneficiary:

- Under the 75% Beneficiary Option, your nonspouse option beneficiary cannot be more than exactly 19 years younger than you.
- Under the Compound Option, your nonspouse option beneficiary cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Option, or more than exactly 10 years younger than you under the 100% Beneficiary Option.

Federal age restrictions also apply to registered domestic partners. If you elect a special needs trust as an option beneficiary, the age difference restrictions apply to you and the trust's beneficiary.

## Adding, Changing or Canceling Your Option Election

When the deadline to make changes to or cancel your retirement application—30 days from the date your first benefit payment is issued—has passed, you can change your option beneficiary after retirement only under the following specific circumstances. Contact CalSTRS for the appropriate *Cancellation of Option After Retirement* form.

When you choose a new option or a new option beneficiary, an adjustment to your benefit will be made. Before changing your option or choosing a new option beneficiary, contact CalSTRS to get an estimate of your benefit based on your new election. Your new election will be irrevocable except under very limited circumstances.

If you cancel your option election, the amount your benefit was previously reduced will not be reimbursed to you.

**Death of Beneficiary:** If your original option beneficiary dies after the effective date of your retirement, you may elect a new option beneficiary. To elect a new option beneficiary, complete the required form and submit a copy of the certified death certificate to CalSTRS. The appropriate reduction to your benefit will be made. Even if you choose not to elect a new beneficiary, you must notify CalSTRS if your beneficiary dies after your retirement effective date and send us a copy of the death certificate.

If you elect a new option beneficiary, the election will not be effective until six months after CalSTRS receives your new designation, provided you and your new option beneficiary are living at that time. While you can name a new beneficiary, you cannot change the original option you elected unless you elected an option no longer available: Option 2, 3, 4, 5, 6, 7 or 8.

**Divorce:** You may cancel your option election if your option beneficiary is your current or former spouse or registered domestic partner, and a final decree of dissolution of marriage or a judgment of nullity has been entered, or an order of separate maintenance has been made on or after January 1, 1978—and you are not required to keep your former spouse or partner as your option beneficiary. The notification to cancel the option must include a certified copy of the final judgment, court order or any property settlement agreement confirming you are no longer required to maintain the former spouse or partner as an option beneficiary.

As of the date of the notification, you may elect to receive the Member-Only Benefit. Or you may choose to elect a new option and one or more new option beneficiaries, which will result in a modification to your retirement benefit based on your age and the ages of your new option beneficiaries.

If the court order requires you to keep your former spouse or partner as an option beneficiary for his or her community property percentage share only, you may either elect additional option beneficiaries or keep the remaining portion of your retirement benefit as the Member-Only Benefit. Even if you choose to retain your share as Member-Only, your one-time death benefit recipient will not receive any remaining contributions or interest because there is still an option election in place with your former spouse or registered domestic partner as beneficiary. Your choice must be consistent with the court order or judgment and must not result in any liability to CalSTRS.

**Spouse or Partner:** If you had previously designated a person other than your current or former spouse or partner as your option beneficiary, you may cancel your option beneficiary election and designate your spouse or partner as your new option beneficiary. You may elect a new option but may not name additional beneficiaries other than your spouse or partner.

If you elect a new option beneficiary, the election will not be effective until six months after CalSTRS receives the new designation, provided you and your new option beneficiary are living at that time. Your benefit will be subject to an actuarial reduction based on your age and the age of your spouse or partner.

**Newly Married or Registered in Domestic Partnership:** If you were unmarried or unregistered at retirement and receiving a Member-Only Benefit, you can choose an option and name your new spouse or partner as an option beneficiary if you later marry or register in a domestic partnership. You must be married or registered at least one year before electing the option and naming the option beneficiary. Your benefit will be subject to an actuarial reduction based on your age and the age of your spouse or partner. Your new option election and beneficiary addition will not be effective until six months after CalSTRS receives your new designation, provided you and your new option beneficiary are living at that time.

**Special Needs Trust:** If your original beneficiary is a disabled individual and has a qualifying special needs trust, you may change your election to the individual's qualifying trust at any time. This election may help protect the disabled individual's eligibility for other public benefits by shielding this income.

To make this election, contact CalSTRS for additional information and the required forms. If the trust qualifies under AB 1875 (Chapter 559, Statutes of 2016), we will place the option election on your account immediately at no cost to you.

## Your Defined Benefit Supplement Account Distribution

Your most recent *Retirement Progress Report* shows the total balance in your Defined Benefit Supplement account at the end of the last school year.

If you have less than \$3,500 in your account at the time you retire, you must elect to receive the account balance as a lump-sum payment. Your lump-sum distribution may be paid directly to you or rolled over to a qualified plan such as CalSTRS Pension2.

If your account balance is \$3,500 or more, you have choices for electing how to receive your distribution, depending on whether you elect the Member-Only Benefit or the Modified Benefit.

### Choices for a Member-Only Benefit

If you elect a Member-Only Benefit and have \$3,500 or more in your Defined Benefit Supplement account, you have the following payment choices:

**Lump-Sum Payment:** A one-time payment of the total balance of your Defined Benefit Supplement account, either as a direct payment or as a rollover to a qualified plan.

**Member-Only Annuity:** A monthly payment equal to the total balance of your Defined Benefit Supplement account spread over your lifetime. Any balance remaining upon your death will be paid to your one-time death benefit recipient.

**Period-Certain Annuity:** A monthly payment equal to the total balance of your Defined Benefit Supplement account spread over any number of whole years from three to 10. The monthly amount you receive is based on the number of years over which the annuity is paid—the fewer the years, the higher the amount payable. If you die before the annuity period ends, the remaining payments will be paid to your one-time death benefit recipients. A period-certain annuity of three to nine years is eligible for direct payment or a rollover.

**Combination of Lump-Sum Payment and Annuity:** A lump-sum payment and one of the annuities. To elect this choice, you must have \$3,500 or more remaining in your Defined Benefit Supplement account after your lump-sum payment.

You can name a new beneficiary if your original beneficiary dies, you divorce or terminate a registered domestic partnership, get married or register in a domestic partnership, or your previous beneficiary was someone other than your current or former spouse or partner.

In addition, you may change an existing option beneficiary to a special needs trust without penalty, if the trust's beneficiary was your previously named option beneficiary.

Your Defined Benefit Supplement Lifetime Annuity beneficiary is the same person you designated as your Defined Benefit option beneficiary. Your Period-Certain Annuity beneficiary is your one-time death benefit recipient.

### Choices for a Modified Benefit

If you elect a Modified Benefit and have \$3,500 or more in your Defined Benefit Supplement account, you have the following payment choices:

**Lump-Sum Payment:** A one-time payment of the total balance of your Defined Benefit Supplement account as a direct payment or a rollover to a qualified plan.

**100% Beneficiary Annuity:** A monthly payment equal to the total balance of your Defined Benefit Supplement account spread over your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity amount will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your payment will rise to the Member-Only Annuity amount.

**75% Beneficiary Annuity:** A monthly payment equal to the total balance of your Defined Benefit Supplement account spread over your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity amount will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your payment will rise to the Member-Only Annuity amount.

**50% Beneficiary Annuity:** A monthly payment equal to the total balance of your Defined Benefit Supplement account spread over your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity amount will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your payment will rise to the Member-Only Annuity amount.

**Period-Certain Annuity:** A monthly payment equal to the total balance of your Defined Benefit Supplement account spread over any number of whole years from three to 10. The monthly amount you receive is based on the number of years over which the annuity is paid—the fewer the years, the higher the amount payable. If you die before the annuity period ends, the remaining payments will be paid to your one-time death benefit recipients. A period-certain annuity of three to nine years is eligible for direct payment or a rollover.

**Combination of Lump-Sum Payment and Annuity:** A lump-sum payment and one of the annuities. To elect this choice, you must have \$3,500 or more remaining in your Defined Benefit Supplement account after your lump-sum payment. A period-certain annuity of three to nine years is eligible for direct payment or a rollover.

**Note:** If you elect the Compound Option for your Defined Benefit retirement benefit, you may elect to receive your Defined Benefit Supplement benefit as one of the annuities. However, the annuity you elect will be the same for each of your annuity beneficiaries, and the apportionment of your benefit will remain the same as it is for your Defined Benefit election.

### Nonspouse Lifetime Annuity Beneficiary

Under federal law, if you name someone other than your current or former spouse to be your annuity beneficiary, the type of option you may elect depends on your age and the age of your option beneficiary:

- Under the 75% Beneficiary Annuity, your nonspouse annuity beneficiary cannot be more than exactly 19 years younger than you.
- If you elect the Compound Option, your nonspouse annuity beneficiaries cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Annuity, or more than exactly 10 years younger than you under the 100% Beneficiary Annuity.

These federal age restrictions also apply to registered domestic partners. If you elect a special needs trust as an option beneficiary, the age difference restrictions apply to you and the trust's beneficiary.

## Worksheets and Tables

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## Benefit Estimate Worksheet

Learn more about your benefits by attending a workshop to prepare for your retirement. If you still have questions, make an appointment to talk to a CalSTRS benefits specialist.

Your Member-Only Benefit Estimate	
You plan to retire at age _____	
<b>Step 1: Determine Service Credit and Age Factor</b>	
Service Credit (years of service)	= _____
Age Factor (See Age Factor Table, next page. If applicable, include career factor.)	= _____
<b>Step 2: Determine Final Compensation</b>	
Enter your highest average annual compensation earnable for 36 consecutive months (or 12 consecutive months, if eligible for one-year final compensation). See "Final Compensation" on page 57.	
	\$ _____
	\$ _____
	\$ _____
Total Compensation Earnable	= \$ _____
(if eligible, use one-year final compensation ÷ 12 months)	÷ 36 months
Monthly Final Compensation	= \$ _____
<b>Step 3: Calculate Benefit</b>	
Service Credit	_____
x Age Factor	x _____
x Final Compensation	x _____
+ Longevity Bonus (if eligible)	+ _____
<b>Your Member-Only Monthly Benefit</b>	<b>= \$ _____</b>

### Example

Mary is retiring at age 60 with 24.250 years of service.

#### Step 1: Determine Service Credit and Age Factor

Service Credit  
(years of service) = 24.250

Age Factor  
(based on Mary's age at retirement, see Age Factor Table, next page) = 2%

#### Step 2: Determine Final Compensation

Mary's highest 36 consecutive months of compensation earnable

2012-2013 \$ 48,000

2011-2012 \$ 47,000

2010-2011 \$ 45,000

Total Compensation Earnable = \$ 140,000

÷ 36 months

Monthly Final Compensation = \$ 3,888.89

#### Step 3: Calculate Benefit

Service Credit 24.250

x Age Factor x .02

x Final Compensation x \$3,888.89

+ Longevity Bonus (if eligible) 0

**Mary's Member-Only Monthly Benefit = \$ 1,886.11**

## Age Factor Tables

The age factor is a percentage determined by your age in years and months on the last day of the month in which your retirement is effective.

For CalSTRS 2% at 60 members, the age factor equals 2 percent at age 60. From age 55 to 60, the factor is reduced by 0.01 (one one-hundredth) of a percent for each month or fraction of a month you're under age 60. For example, if you're age 55 and six months when you retire, your age factor is 1.46 percent. Between ages 60 and 63, the 2 percent age factor is increased by 0.033 of a percent for each quarter year of age you're over age 60, up to a maximum age factor of 2.4 percent.

### Career Factor

For 2% at 60 members, the age factor is increased by a career factor of 0.2 percent if you have 30 or more years of earned service credit on the day you retire. If you qualify for the 0.2 percent career factor, you reach the maximum age factor of 2.4 percent at age 61 and six months.

**CalSTRS 2% at 62:** There is no career factor benefit enhancement to the age factor.

### Career Factor CalSTRS 2% at 60 Example

If you have 30 or more years of service credit, add 0.2 percent to the age factor on the table below. The maximum age factor with the career factor is 2.4 percent.

Age	Without Career Factor	With Career Factor
61 and 3 mos.	2.167%	2.367%
61 and 9 mos.	2.23%	2.400%*

\* Maximum age factor

### Age Factor Table CalSTRS 2% at 60 (expressed as percentages)

	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
63	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
62	2.267	2.267	2.267	2.300	2.300	2.300	2.333	2.333	2.333	2.367	2.367	2.367
61	2.133	2.133	2.133	2.167	2.167	2.167	2.200	2.200	2.200	2.233	2.233	2.233
60	2.000	2.000	2.000	2.033	2.033	2.033	2.067	2.067	2.067	2.100	2.100	2.100
59	1.880	1.890	1.900	1.910	1.920	1.930	1.940	1.950	1.960	1.970	1.980	1.990
58	1.760	1.770	1.780	1.790	1.800	1.810	1.820	1.830	1.840	1.850	1.860	1.870
57	1.640	1.650	1.660	1.670	1.680	1.690	1.700	1.710	1.720	1.730	1.740	1.750
56	1.520	1.530	1.540	1.550	1.560	1.570	1.580	1.590	1.600	1.610	1.620	1.630
55	1.400	1.410	1.420	1.430	1.440	1.450	1.460	1.470	1.480	1.490	1.500	1.510
54	1.340	1.345	1.350	1.355	1.360	1.365	1.370	1.375	1.380	1.385	1.390	1.395
53	1.280	1.285	1.290	1.295	1.300	1.305	1.310	1.315	1.320	1.325	1.330	1.335
52	1.220	1.225	1.230	1.235	1.240	1.245	1.250	1.255	1.260	1.265	1.270	1.275
51	1.160	1.165	1.170	1.175	1.180	1.185	1.190	1.195	1.200	1.205	1.210	1.215
50	1.100	1.105	1.110	1.115	1.120	1.125	1.130	1.135	1.140	1.145	1.150	1.155

Note: You must have 30 years of service credit to retire between the ages of 50 and 55.

### Age Factor Table CalSTRS 2% at 62 (expressed as percentages)

	Months												
	0	1	2	3	4	5	6	7	8	9	10	11	
65	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
64	2.267	2.267	2.267	2.300	2.300	2.300	2.333	2.333	2.333	2.367	2.367	2.367	2.367
63	2.133	2.133	2.133	2.167	2.167	2.167	2.200	2.200	2.200	2.233	2.233	2.233	2.233
62	2.000	2.000	2.000	2.033	2.033	2.033	2.067	2.067	2.067	2.100	2.100	2.100	2.100
61	1.880	1.890	1.900	1.910	1.920	1.930	1.940	1.950	1.960	1.970	1.980	1.990	1.990
60	1.760	1.770	1.780	1.790	1.800	1.810	1.820	1.830	1.840	1.850	1.860	1.870	1.870
59	1.640	1.650	1.660	1.670	1.680	1.690	1.700	1.710	1.720	1.730	1.740	1.750	1.750
58	1.520	1.530	1.540	1.550	1.560	1.570	1.580	1.590	1.600	1.610	1.620	1.630	1.630
57	1.400	1.410	1.420	1.430	1.440	1.450	1.460	1.470	1.480	1.490	1.500	1.510	1.510
56	1.280	1.290	1.300	1.310	1.320	1.330	1.340	1.350	1.360	1.370	1.380	1.390	1.390
55	1.160	1.170	1.180	1.190	1.200	1.210	1.220	1.230	1.240	1.250	1.260	1.270	1.270

- **CalSTRS 2% at 62:** The age factor is 2 percent at age 62. The maximum age factor is 2.4 percent at age 65. The age factor for early retirement at age 55 with five years of service credit is 1.16 percent.



## Defined Benefit Supplement Period-Certain Annuity Estimates

This annuity provides a monthly annuity payable from three to 10 years. A Period-Certain Annuity of 3 to 9 years may be rolled over to another qualified plan each month.

Defined Benefit Supplement Account Balance	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
\$3,500	\$108	\$84	\$69	\$60	\$53	\$48	\$44	\$41
\$5,000	\$154	\$120	\$99	\$85	\$76	\$68	\$63	\$58
\$15,000	\$462	\$359	\$297	\$256	\$227	\$205	\$188	\$175
\$25,000	\$770	\$598	\$495	\$427	\$378	\$342	\$314	\$292
\$40,000	\$1,232	\$957	\$792	\$683	\$605	\$547	\$502	\$467
\$45,000	\$1,386	\$1,076	\$891	\$768	\$681	\$615	\$565	\$525
\$50,000	\$1,540	\$1,196	\$990	\$853	\$756	\$684	\$628	\$584

To estimate your monthly Period-Certain Annuity amount, divide your Defined Benefit Supplement account balance by the Period-Certain Annuity factor that corresponds to your elected time period:

Period	Factor	Combination 3-Year Period-Certain Annuity and Lump-Sum Payment	
3 years	32.4601	Defined Benefit Supplement account balance	\$30,000
4 years	41.8067	Lump-sum payment	- \$10,000
5 years	50.5012	<hr/>	
6 years	58.5891	Remaining balance	\$20,000
7 years	66.1128	Period-Certain 3-Year Annuity factor =	32.4601
8 years	73.1115	<b>Calculation for annuity:</b>	
9 years	79.6220	\$20,000 ÷ 32.4601 =	\$616.14
10 years	85.6782	<b>Monthly annuity: \$616.14</b>	

## Option Worksheets

If you are considering an option, use these worksheets to estimate your own reduced retirement benefit, or Modified Benefit, using the Age Factor and Option Factor tables. You can also get a benefit estimate at [CalSTRS.com/calculators](http://CalSTRS.com/calculators).

These examples are based on factors taken from the Option Factor Tables later in this section and applied to the Member-Only Benefit calculated on page 68. Minor differences may occur when actual calculations are performed as your age and the age of your option beneficiary are based on the nearest quarter year of age.

These examples show reduced retirement benefits based on both you and your option beneficiary being age 60 on the effective date of retirement under the CalSTRS 2% at 60 benefit structure. (You designate the percentage of your Member-Only benefit to be allotted to each option beneficiary.)

### 100% Beneficiary Option

Under the 100% Beneficiary Option, upon your death, your option beneficiary will continue to receive the same reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example	Your Estimate
\$1,886.11 <i>(payable to you upon the death of your option beneficiary)</i>	\$
x Option Factor* .8937	\$1,685.62 x
= 100% Beneficiary Option Benefit to you or your option beneficiary	\$1,685.62 \$

### 75% Beneficiary Option

Under the 75% Beneficiary Option, upon your death, your option beneficiary will receive 75 percent of the reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example	Your Estimate
\$1,886.11 <i>(payable to you upon the death of your option beneficiary)</i>	\$
x Option Factor* .9258	x
= 75% Beneficiary Option Benefit to you	\$1,746.16 \$
75% to your option beneficiary	\$1,309.62 \$

### 50% Beneficiary Option

Under the 50% Beneficiary Option, upon your death, your option beneficiary will receive 50 percent of the reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example	Your Estimate
\$1,886.11 <i>(payable to you upon the death of your option beneficiary)</i>	\$
x Option Factor* .9517	x
= 50% Beneficiary Option Benefit to you	\$1,795.01 \$
50% to your option beneficiary	\$ 897.50 \$

\* To find the option factor, find your age, your option beneficiary's age and option starting on page 74. Option factors are adjusted periodically.

**Note:** After retirement you may elect a new option and option beneficiary only under very limited circumstances. See pages 62–65.

## Compound Option Worksheet

Under the Compound Option, you will receive a reduced retirement benefit. When you die, your option beneficiaries will each receive a benefit as provided by the formula used depending on the option elected. You designate the percentage of your Member-Only Benefit to allot to each option beneficiary. You may elect two or more beneficiaries under the Compound Option, or you may elect one beneficiary and retain a portion as a Member-Only Benefit.

Following the example below, use the worksheet to estimate how much you and your option beneficiaries will receive if you elect this option.

Use additional worksheets if electing more than two option beneficiaries.

Compound Option Example			
	Member	Beneficiary 1	Beneficiary 2
1. Your Member-Only Benefit	\$1,886.11		
2. Percentages of Member-Only Benefit allotted as Member-Only to you (if any) and to each beneficiary	40%	40%	20%
3. Amount of Member-Only Benefit allotted to you and each beneficiary (multiply #1 by #2)	\$754.44	\$754.44	\$377.22
4. Option selected for each beneficiary		50% Beneficiary Option	75% Beneficiary Option
5. Age	60	60	45
6. Option factor (using the Option Factor Tables, locate factor based on your age, your beneficiary's age and option)		.9517	.8726
7. Reduced benefit to member (multiply amounts in #3, columns 2 and 3, by #6, columns 2 and 3, respectively)		\$718	\$329.16
8. Benefit to each option beneficiary upon your death (multiply #7 by #4)		\$359	\$246.87
9. Your reduced benefit (add amounts in #7 to column 1 of #3)		\$754.44 + \$718 + \$329.16 = \$1,801.60	

Compound Option Worksheet			
Your Estimate	Member	Beneficiary 1	Beneficiary 2
1. Your Member-Only Benefit	\$		
2. Percentages of Member-Only Benefit allotted as Member-Only to you (if any) and to each beneficiary*		%	%
3. Amount of Member-Only Benefit allotted to you and each beneficiary (multiply #1 by #2)	\$	\$	\$
4. Option selected for each beneficiary			
5. Age**			
6. Option factor (using the Option Factor Tables, locate factor based on your age, your beneficiary's age and option) <sup>†</sup>			
7. Reduced benefit to member (multiply amounts in #3, columns 2 and 3, by #6, columns 2 and 3, respectively)		\$	\$
8. Benefit to each option beneficiary upon your death (multiply #7 by #4)		\$	\$
9. Your reduced benefit (add amounts in #7 to column 1 of #3)	\$		

\*Percentages assigned to all option beneficiaries and the percentage, if any, retained as Member-Only must equal 100 percent.

\*\*See page 63 for age restrictions for nonspouse option beneficiaries.

<sup>†</sup>To find the option factor, find your age, your option beneficiary's age and option election on pages 76–77.

## Defined Benefit Supplement Annuity Calculation Estimates

### Member-Only Annuity

This provides a lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipients.

Defined Benefit Supplement Account Balance	Your Age at Retirement			
	50	55	60	65
\$3,500	\$23	\$24	\$25	\$27
\$5,000	\$33	\$34	\$36	\$38
\$7,500	\$50	\$51	\$54	\$58
\$10,000	\$66	\$69	\$72	\$77
\$15,000	\$99	\$103	\$108	\$115
\$20,000	\$133	\$137	\$144	\$153
\$25,000	\$166	\$172	\$180	\$192
\$30,000	\$199	\$206	\$216	\$230
\$40,000	\$265	\$275	\$288	\$307
\$50,000	\$331	\$343	\$360	\$383

### Defined Benefit Supplement 100% Beneficiary Annuity Estimates

This choice provides a monthly annuity payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity payment will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your payment will rise to the Member-Only annuity amount.

Defined Benefit Supplement Account Balance	Your Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$22	\$22	\$23	\$23	\$22	\$23	\$23	\$23	\$22	\$23	\$23	\$24	\$22	\$23	\$24	\$24
\$5,000	32	32	32	33	32	32	33	33	32	33	33	34	32	33	34	35
\$7,500	48	48	48	49	48	49	49	50	48	49	50	51	48	49	50	52
\$10,000	63	64	65	65	64	65	66	66	64	65	67	68	64	65	67	69
\$15,000	95	96	97	98	96	97	99	100	96	98	100	102	96	98	101	104
\$20,000	127	128	129	130	128	130	131	133	128	131	133	136	128	131	135	138
\$25,000	159	160	162	163	160	162	164	166	160	163	167	170	160	164	168	173
\$30,000	190	192	194	195	192	195	197	199	192	196	200	204	192	196	202	208
\$40,000	254	256	259	260	256	259	263	266	257	261	267	272	256	262	269	277
\$50,000	317	320	323	325	320	324	329	332	321	327	333	340	320	327	336	346

Note: The Defined Benefit Supplement annuity estimates above are not valid for CalSTRS disability benefit recipients. Option factors are adjusted periodically.

## Defined Benefit Supplement 75% Beneficiary Annuity Estimates

This choice provides a monthly annuity payment for your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity payment will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your payment will rise to the Member-Only annuity amount.

Defined Benefit Supplement Account Balance	Your Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$23	\$23	\$23	\$23	\$23	\$23	\$23	\$24	\$23	\$24	\$24	\$24	\$24	\$24	\$24	\$25
\$5,000	32	32	33	33	33	33	33	34	33	34	34	35	34	35	35	36
\$7,500	48	49	49	49	49	50	50	51	50	51	52	52	51	52	53	54
\$10,000	64	65	65	66	65	66	67	67	67	68	69	70	68	69	71	72
\$15,000	97	97	98	98	98	99	100	101	100	102	103	105	102	104	106	109
\$20,000	129	130	131	131	131	132	134	135	134	135	138	139	136	139	142	145
\$25,000	161	162	163	164	164	165	167	169	167	169	172	174	171	174	177	181
\$30,000	193	195	196	197	195	199	201	202	200	203	206	209	205	208	213	217
\$40,000	258	260	261	262	262	265	267	270	267	271	275	279	273	278	284	290
\$50,000	322	324	326	328	327	331	334	337	334	339	344	349	341	347	355	362

## Defined Benefit Supplement 50% Beneficiary Annuity Estimates

This choice provides a monthly annuity payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity payment will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your payment will rise to the Member-Only annuity amount.

Defined Benefit Supplement Account Balance	Your Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$23	\$23	\$23	\$23	\$23	\$24	\$24	\$24	\$24	\$24	\$25	\$25	\$25	\$25	\$26	\$26
\$5,000	33	33	33	33	33	34	34	34	34	35	35	36	36	36	37	37
\$7,500	49	49	49	49	50	50	51	51	52	52	53	53	54	55	55	56
\$10,000	65	66	66	66	67	67	68	68	69	70	70	71	72	73	74	75
\$15,000	98	98	99	99	100	101	102	102	103	104	106	107	108	109	111	112
\$20,000	130	131	132	132	134	135	136	136	138	139	141	142	143	145	147	150
\$25,000	163	164	164	165	167	168	169	170	172	174	176	178	179	182	184	187
\$30,000	196	197	197	198	201	202	203	204	207	209	211	213	215	218	221	224
\$40,000	261	262	263	264	267	269	271	273	276	279	281	284	287	291	295	299
\$50,000	326	328	329	330	334	337	339	341	345	348	352	355	359	363	369	374

Note: The Defined Benefit Supplement annuity estimates above are not valid for CalSTRS disability benefit recipients. Option factors are adjusted periodically.

## Service Retirement Option Factor Tables

MBR Age	BEN Age	100% Option	75% Option	50% Option
55	5	0.8230	0.8651	0.9078
55	10	0.8256	0.8673	0.9094
55	15	0.8291	0.8701	0.9115
55	20	0.8337	0.8739	0.9143
55	25	0.8398	0.8789	0.9180
55	30	0.8478	0.8854	0.9227
55	35	0.8580	0.8938	0.9288
55	40	0.8709	0.9041	0.9362
55	45	0.8862	0.9164	0.9448
55	50	0.9034	0.9300	0.9543
55	55	0.9213	0.9439	0.9637
55	60	0.9380	0.9568	0.9723
55	65	0.9525	0.9679	0.9795
55	70	0.9643	0.9767	0.9853

56	5	0.8124	0.8568	0.9018
56	10	0.8149	0.8589	0.9034
56	15	0.8184	0.8618	0.9055
56	20	0.8229	0.8655	0.9083
56	25	0.8290	0.8706	0.9120
56	30	0.8370	0.8771	0.9168
56	35	0.8473	0.8856	0.9230
56	40	0.8603	0.8961	0.9306
56	45	0.8760	0.9087	0.9395
56	50	0.8939	0.9229	0.9495
56	55	0.9127	0.9377	0.9596
56	60	0.9308	0.9517	0.9690
56	65	0.9467	0.9639	0.9770
56	70	0.9598	0.9738	0.9834

57	5	0.8011	0.8480	0.8954
57	10	0.8036	0.8501	0.8970
57	15	0.8070	0.8529	0.8991
57	20	0.8115	0.8567	0.9019
57	25	0.8176	0.8617	0.9057
57	30	0.8255	0.8683	0.9105
57	35	0.8359	0.8768	0.9168
57	40	0.8490	0.8875	0.9246
57	45	0.8650	0.9005	0.9338
57	50	0.8835	0.9153	0.9442
57	55	0.9033	0.9310	0.9551
57	60	0.9228	0.9461	0.9653
57	65	0.9402	0.9594	0.9741
57	70	0.9546	0.9704	0.9812

58	5	0.7892	0.8387	0.8886
58	10	0.7917	0.8408	0.8902
58	15	0.7951	0.8437	0.8924
58	20	0.7995	0.8474	0.8952
58	25	0.8055	0.8524	0.8990
58	30	0.8135	0.8591	0.9039
58	35	0.8238	0.8676	0.9102
58	40	0.8370	0.8785	0.9181
58	45	0.8532	0.8917	0.9277
58	50	0.8723	0.9071	0.9386
58	55	0.8931	0.9236	0.9501
58	60	0.9139	0.9399	0.9612
58	65	0.9328	0.9545	0.9709
58	70	0.9488	0.9667	0.9788

MBR Age	BEN Age	100% Option	75% Option	50% Option
59	5	0.7767	0.8290	0.8815
59	10	0.7792	0.8311	0.8831
59	15	0.7825	0.8339	0.8852
59	20	0.7870	0.8377	0.8881
59	25	0.7929	0.8427	0.8919
59	30	0.8008	0.8493	0.8968
59	35	0.8111	0.8579	0.9033
59	40	0.8244	0.8689	0.9113
59	45	0.8408	0.8824	0.9212
59	50	0.8604	0.8983	0.9325
59	55	0.8821	0.9157	0.9447
59	60	0.9042	0.9332	0.9567
59	65	0.9248	0.9491	0.9673
59	70	0.9423	0.9625	0.9761

60	5	0.7637	0.8188	0.8740
60	10	0.7661	0.8209	0.8756
60	15	0.7694	0.8237	0.8777
60	20	0.7738	0.8275	0.8806
60	25	0.7797	0.8325	0.8844
60	30	0.7875	0.8391	0.8894
60	35	0.7978	0.8478	0.8959
60	40	0.8111	0.8588	0.9041
60	45	0.8277	0.8726	0.9142
60	50	0.8477	0.8890	0.9260
60	55	0.8702	0.9072	0.9389
60	60	0.8937	0.9258	0.9517
60	65	0.9159	0.9431	0.9634
60	70	0.9351	0.9579	0.9731

61	5	0.7502	0.8082	0.8660
61	10	0.7527	0.8103	0.8677
61	15	0.7559	0.8131	0.8698
61	20	0.7602	0.8168	0.8727
61	25	0.7660	0.8218	0.8765
61	30	0.7738	0.8284	0.8816
61	35	0.7840	0.8371	0.8881
61	40	0.7973	0.8482	0.8965
61	45	0.8140	0.8622	0.9068
61	50	0.8344	0.8790	0.9190
61	55	0.8577	0.8980	0.9326
61	60	0.8825	0.9178	0.9463
61	65	0.9063	0.9366	0.9591
61	70	0.9274	0.9529	0.9698

62	5	0.7362	0.7970	0.8577
62	10	0.7386	0.7991	0.8593
62	15	0.7418	0.8019	0.8615
62	20	0.7461	0.8056	0.8644
62	25	0.7518	0.8105	0.8682
62	30	0.7595	0.8171	0.8733
62	35	0.7696	0.8258	0.8799
62	40	0.7829	0.8371	0.8884
62	45	0.7997	0.8513	0.8990
62	50	0.8203	0.8685	0.9116
62	55	0.8444	0.8882	0.9258
62	60	0.8704	0.9091	0.9404
62	65	0.8959	0.9294	0.9543
62	70	0.9189	0.9472	0.9662

\*Option factors are adjusted periodically.

## Service Retirement Option Factor Tables

MBR Age	BEN Age	100% Option	75% Option	50% Option
63	5	0.7215	0.7853	0.8489
63	10	0.7239	0.7874	0.8505
63	15	0.7270	0.7902	0.8527
63	20	0.7312	0.7938	0.8556
63	25	0.7369	0.7988	0.8594
63	30	0.7445	0.8053	0.8645
63	35	0.7545	0.8140	0.8712
63	40	0.7677	0.8253	0.8798
63	45	0.7845	0.8397	0.8906
63	50	0.8054	0.8572	0.9036
63	55	0.8301	0.8776	0.9184
63	60	0.8572	0.8997	0.9340
63	65	0.8844	0.9214	0.9490
63	70	0.9094	0.9410	0.9621

MBR Age	BEN Age	100% Option	75% Option	50% Option
67	5	0.6567	0.7334	0.8087
67	10	0.6589	0.7354	0.8103
67	15	0.6618	0.7381	0.8125
67	20	0.6657	0.7416	0.8154
67	25	0.6709	0.7464	0.8193
67	30	0.6780	0.7528	0.8244
67	35	0.6874	0.7613	0.8312
67	40	0.7000	0.7726	0.8402
67	45	0.7165	0.7873	0.8517
67	50	0.7377	0.8058	0.8660
67	55	0.7638	0.8284	0.8831
67	60	0.7944	0.8544	0.9023
67	65	0.8278	0.8822	0.9222
67	70	0.8611	0.9092	0.9409

64	5	0.7062	0.7731	0.8396
64	10	0.7086	0.7752	0.8412
64	15	0.7116	0.7779	0.8434
64	20	0.7158	0.7816	0.8463
64	25	0.7213	0.7865	0.8501
64	30	0.7288	0.7930	0.8552
64	35	0.7387	0.8017	0.8620
64	40	0.7518	0.8130	0.8707
64	45	0.7686	0.8275	0.8817
64	50	0.7897	0.8453	0.8950
64	55	0.8148	0.8664	0.9104
64	60	0.8430	0.8895	0.9270
64	65	0.8719	0.9128	0.9432
64	70	0.8989	0.9341	0.9576

68	5	0.6391	0.7191	0.7973
68	10	0.6412	0.7211	0.7990
68	15	0.6440	0.7237	0.8012
68	20	0.6479	0.7272	0.8040
68	25	0.6530	0.7320	0.8079
68	30	0.6599	0.7383	0.8131
68	35	0.6692	0.7468	0.8199
68	40	0.6815	0.7580	0.8289
68	45	0.6979	0.7727	0.8406
68	50	0.7189	0.7914	0.8551
68	55	0.7451	0.8144	0.8727
68	60	0.7763	0.8412	0.8928
68	65	0.8110	0.8703	0.9139
68	70	0.8464	0.8993	0.9342

65	5	0.6902	0.7604	0.8298
65	10	0.6925	0.7624	0.8314
65	15	0.6955	0.7651	0.8336
65	20	0.6996	0.7688	0.8365
65	25	0.7050	0.7736	0.8403
65	30	0.7124	0.7801	0.8455
65	35	0.7222	0.7888	0.8522
65	40	0.7351	0.8001	0.8610
65	45	0.7519	0.8146	0.8722
65	50	0.7730	0.8328	0.8859
65	55	0.7986	0.8544	0.9019
65	60	0.8277	0.8786	0.9194
65	65	0.8582	0.9034	0.9368
65	70	0.8873	0.9265	0.9526

69	5	0.6211	0.7043	0.7854
69	10	0.6232	0.7063	0.7871
69	15	0.6260	0.7089	0.7893
69	20	0.6297	0.7124	0.7922
69	25	0.6347	0.7171	0.7960
69	30	0.6415	0.7233	0.8012
69	35	0.6505	0.7317	0.8081
69	40	0.6627	0.7429	0.8171
69	45	0.6788	0.7575	0.8289
69	50	0.6996	0.7763	0.8437
69	55	0.7259	0.7996	0.8617
69	60	0.7576	0.8272	0.8826
69	65	0.7934	0.8577	0.9049
69	70	0.8308	0.8886	0.9269

66	5	0.6737	0.7471	0.8195
66	10	0.6760	0.7492	0.8211
66	15	0.6790	0.7519	0.8233
66	20	0.6829	0.7555	0.8262
66	25	0.6883	0.7603	0.8301
66	30	0.6955	0.7667	0.8352
66	35	0.7051	0.7753	0.8420
66	40	0.7179	0.7866	0.8509
66	45	0.7346	0.8013	0.8622
66	50	0.7557	0.8196	0.8763
66	55	0.7816	0.8418	0.8928
66	60	0.8116	0.8669	0.9112
66	65	0.8436	0.8932	0.9298
66	70	0.8748	0.9182	0.9470

70	5	0.6027	0.6890	0.7730
70	10	0.6048	0.6909	0.7746
70	15	0.6075	0.6935	0.7768
70	20	0.6111	0.6969	0.7797
70	25	0.6160	0.7015	0.7835
70	30	0.6225	0.7077	0.7887
70	35	0.6314	0.7160	0.7956
70	40	0.6433	0.7271	0.8046
70	45	0.6591	0.7417	0.8165
70	50	0.6798	0.7605	0.8316
70	55	0.7060	0.7841	0.8500
70	60	0.7379	0.8123	0.8716
70	65	0.7748	0.8441	0.8952
70	70	0.8140	0.8770	0.9188

\*Option factors are adjusted periodically.

## Your CalSTRS Retirement Timeline

This timeline of events from the year before your retirement up to your first benefit payment will give you an idea of what to do and when. Your specific timeline, however, may differ.

- Activate your *myCalSTRS* account, if you haven't already done so. Start at [myCalSTRS.com](http://myCalSTRS.com) and follow the five-step process. You can complete and submit your *Service Retirement Application*, sign up for direct deposit, update your address and more using *myCalSTRS*.
- Prepare for retirement early to avoid delays that may occur during the peak months of April–July.
- Register for a workshop or benefits planning session. Go to [CalSTRS.com/workshops](http://CalSTRS.com/workshops).

### Step 1

#### What to Do

Activate your *myCalSTRS* account, if you haven't already.

Plan and research your retirement decisions. Read the *Your Retirement Guide* booklet, available at [CalSTRS.com](http://CalSTRS.com).

Attend a CalSTRS retirement planning workshop or benefits planning session conducted by CalSTRS benefits specialists.

Check to see if pending or new legislation may affect your benefits or influence the timing of your retirement.

#### When

10–12 months before your retirement date.

### Step 2

#### What to Do

Complete and submit your *Service Retirement Application* and other forms online using *myCalSTRS*. Step-by-step guidance helps you fill out the application accurately, resulting in faster processing.

Or complete the paper version, available at [CalSTRS.com/forms](http://CalSTRS.com/forms).

#### When

No earlier than six months before your requested retirement date.

#### What to Do

Complete section 1 of the *Express Benefit Report* form and submit it to your employer to complete and submit to CalSTRS.

#### When

Your employer must submit the *Express Benefit Report* to CalSTRS within 30 days of your retirement date or the date CalSTRS receives your application, whichever is later.

### Step 3

#### What to Do

Check your email if you submitted your application on *myCalSTRS*. You'll receive immediate email confirmation and emails if we need more information to process your application.

Review your award letter, which includes the amount of your monthly benefit, how your monthly benefit was calculated and the total amount of your contributions and interest.

Look for your first benefit payment.

#### When

Within 45 days of your retirement or the date your application is processed, whichever is later. Or sooner, if you apply using *myCalSTRS*.

The deadline to change or cancel your retirement application is 30 days after your first benefit payment is issued.

There could be changes in your monthly payment for several months beyond your retirement date as we receive and process additional information from your employer.



# Applying for Service Retirement

Ready to retire? Complete and submit your *Service Retirement Application* and other forms online using *myCalSTRS*.

Get prepared ahead of time by reading the *Your Retirement Guide* booklet. When you sign your *Service Retirement Application*, you acknowledge that you have read the booklet.

## Complete and Submit Your Forms Online

You must submit your *Service Retirement Application* to CalSTRS before you'll receive a CalSTRS retirement benefit. You're responsible for submitting the application to CalSTRS—not your employer. Complete and submit your *Service Retirement Application* online using *myCalSTRS*. It's easy, fast and secure.

When you complete your application online using *myCalSTRS*:

- You'll receive step-by-step guidance to complete your application correctly. Your member-specific information is auto-filled, saving you time.
- Your application is processed automatically, for a faster turnaround.
- You'll receive immediate email confirmation when CalSTRS receives your application and after it has been processed.
- You'll receive your award letter sooner.
- You'll receive prompt emails if we need additional information to process your application.

Do not submit your *Service Retirement Application* to your employer. Your employer is not responsible for submitting your retirement application to CalSTRS—you are. You'll need to notify your employer that you intend to retire from CalSTRS. You'll also need to resign from your position. Be sure to complete any forms your employer requires. CalSTRS will not notify your employer of your retirement.

Also be sure to give your employer the *Express Benefit Report* form to complete and submit to CalSTRS after you complete section 1.



## Service Retirement Benefit Effective Date

If you were unable to submit your *Service Retirement Application* before your retirement date, you can backdate your service retirement benefit effective date to as early as the day following the last day for which you were compensated. Your benefit effective date can be backdated no earlier than January 1, 2012, and must be after you complete any service credit purchase.

## Deadline for Service Retirement Application Changes

You have 30 days from the date your first benefit payment was issued to make changes to or cancel your *Service Retirement Application*. This includes options elected at retirement and preretirement option elections. If you cancel your service retirement, you must return all benefit payments within 45 days of receiving your first benefit payment. Use the *Service Retirement Application Change Request* form (SR 1328), available at [CalSTRS.com/forms](http://CalSTRS.com/forms), to make changes.



## Planning Checklist

To help you plan for your CalSTRS retirement.

- Read the *Your Retirement Guide* and the retirement planning sections of the *Member Handbook*.**
- Go online to [myCalSTRS.com](http://myCalSTRS.com)** to activate your myCalSTRS account if you haven't already, so you can complete and submit your application online for faster processing.
- Check to see if pending or new legislation may affect your benefits** or influence the timing of your retirement. Sources include your legislative representative, your union representative and [CalSTRS.com/legislation](http://CalSTRS.com/legislation).
- Estimate your monthly benefit using the online calculator at** [CalSTRS.com/calculators](http://CalSTRS.com/calculators) or the benefit estimate worksheet in the *Member Handbook*.
- Attend a CalSTRS and Your Retirement benefits planning session.** Go to [CalSTRS.com/benefits-planning](http://CalSTRS.com/benefits-planning) to learn more.
- Consider purchasing permissive service credit or redepositing service credit** to increase your benefit if you did not do so earlier in your career. See the booklet, *Purchase Additional Service Credit*, at [CalSTRS.com](http://CalSTRS.com). If you're in the process of purchasing service credit, call us at least 90 days before you plan to retire. You must complete your service credit purchase before your retirement date.
- Consider making a preretirement election of an option** to provide a lifetime monthly benefit to someone if you should die before retirement. The *Preretirement Election of an Option* form is on [myCalSTRS](http://myCalSTRS.com) and at [CalSTRS.com](http://CalSTRS.com).
- Consider rolling over your Defined Benefit Supplement funds to CalSTRS Pension2.** See page 39.
- Gather clear, unaltered photocopies of the following documents:**
  - If you are electing an option beneficiary:
    - Birth certificate or other acceptable verification of birth date, such as a birth record, state-issued ID, passport photo ID page or certain military IDs, for your option beneficiary.
    - A copy of a marriage certificate or declaration of domestic partnership from the Secretary of State if you're naming a spouse or partner.
    - Marriage certificate or other proof of a name change, if your option beneficiary's name is different from the name on his or her birth certificate.
  - If you elected an option beneficiary before retirement, you may need to submit the items in the first three bullets.
  - If a portion of your CalSTRS benefit was awarded to another party:
    - A complete court-filed copy of your community property settlement documents. For more information, see the *Community Property Guide* at [CalSTRS.com/publications](http://CalSTRS.com/publications).
- Notify your employer that you intend to retire** and ask about forms your employer may require to resign from your position. Also let your employer know if you plan to set up a health insurance deduction from your benefit payments.
  - Give your employer the *Express Benefit Report* form after you complete section 1 to confirm your last day of employment and any unused sick leave.
- Submit your Service Retirement Application** using [myCalSTRS](http://myCalSTRS.com) or the paper application at [CalSTRS.com](http://CalSTRS.com). You must submit the application to CalSTRS to receive a retirement benefit.

## What to Expect From CalSTRS

After you submit your *Service Retirement Application*, you'll receive:

- **Acknowledgment letter** We will typically process your application within three weeks and send you an acknowledgment letter. It may take longer during peak times, typically spring and summer, when we receive a large number of applications. Submit your application online for faster processing.
- **Initial award letter** We will send you a letter with your estimated monthly benefit.
- **Your retirement benefit** We will issue your first monthly benefit within 45 days after the effective date of retirement or the date your application is processed—whichever is later. You will receive your Defined Benefit Supplement distribution as a separate payment, whether you request a lump sum or a monthly annuity.
- **Adjustment letters** After your retirement date, your employer may send us information that could affect the amount of your benefit, including unused sick leave, a retirement incentive or additional salary information. These adjustments will be made effective as of your retirement date. When these changes occur, we will send you a letter detailing any changes. It takes approximately six months after your effective retirement date for us to receive and process all updates from your employer. If a retroactive amount is due, it will be paid shortly after an adjustment letter is mailed. If you were overpaid, we will deduct 5 percent from your monthly benefits until the overpayment is recovered.

Adjustment letters also show the total amount of your contributions as a Defined Benefit member. Save the last letter to help determine your income tax liability.

If your retirement date is not the first of the month, your first benefit payment will be prorated. In addition, if you are backdating your retirement, you'll receive your prior months' benefits in one payment.

## Direct Deposit

Direct deposit gives you the quickest access to your benefit payment. For faster processing, sign up for direct deposit using your *myCalSTRS* account. Or complete the *Direct Deposit Authorization* form, available on CalSTRS.com. If you later change your bank or want to cancel your direct deposit authorization, you can update your instructions using *myCalSTRS* or by submitting a new form. To avoid delay in processing your payments, do not close your old account until your first payment is deposited into your new account.

When you sign up for direct deposit, you:

- Authorize CalSTRS to transmit any benefits by electronic funds transfer to your account in a U.S. financial institution.
- Certify that the entire payment amount is not ultimately deposited into a financial institution outside the U.S.
- Agree to receive benefit payment statements online using your *myCalSTRS* account.

You may view current and past benefit payment information using your *myCalSTRS* account. Online benefit payment information is convenient, secure and environmentally responsible. (Cash Balance Benefit annuity payment statements are only available by mail from the State Controller's Office—they are not available on *myCalSTRS*.)

If you want to receive statements by mail, you can choose to receive them twice a year—in February, with tax table changes, and in October, with the annual benefit adjustment—or every month. Submit your request using *myCalSTRS* or the *Direct Deposit Authorization* form.

## How the Separation-From-Service Requirement and Annual Earnings Limit Work Together

If you return to work and perform retired member activities, including substitute teaching, in the California public school system as an employee, an independent contractor or an employee of a third party during the first 180 calendar days after your most recent retirement date, your retirement benefit will be reduced dollar for dollar by the amount you earn up to your benefit amount payable during that period. All Cash Balance Benefit annuitants also have the 180-day separation-from-service requirement.

Any amount you earn in a CalSTRS-covered position during the first 180 calendar days of retirement will also count against the annual postretirement earnings limit for the fiscal year.



### Example

If you retired on June 30, 2016, with an annual benefit of \$34,000 and returned to perform retired member activities earning a total of \$26,000 in the first 180 calendar days following your retirement date, your benefit would be reduced dollar for dollar up to your retirement benefit amount payable during that same period, which was approximately \$17,000. CalSTRS collects the excess earnings by withholding all of your gross monthly retirement benefit until the entire amount owed is collected in full. If you continued to work for the remainder of the school year, and earned an additional \$26,000, your total earnings for the year of \$52,000 would exceed the annual postretirement earnings limit of \$41,732 by \$10,268. We will collect these excess earnings from you up to the amount of your annual retirement benefit of \$34,000 minus the previous \$17,000 reduction due to the separation-from-service requirement. In this case, we would collect an additional \$10,268.

## After You Retire

In this section, you'll learn what to expect after you retire from CalSTRS.

### Annual Benefit Adjustment

Under state law, you'll receive an automatic benefit increase equal to 2 percent of your initial benefit beginning September 1 after the first anniversary of your retirement. Your retirement date must be before September 1 to receive the annual benefit adjustment on September 1 of the next year.

The amount of your adjustment will appear in your October 1 payment. Adjustments are not compounded or tied to changes in the cost of living.

### Purchasing Power Protection

Your retirement benefit has additional purchasing power protection. Purchasing power is a measurement of how your retirement benefit keeps pace with inflation. For example, if your benefit stays the same but prices double, your purchasing power is only 50 percent of what it originally was.

In addition to the annual benefit adjustment, supplemental benefit payments, paid in quarterly installments, support your retirement benefit's purchasing power. CalSTRS makes these payments to retired members and beneficiaries whose benefits have fallen below a certain level of purchasing power. The purchasing power protection level is currently set at 85 percent of your initial benefit (base allowance).

### Working After Retirement Restrictions

If you return to work after service retirement and perform retired member activities, including substitute teaching, as an employee of a public school system, an independent contractor or an employee of a third party, there are restrictions under state and federal law that apply to you. You cannot:

- Work in a classified position except, under certain circumstances, as a teacher's aide.
- Earn any pay without affecting your retirement benefit if you return to work before the 180-calendar day separation-from-service requirement.
- Earn more than the annual postretirement earnings limit without affecting your CalSTRS retirement benefit.

In addition, you cannot keep the additional service credit you received under the CalSTRS Retirement Incentive Program if you take any job within five years of retirement with the employer that offered the incentive.

When you retire, you will be subject to the annual postretirement earnings limit as well as the separation-from-service requirement.

Retired Defined Benefit members cannot contribute to the Cash Balance Benefit Program. All earnings are subject to the postretirement earnings limit.

## Separation-From-Service Requirement

The separation-from-service requirement applies to all members who return to work and perform retired member activities within the public school system as an employee, an independent contractor or an employee of a third party. Both your retirement and Defined Benefit Supplement benefits will be reduced dollar for dollar by the amount that you earn in CalSTRS-covered employment, including employer contributions to tax-sheltered annuities and other tax-favored products, during the first 180 calendar days following your most recent retirement effective date, up to your benefit amount payable during that period.

There is a very narrow exemption from the separation-from-service requirement if you have reached normal retirement age, your appointment is required to fill a critically needed position, the governing body of your employer approved your appointment by resolution at a public meeting, you did not receive any financial inducement to retire, and your termination of service was not the cause of the need to acquire your services. Your employer must submit the required documentation to CalSTRS substantiating your eligibility for the exemption. CalSTRS must receive an exemption request and required documentation before you begin working.

This requirement and narrow exemption also apply to Cash Balance Benefit participants who receive their retirement benefit as an annuity benefit. For Cash Balance Benefit participants who receive their retirement benefit as a lump-sum payment, their benefit payment will not be payable until 180 calendar days after the date they terminated employment (see page 36).

## Postretirement Earnings Limit

If you return to work after meeting the separation-from-service requirement and perform retired member activities as an employee of a public school system, an independent contractor, or an employee of a third party, you can earn up to the annual postretirement earnings limit without affecting your benefit unless you qualify for a very narrow exemption or work for certain third-party employers under two conditions.

The earnings limit for fiscal year 2016–17 is \$41,732; for 2017–18, the limit is \$43,755. The Teachers' Retirement Board adjusts the earnings limit annually. If your earnings from CalSTRS-covered employment, including employer contributions to tax-sheltered annuities and other tax-favored products, exceed the postretirement earnings limit, CalSTRS will withhold all of your gross monthly retirement benefits—both your monthly retirement and Defined Benefit Supplement benefits—until we collect your excess earnings in full, up to the amount of your annual retirement benefit minus any previous reduction due to the zero-dollar earnings limit. For example, if you return to CalSTRS-covered work in the 2016–17 fiscal year and earn \$50,000, you will have exceeded the earnings limit of \$41,732 by \$8,268. CalSTRS will withhold \$8,268 from your benefit payments that year, if your annual retirement benefit is \$8,268 or more.

## Postretirement Earnings Limit Exemption

Under a narrow exemption, if you return to work as a trustee, fiscal expert, fiscal adviser, receiver or special trustee in a position appointed by the State Superintendent of Public Instruction, county superintendent of schools, State Board of Education or Board of Governors of the California Community Colleges to assist schools in financial or academic distress, you may be exempt from the postretirement earnings limit through June 30, 2017. You're not eligible for an exemption if you're under normal retirement age or if you received a retirement incentive in the previous six months.

The appointing authority must submit the required documentation to CalSTRS substantiating your eligibility for the exemption. CalSTRS must receive the exemption request and required documentation before you begin working. It is your responsibility to contact your employer to verify the required documentation was submitted to CalSTRS. CalSTRS will inform you if you have been approved for an exemption.

## Certain Third-Party Employees Exclusion

If you work for a third-party employer that does not participate in a California public pension system, you may be excluded from both earnings limits and other postretirement employment requirements if the activities performed are not normally performed by employees of a CalSTRS employer, and the activities are performed for 24 months or less.

## Reinstating to Active Member Status

If you re-retire within one year of reinstating, you may not make changes to your retirement option or beneficiaries. If you re-retire after one year of reinstating, you may change or cancel your election before or at retirement, but your benefit will be subject to an assessment that may reduce your benefit for your lifetime. You may re-retire as early as one day after your reinstatement date. You may choose to terminate retirement and reinstate to active membership at any time.

If you re-retire within one year of reinstatement, you must keep the same option and beneficiaries.

## Reinstatement Process

If you plan to reinstate to active member status, make an appointment with a CalSTRS benefits specialist to discuss important considerations, including how your future benefits may be affected. You may also request an estimate of your future benefits by sending us a secure email using your *myCalSTRS* account or at [CalSTRS.com/contactus](https://CalSTRS.com/contactus), or by writing to us (in your letter, include your full name, Client ID, address and telephone number). Tell us if you currently have an option or intend to elect an option before your subsequent retirement, how long you plan to be an active member again, and provide your estimated salary.

To reinstate to active membership, submit the *Reinstatement After Retirement* form, available at [CalSTRS.com/forms](https://CalSTRS.com/forms). Your reinstatement date can be no earlier than the first day of the month in which CalSTRS receives your form. We must receive your *Reinstatement After Retirement* form no earlier than six months before your requested reinstatement date and no later than the last day of the month in which your reinstatement becomes effective. After we receive your request, your retirement and monthly benefit will end as of the effective date of your reinstatement. The deadline to cancel a reinstatement is the last day of the month in which the reinstatement is effective.

## Other Important Considerations

If you're thinking about reinstatement, consider:

- **Disability and survivor benefits:** You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability or survivor benefits.
- **Retirement incentive:** If you reinstate, you'll lose any additional service credit you may have acquired by participating in the CalSTRS Retirement Incentive Program.
- **Preretirement election of an option:** You are not eligible to file a preretirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired with an option, that option will automatically become a preretirement election when you reinstate.
- **Coverage A or B:** For most members, if you retire and then reinstate, you will maintain the coverage you had prior to your retirement. Under certain circumstances, if you retired under Coverage A, your coverage may change to Coverage B for survivor and disability benefits: If you retired before January 1, 1996, you'll be under Coverage B when you reinstate; if you retired on or after January 1, 1996, you'll be under Coverage A. You must earn at least one year of service credit after reinstatement before you qualify for disability and survivor benefits. Contact CalSTRS for further information regarding your specific situation.



- **Separation-from-service requirement:** You'll be subject to the separation-from-service requirement during the first 180 calendar days after your most recent retirement.
- **Discontinuing deductions for health insurance premiums:** If CalSTRS is deducting health insurance premiums from your benefit and you decide to reinstate, you'll need to make premium payment arrangements with your health insurance carrier.
- **Discontinuing payment or deduction of Medicare premiums:** If CalSTRS is paying your Medicare Part A premiums or deducting your Medicare Part B premiums, you'll have to pay these premiums yourself when you reinstate. To arrange payment, contact the Social Security Administration at 800-772-1213. When you retire again, the CalSTRS Medicare Premium Payment Program will no longer be available to you, unless the board takes action in the future to extend the program. Currently CalSTRS is not offering the program to members with retirement effective dates on or after July 1, 2012. Your most recent retirement date is used to determine eligibility. See also "CalSTRS Medicare Premium Payment Program," page 51.

## How Your Benefit Will Be Calculated If You Reinstate

### Reinstate for Fewer Than Two Years

If you service retire with fewer than two years of new service credit since your most recent reinstatement, your new retirement benefit will be equal to the sum of both the following:

- An amount equal to the monthly benefit you were eligible to receive immediately before reinstatement, increased by the 2 percent annual benefit adjustment that would have been applied to the benefit if you had not reinstated.
- An amount based on service credit earned since your last reinstatement, your age at the subsequent retirement and your final compensation.
- For CalSTRS 2% at 60 members: If your total service credit is 30 or more years, you may be eligible for the career factor on the service credit earned following reinstatement. If you retired with 30 years of service credit on or before December 31, 2010, and reinstate, you may be eligible for the longevity bonus upon subsequent retirement.

**Example:** If you reinstate, then retire after earning one year of service credit, we will calculate your benefit using the one year of service credit, your age as of your subsequent retirement and your final compensation. This amount will be added to the benefit you received before reinstating, including any annual benefit adjustment.

### Reinstate for Two Years or More

If you service retire with two or more years of service credit after your most recent reinstatement, your monthly benefit will be equal to the total of:

- An amount based on the service credit you earned before your last retirement, an adjusted age factor and your highest final compensation.
- An amount based on the service credit you earned since your last reinstatement, your age at subsequent retirement and your highest final compensation.

**Example:** If you reinstate and retire after earning three years of service credit, your benefit will be recalculated by adding the three years of service credit to your service credit balance before reinstating, your age as of your subsequent retirement and your highest final compensation.

### For More Information

You'll find two benefit calculation scenarios if you reinstate under "How Will My New Service Credit Be Calculated?" at [CalSTRS.com/general-information/retirement-after-reinstatement](http://CalSTRS.com/general-information/retirement-after-reinstatement).



## Your Survivor Benefits

The Defined Benefit Program may provide benefits to your survivors whether your death occurs before or after retirement. There are two types of coverage: Coverage A (family allowance) and Coverage B (survivor benefit).

If you should die while on military leave, survivor and death benefits will be paid on your behalf as if you had continued accruing CalSTRS service credit.

### One-Time Death Benefit

When you die, a one-time death benefit is payable to your designated recipient if eligibility requirements are met. The one-time death benefit amount varies depending on whether you have disability and survivor benefits under Coverage A or B and whether you die while working or after retirement.

The one-time death benefit is a separate designation from the election of an option beneficiary (page 62). If you elect an option, your option beneficiary receives a monthly lifetime benefit when you die, while your one-time death benefit recipient receives a one-time, lump-sum payment after your death.

**You may name one or more recipients for the one-time death benefit—a person, trust, charity, estate, parochial institution, corporation or public entity. If you do not have a one-time death benefit recipient in effect on the date of your death, the one-time death benefit will be paid to your estate.**

The one-time death benefit will be paid to your one-time death benefit recipient if you:

- Were receiving a service retirement benefit at the time of death.
- Were receiving or were eligible to receive a disability benefit at the time of death.
- Had at least one year of service credit and died while performing creditable service or within certain time frames:
  - » Within four months of terminating CalSTRS-covered employment.
  - » Within other specific timeframes discussed in the following pages, depending upon your survivor benefits under Coverage A or B.
  - » Within 12 months of the last day of paid CalSTRS-covered service, if on an approved leave of absence without compensation for reasons other than disability or military service.
- Die while performing military service if you otherwise would have been eligible for benefits had you continued working and accruing service credit under CalSTRS.

If you took a refund, any one-time death benefit recipient you had previously named will be automatically canceled. If you return to CalSTRS membership after taking a refund and name a one-time death benefit recipient, the benefit can be paid only if you have subsequently earned or accumulated one year of service credit.

### Coverage A or Coverage B

If you became a CalSTRS member after October 15, 1992, you are under Coverage B. If you were a CalSTRS member on or before that date, you remain under Coverage A unless you elected Coverage B before April 1993.

Check your *myCalSTRS* account or your *Retirement Progress Report* for your coverage.

The one-time death benefit and survivor benefit are taxable.

You can change your one-time death benefit recipient at any time, with no financial penalty.

If you die before retirement while performing creditable service or if you are receiving a disability benefit at the time of death, your survivors may be eligible for a monthly benefit. If your survivors are not eligible for a monthly benefit and there is no option election in effect, CalSTRS will distribute any contributions and interest in your account to your estate.

If you have less than one year of service credit, your one-time benefit recipient will receive a refund of your accumulated Defined Benefit member contributions and a distribution of the total balance in your Defined Benefit Supplement account. Your *Retirement Progress Report* lists your one-time death benefit recipient if you designated one.

- Designate your one-time death benefit recipient using your *myCalSTRS* account or the *Recipient Designation* form, available at CalSTRS.com.

### **Marriage Dissolution or Domestic Partner Termination May Affect Designation**

If the dissolution judgment or termination and your death occur after January 1, 2002, the one-time death benefit recipient designation of your former spouse or partner is invalid. If you choose to have your former spouse or partner as your one-time death benefit recipient, you must submit a new *Recipient Designation* form.

### **Refund of Account Invalidates Your Designation**

If you refund your account and then later reinstate to CalSTRS membership, your previous one-time death benefit recipient designation will be invalid. If you wish to designate someone to receive your death benefit, you must submit a new form.

### **Reporting a Death**

Contact CalSTRS as soon as possible to notify us of the death of a member, option beneficiary or benefit recipient so we can update the account. In addition, be sure your survivors know that they must notify us in the event of your death. You can report a death online at [CalSTRS.com/contactus](http://CalSTRS.com/contactus) (select *Notification of Death*).

We will need the following information:

- Deceased person's name and Social Security number or Client ID.
- Date of death.
- Name, address and telephone number of a contact person.

### **Survivor Benefit Processing**

After we learn of a member, benefit recipient or option beneficiary's death, we will assign a caseworker who will contact beneficiaries by letter. The letter includes the caseworker's name, telephone number and other important information.

To process an application for benefits, CalSTRS must receive a copy of the certified death certificate and any additional information or documentation requested. Any CalSTRS payment issued to the deceased benefit recipient after the date of death must be returned to us.

### **Payment of Benefits**

CalSTRS generally pays benefits to beneficiaries or your estate within 45 days of receiving all of the requested information. Payment may be delayed for a variety of reasons, including if we do not:

- Receive required documentation, such as certified marriage or death certificate.

- Have a current *Recipient Designation* form (or the *One-Time Death Benefit Recipient* form) on file that identifies the name and address of your recipients.

Any payments issued to benefit recipients after their death are due back to CalSTRS and will be deducted from benefits paid to the beneficiaries or estate if they are not returned.

If you have no surviving spouse or partner, eligible dependent children or dependent parents—and you did not elect a beneficiary option—any remaining Defined Benefit contributions and interest in your account will be paid to your one-time death benefit recipient. If you did not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

## **Coverage A Survivor Benefits—If You Die Before Retirement**

### **One-Time Death Benefit**

Under Coverage A, if you die before retirement and while performing creditable service, CalSTRS pays a one-time death benefit to your designated recipient. The benefit amount through June 30, 2016, is \$6,163. This amount is adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specify other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

For CalSTRS to pay this benefit, you must have earned at least one year of service credit and your death must have occurred during one of the following periods:

- While performing creditable service or receiving a disability benefit.
- Within four months after you terminated employment or last earned creditable service.
- Within four months after you terminated a disability benefit if no service was performed after the termination.
- Within 12 months of the last day for which compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after ending employment or earning service credit.

If you took a refund, any one-time death benefit recipient you had previously named will be automatically canceled. If you return to CalSTRS membership after taking a refund and name a one-time death benefit recipient, the benefit can be paid only if you have subsequently earned or accumulated one year of service credit.

### **Coverage A Survivor Benefit**

For your survivors to be eligible for the Coverage A monthly survivor benefit (family allowance), you must have met the same eligibility requirements as those for the one-time death benefit described earlier and you:

- Cannot have a preretirement election of an option in effect.
- Must have earned at least one year of CalSTRS service credit since reinstatement from service retirement, if applicable.
- Must have earned at least one-half year of service credit after a break in service of more than one year, if applicable.

Under Coverage A, a monthly survivor benefit is payable to:

**1. Your surviving spouse or registered domestic partner with eligible dependent children**

A child is an eligible dependent if he or she is all of the following:

- Your natural child, adopted child or stepchild and not adopted by anyone other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 22.
- Unmarried or unregistered as a domestic partner at the time of your death.
- Financially dependent on you on the date of your death or on the effective date of your disability, if you died while receiving a disability benefit.

Your surviving spouse or registered domestic partner will receive 40 percent of your final compensation and 10 percent of your final compensation for each eligible dependent child up to 50 percent for five or more children. The maximum family benefit is 90 percent of your final compensation. The benefit will be paid as long as your eligible dependent child is under age 22 and is neither married nor a registered domestic partner.

- See the Coverage A survivor benefit example on the next page.

**Benefit Reductions**

CalSTRS will reduce the Coverage A survivor benefit by the amount of benefits payable by other public systems upon your death. Other public systems include workers' compensation, Social Security, federal military disability, employer-paid income protection plans, and other disability programs financed with public funds. Survivor benefit recipients must send us a copy of any other public system award letters, so that we can adjust their CalSTRS payments.

**2. Your eligible dependent children, but no surviving spouse or registered domestic partner**

If you have eligible dependent children, but no surviving spouse or partner, each child is eligible to receive 10 percent of your final compensation, up to 50 percent. If you have more than five eligible children, they will share equally in the total 50 percent of your final compensation. Benefits to each eligible dependent child end on the day before each child reaches age 22, marries or registers as a domestic partner, or dies.

When all of your children are no longer eligible for a benefit, any remaining contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

**3. Your surviving spouse or partner with no eligible dependent children**

If you have no eligible dependent children, or when your last child is no longer eligible, your surviving spouse or registered domestic partner may elect to receive either:

- A return of your accumulated Defined Benefit contributions and interest at the time of your death, less all monthly benefits paid.

OR

- A monthly benefit payable for his or her lifetime. The benefit calculation is based on a factor using your and your spouse's or partner's birth dates, the projected service credit and final compensation you would have accrued if you had lived to retire at age 60, and the service credit for your unused sick leave. Your spouse or partner is eligible for 50 percent of your benefit based on these factors when he or she reaches age 60. Your spouse or partner may choose to receive the benefit sooner at an actuarially reduced rate. Neither the longevity bonus nor career factor is part of the calculation for monthly coverage at normal retirement age because your death occurred before retirement.

- See also "Your Retirement Benefit," page 55.



#### 4. Your dependent parents, but no surviving spouse or partner and no eligible dependent children

Your dependent parents may receive a benefit if you have no surviving spouse or registered domestic partner, or eligible children. Your parents, or parent, will be paid a monthly payment for life beginning at normal retirement age. If they are under normal retirement age, they may elect to receive an actuarially reduced benefit for life.

#### 5. No surviving spouse or partner, eligible dependent children or dependent parents

If you have no eligible survivors and no preretirement election of an option, CalSTRS will distribute your accumulated Defined Benefit contributions and interest at the time of your death, less all monthly benefits paid. If we do not have a *Recipient Designation* form on file, this distribution will be made to your estate.

A survivor benefit is not an option beneficiary payment. Only a member, or in limited circumstances, an agent acting under a specific power of attorney, can elect an option.

### Coverage A Survivor Benefit Example

Rob dies at age 40. His survivors include his wife, Linda, and three eligible dependent children. His final compensation is \$3,220.

Linda will receive a monthly survivor benefit (family allowance) of \$1,754 as long as her children are eligible. As each child becomes ineligible, that child's increment will no longer be included in the basic benefit. In addition, an annual benefit adjustment increase of 2 percent of the basic benefit will be added to the monthly payment each September, beginning a year after Rob's death.

When her youngest child reaches age 22 or is no longer eligible, Linda can choose one of these three options:

- Take the remaining Defined Benefit contributions and interest in Rob's account, less all previously paid benefits.
- Receive the surviving spouse/registered domestic partner benefit payable for her lifetime once she reaches age 60. She will receive a monthly payment of \$1,353.85, based on Rob's projected service credit and projected final compensation.
- Receive a reduced surviving spouse/registered domestic partner benefit for her lifetime before normal retirement age, based on her age at that time.

### Coverage A Survivor Benefit Example

#### Coverage A

Member: Rob, age 40

Spouse: Linda, age 40

Children: Mike, 15; Robert, 10; and Sandy, 5

Service Credit: 10 years

Final Compensation \$3,220

a. Spouse's benefit  $40\% \times \$3,220 =$  \$1,288

b. Children's increment  $3 \times 10\% \times \$3,220 +$  \$966

Coverage A survivor benefit with eligible children  $(a+b) =$  \$2,254

Less Social Security offset -\$500

**Monthly CalSTRS survivor benefit to Linda = \$1,754**

## Coverage B Survivor Benefits—If You Die Before Retirement

### One-Time Death Benefit

Under Coverage B, if you die before retirement and while performing creditable service, CalSTRS pays a one-time death benefit to your designated recipient. The one-time death benefit is \$24,652. This amount is adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

For CalSTRS to pay this benefit, you must have earned at least one year of service credit, and your death must have occurred during one of the following periods:

- While performing creditable service.
- Within four months after you terminated employment or last earned creditable service.
- Within 12 months of the last day for which creditable compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after you ended employment or earned service credit.

In addition, if you had taken a refund of contributions or had reinstated after retirement:

- You must have earned at least one year of service credit after your refund or reinstatement.

OR

- Six months must have elapsed since your reinstatement from disability retirement.

### Coverage B Survivor Benefit

For your survivors to be eligible for a monthly survivor benefit, you must have met the same eligibility requirements as those for the one-time death benefit and you:

- Cannot have made a preretirement election of an option.
- Must have earned at least six months of service credit if you had a break in service of more than one year.
- Must have died within four months if you reinstated from a disability retirement.

Under Coverage B, a monthly survivor benefit may be paid to:

#### 1. Your surviving spouse or registered domestic partner

Your surviving spouse or partner has the choice of receiving either a monthly benefit for his or her lifetime or a return of your Defined Benefit contributions and interest, whether or not you have eligible dependent children. Your surviving spouse or registered domestic partner can begin receiving a survivor benefit either:

- Immediately as of the date of your death. The benefit is actuarially reduced if you were under normal retirement age at the time of death.

OR

- When you would have reached normal retirement age.

### No Benefit Reduction

The Coverage B monthly survivor benefit will not be reduced if your survivors receive survivor benefits from another public system, such as Social Security.

The monthly benefit is calculated using your actual service credit and actual final compensation at the time of your death. If you die on or before normal retirement age, your age and your spouse's or partner's age as of the date you would have reached normal retirement age are used in the calculation. The benefit your spouse or partner would receive would be one-half of the modified survivor benefit.

If you die after reaching normal retirement age, your age and your spouse's or partner's age as of the date of death will be used in the calculation. The survivor benefit calculation will also include service credit for your unused sick leave.

Neither the longevity bonus nor the career factor is part of the calculation for a monthly Coverage B survivor benefit because your death occurred before retirement.

● See "Your Retirement Benefit," page 55.

## **2. Your eligible dependent children**

If you have eligible dependent children and your spouse or partner decides to take a monthly survivor benefit, each child will also receive a monthly benefit. The payment goes to the parent until the children are age 18, when they can request the payment be made to them.

If you have no surviving spouse or partner, but have eligible dependent children, each child will be eligible to receive a monthly benefit.

A benefit is not payable to your eligible dependent children if your surviving spouse or partner decides to receive a return of your Defined Benefit contributions and interest.

Your child is eligible if he or she is all of the following:

- Your natural or adopted child or stepchild and not adopted by anyone other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 21.
- Financially dependent on you at the time of your death.

Each child's benefit is 10 percent of your final compensation, up to 50 percent for five or more children.

Your child's monthly survivor benefit begins on the day following the date of your death, even if your spouse elects to wait to receive a monthly survivor benefit until you would have reached normal retirement age. The benefit is payable until the day before your eligible dependent child reaches age 21 or dies, whichever occurs first, even if your spouse elects to wait to receive a monthly survivor benefit until you would have reached normal retirement age.

If your surviving spouse or partner dies before your eligible dependent children become ineligible, each eligible child will still be paid a monthly benefit until the day before he or she is age 21 or dies, whichever occurs first. Once your children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS must make the payment to your estate.

## **3. Your eligible dependent children, but no surviving spouse or registered domestic partner**

If you have dependent children, but no surviving spouse or registered domestic partner, each child is eligible for 10 percent of your final compensation, up to 50 percent. If you have more than five eligible dependent children, they will share equally in the total 50 percent of final compensation. Benefits end on the day before your child reaches age 21 or dies, whichever occurs first.



## Coverage B Defined Benefit Supplement Distribution

If you die before retirement, your one-time death benefit recipient will receive a benefit based on the balance in your Defined Benefit Supplement account. If you have \$3,500 or more for each designated recipient, each will have a choice of a lump-sum payment or a period-certain annuity.

If you die after retirement, you will have already made your Defined Benefit Supplement election. An ongoing monthly annuity might be paid depending on your election at retirement.

When all of your children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

### 4. If you have no surviving spouse, registered domestic partner or eligible dependent children

No monthly benefit is payable to your survivors if you have no surviving spouse or registered domestic partner, or eligible dependent children. If you don't have a valid preretirement election of an option, your Defined Benefit contributions and interest will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

### Coverage B Survivor Benefit Example

Sharon dies at age 40. Her survivors include a spouse, David, and three children eligible for benefits. Her final compensation is \$3,220.

David's choices: David can choose the monthly surviving spouse benefit or he can choose to take a refund of Sharon's Defined Benefit contributions and interest. However, if he does not elect the monthly survivor benefit, their children are not entitled to a monthly benefit.

If David elects the survivor benefit, he will immediately receive 10 percent of final compensation for each child (\$322 each) as of the date of Sharon's death, until each eligible dependent child reaches age 21. These payments will go to David until his children reach age 18, when the payments will go directly to them.

The surviving spouse benefit is calculated based on the amount of service credit at death, as if Sharon had lived to normal retirement age and had retired naming her spouse as a 50% Option Beneficiary, which provides half of the modified retirement benefit.

David can choose to defer his monthly spouse's survivor benefit until Sharon would have reached normal retirement age and receive the full benefit, or start the benefit as of the date of her death and receive a reduced benefit.

#### Defers Survivor Benefit

If David chooses to defer receiving his surviving spouse benefit, their children will receive the following benefit immediately as of the date of Sharon's death:

**10% of final compensation for each child:**

**\$322 x 3 children = \$966**

David would receive no surviving spouse benefit until Sharon would have reached normal retirement age, which would be in 20 years. He would then receive a spouse benefit of \$306.45 for the rest of his life. See the calculation on the next page.



### Starts Survivor Benefit Immediately

If David elects to take his surviving spouse benefit immediately, the family will receive the following survivor benefit:

**David's reduced spouse benefit (see the next calculation) = \$53.48**

**\$306.45 x .1745 (age 40 50% Beneficiary Option age factor) = \$53.48**

**10% of final compensation for each child (\$322 x 3 children) = \$966**

**Total = \$1,019.48**

Each dependent child's benefit will stop when he or she reaches age 21. After David's last child is no longer eligible, he will continue to receive his spouse's benefit, \$53.48 a month, for his lifetime. In addition, an annual benefit adjustment increase of 2 percent of the basic benefit will be added each September, beginning a year after Sharon's death.

Here are the choices David must make for the spouse's monthly benefit:

### Survivor Benefit Example

#### Coverage B

Member: Sharon, age 40

Spouse: David, age 40

Children: Joe, 12; Sam, 9; and Jake, 7

Service Credit: 10 years

Final Compensation: \$3,220

Sharon's Member-Only Benefit, as if she were normal retirement age

2% x 10 years of service credit x \$3,220

Survivor Benefit = \$644.00

Reduced benefit, based on option factor of .9517

(member and spouse normal retirement age)

0.9517 x \$644 = \$612.89

David would receive, when Sharon would have reached normal retirement age, one-half

of Sharon's reduced benefit

\$612.89 ÷ 2 = \$306.45

David could begin receiving, as of the date of Sharon's death, actuarially reduced,

\$306.45 x .1745 = \$53.48

## Defined Benefit Supplement Distribution

If you elect an annuity for your Defined Benefit Supplement account and die after retirement, a benefit equal to the balance of your Defined Benefit Supplement account will be distributed to those named on your *Recipient Designation* form (or the *One-Time Death Benefit Recipient* form).

## Coverage A and B—When You Die After Retirement

### One-Time Death Benefit

If you die after retirement, the one-time death benefit is the same under both Coverage A and Coverage B. CalSTRS pays a one-time death benefit to your named recipients if you're a retired member. The current one-time death benefit is \$6,163. The amount may be adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the benefit is divided equally, unless you specified other percentages of distribution. If you did not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

### Monthly Benefit With an Option

Once you have retired, no monthly benefit is payable to your survivors unless you elected an option beneficiary for your retirement benefit. No one may elect an option for you after your death. If you elected an option, your option beneficiary will receive the monthly benefit payable under the option you elected. If you didn't elect an option, you would have been receiving the Member-Only monthly benefit.

The option beneficiary you designated to receive a monthly Defined Benefit and Defined Benefit Supplement payment after your death may name their own beneficiary to receive any remaining accrued balance after their death.

### Monthly Benefit Without an Option

If you elected the Member-Only Benefit for your Defined Benefit pension, you'll receive it for your lifetime. No continuing monthly benefit will be payable after your death.

Your one-time death benefit recipient, however, will receive the monthly retirement benefit that accrued but was not paid during the month of your death, plus any contributions and interest in your Defined Benefit account not already paid to you in benefit payments.

In addition, your one-time death benefit recipient will receive any contributions and interest in your Defined Benefit Supplement account not already paid to you in benefit payments. If you elected a Member-Only Annuity for your Defined Benefit Supplement distribution, your one-time death benefit recipient will receive the monthly annuity payment that accrued but was not paid during the month you died.

## Member Death After Retirement Example

### Member-Only Benefit

Elaine had been retired for 10 years at the time of her death on the 15th of the month. Elaine's monthly benefit was \$950. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death.

The amount payable to Elaine's recipient would be calculated as follows:

Contribution and interest balance at retirement		\$ 35,000
Less retirement benefit paid		- \$ 115,000
Remaining contributions and interest		0
Accrued monthly benefit during the month of death (½ month x \$950)		\$ 475
Current one-time death benefit		\$ 6,163
<b>Total Payable</b>	<b>\$6,163 + \$475</b>	<b>\$ 6,638</b>

## Your Disability Benefits

As a member of the Defined Benefit Program, you have disability protection under one of the CalSTRS disability benefit programs: Coverage A (disability allowance) or Coverage B (disability retirement). Find your coverage on your *Retirement Progress Report*.

You may be eligible for a disability benefit if you meet:

- The eligibility requirements, including age, service credit and timelines for application and medical documentation.
- The definition of disabled as established for CalSTRS in the California Education Code and have a medically determined physical or mental impairment that is permanent or expected to last at least 12 continuous months. The impairment must prevent you from performing:
  - » Your usual duties with or without reasonable modification from your employer.
  - » Duties of a comparable level to your usual duties, which you are qualified for or can become qualified for in a reasonable period of time with education, training or experience.
  - » Employment at a comparable level at which you can earn at least 66⅔ percent of your final compensation.

If you were disabled while on active military duty and are unable to return to CalSTRS-covered employment, you may apply for a CalSTRS disability benefit if you meet the other eligibility requirements.

You can apply for service retirement and disability at the same time if you are otherwise eligible to service retire. This will enable you to receive a monthly retirement income while your disability application is being evaluated.

- You'll find the *Disability Benefits Application* in *Your Disability Benefits Guide* at [CalSTRS.com/publications](http://CalSTRS.com/publications).

### Applying for a Disability Benefit

If you're considering applying for a disability benefit, learn about your choices and important considerations. For instance:

- If you return to work and later retire, your benefit will be calculated differently than if you had not received a disability benefit.
- If you're age 55 or older and have 25 years or more of service credit, you may want to consider a service retirement instead of a disability benefit.

A benefits specialist can help you make an informed decision. When scheduling an interview, let the scheduling coordinator know you wish to discuss a disability application.

- See [CalSTRS.com/benefits-planning](http://CalSTRS.com/benefits-planning).

### Coverage A or Coverage B

You have disability benefits under Coverage A or Coverage B. If you became a CalSTRS member on or after October 16, 1992, you are covered under Coverage B. If you were a CalSTRS member on or before October 15, 1992, you remain under Coverage A unless you elected Coverage B before April 1993.

You should apply for a disability benefit before you exhaust the other benefits available to you.

## Steps in the Disability Application Process

**Before beginning the disability application process, talk with a CalSTRS benefits specialist. However, if you cannot talk with a specialist right away or if you prefer not to talk to a benefits specialist, do not delay submitting your application. The date CalSTRS receives your application can affect your eligibility, the effective date of your benefit, or both. You may talk to a benefits specialist any time during the application process.**

**Steps in the application process include:**

1. Request the *Your Disability Benefits Guide* booklet, which includes the *Disability Benefits Application* or find the booklet and application online at CalSTRS.com.
2. Submit your completed application and any pertinent documents to CalSTRS in person, by fax or by mail. The date CalSTRS receives your application may establish your benefit effective date. If approved, your disability benefit will go into effect on whichever date occurs later:
  - » The first day of the month CalSTRS receives your completed application.
  - » The day after your last day of compensation, including sick leave and subdifferential pay.
3. CalSTRS receives and acknowledges receiving your disability application within one week of receiving your application.
4. CalSTRS reviews your application and eligibility and mails you requests for medical and other required documents.
5. CalSTRS receives your information and sends follow-up requests for missing or additional documents.
6. CalSTRS verifies the employment information you provided in your completed application.
7. CalSTRS notifies you if an independent medical examination or an independent vocational evaluation must be scheduled.
8. CalSTRS reviews all the information submitted and determines if you qualify for a disability benefit.
9. CalSTRS sends you written notification when we reach a decision on your application.

Don't delay submitting your application while waiting for your medical documents. You may submit medical documents after CalSTRS receives your application.

## Reasonable Accommodation

Sometimes modifications in your work environment can enable you to continue working. Making such adjustments is known as reasonable accommodation. Federal and state laws require employers to make reasonable accommodations for employees. CalSTRS may require you to request reasonable accommodation from your employer as a condition for processing your application for a disability benefit.

If you have questions about reasonable accommodation, contact your school district.

## When to Apply

You can submit the *Disability Benefits Application* while you're employed and performed creditable service during the four months prior to submitting your application or while receiving sick leave or subdifferential pay from your employer. Your disability benefit effective date cannot be earlier than the first day of the month CalSTRS receives your application, but it must be later than the last day of service for which you receive compensation.

You should apply for a disability benefit before you exhaust other benefits available to you.

You can submit an application if you're not working if you meet one of the following conditions:

- You apply within four months of terminating your CalSTRS-covered employment, or you may be eligible to apply more than four months after termination if your termination was due to a change of position and subsequent election of membership in the California Public Employees' Retirement System and you're not yet vested in CalPERS.
- You apply within four months of your last day of actual performance of service or while you're on a compensated leave of absence.
- You apply while on a leave of absence without compensation granted for reason other than mental or physical incapacity for performance of service, and it is within four months of your last day of actual performance of service for which compensation is payable.
- You apply within 12 months of your last day of actual performance of service if you're on an employer-approved leave to study at an approved college or university.
- You have been physically or mentally incapacitated from performing service, and the incapacity has been continuous from your last day of actual performance of service.

For more information, visit [CalSTRS.com](http://CalSTRS.com) or contact CalSTRS to request a disability session with a benefits specialist. Conservators, guardians or others caring for a physically or mentally incapacitated CalSTRS member are also encouraged to contact us to determine if the member qualifies for disability benefits.

## The Application Review Process

Processing times vary depending on individual cases. To avoid processing delays, submit a complete and properly signed application. You'll need to provide additional information such as medical records, hospital reports and employer-related information. You are responsible for submitting the medical documents and paying any fees charged for providing information to us.

If additional medical information is necessary, CalSTRS may schedule an independent medical examination. We will notify you if this is necessary and pay for the examination and any reasonable related costs.

You can apply for service retirement and disability at the same time if you're eligible to retire, so you may receive a monthly retirement income while your disability application is being evaluated. See next page.

## CalSTRS Right to Recover Benefits

If a third party causes you injury or death for which you receive disability benefits or your family receives survivor benefits and you or your family pursues civil litigation, CalSTRS must be informed because CalSTRS has the right of subrogation. See page 111 for further details.

## Service Retirement During Evaluation of a Disability Application

If you're eligible to retire from service, you may wish to receive a service retirement benefit while your application for disability benefits is being evaluated. To learn more, visit [CalSTRS.com](http://CalSTRS.com) or contact us for the booklet, *Your Disability Benefits Guide*, which includes the *Disability Benefits Application* and important considerations.

If your application for disability is approved, your service retirement benefit will be canceled. Your disability benefit effective date will be the first day of the month in which we received your completed application or the day after your last day of compensation, whichever is later.

### Important Things to Consider

Before you apply for a service retirement benefit while your disability benefit application is being evaluated, consider the following:

- CalSTRS may require you to request a reasonable accommodation from your employer as a condition of your application. If you have already retired, you won't be able to meet this requirement and your disability application may be canceled.
- You'll remain retired from service if your application for disability is rejected.
- The election that you make for your service retirement benefit will remain in effect if your application for disability is not approved. For example, if you elect a Member-Only Benefit and begin receiving a service retirement benefit, your Member-Only Benefit will continue.
- Your Defined Benefit Supplement distribution under either service retirement or disability will be paid according to your disbursement election on your application. If you elected a lump-sum distribution under service retirement, you cannot make a different election for a Defined Benefit Supplement distribution under disability.
- If you receive a service retirement benefit while your disability application is being evaluated, you will:
  - » Not be eligible to participate in the Reduced Benefit Election.
  - » Not receive credit for unused sick leave before an evaluation is made regarding your application for disability. If your application for disability is rejected, your service retirement benefit will be recalculated to include your eligible unused sick leave, adjusted to the effective date of your service retirement.
- If you receive a service retirement benefit during evaluation of your application and you die before a determination is made, any subsequent benefits payable will be based on your service retirement elections.
- If your disability application is rejected and you remain on service retirement, you will not be eligible to reapply for a disability benefit unless you terminate your service retirement, return to CalSTRS-covered employment and earn one year of service credit. In that case, any physical or mental conditions known to exist when you return to active membership may be considered pre-existing conditions, and you would not be able to apply for a disability benefit for those conditions if they remain substantially unchanged.
- If your application for a disability benefit is rejected, you still may be eligible to request an administrative appeal.

### Independent Vocational Evaluation

An independent vocational evaluation may be required to determine if you can perform your essential core duties at a comparable level. Duties of a comparable level are defined as any job you may be qualified to perform that will provide earnings of 66⅔ percent or more of your indexed final compensation.

## Notification

CalSTRS will notify you in writing after we reach a decision on your disability application.

## Application Approval

If we approve your disability application and you're still working, you must stop working before we can begin paying your benefits. If you do not stop working within 90 days of being notified of the approval, CalSTRS will reverse the approval and reject your application.

You should receive your first disability benefit payment within 45 days after we receive all necessary information. The payment will include any retroactive disability payments due. After receiving your first payment, you'll receive a regular disability payment on or about the first day of each month. We will notify your employer that your application was approved.

## Prescribed Treatment Program

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a prescribed treatment program developed by your attending physician.

## Limited-Term Disability Benefits

If your condition is expected to improve with mental, physical or vocational rehabilitation, you may be approved for limited-term disability benefits. These benefits are granted for a specific time period and can be renewed if your condition does not improve.

## Benefits to Survivors

If you are approved for a disability benefit and die before receiving notification of your approval, any subsequent benefits will be paid as if you had died while receiving a disability benefit.

## Application Rejection

If your disability application is rejected, CalSTRS will send you a letter explaining the reason and your right to reapply, request a review or appeal.

## Reapply

If you have additional or new information you did not submit in your original application, you may be able to reapply. Your benefit effective date then will be based on the date we receive your second application or your last day of compensation, whichever is later.

If you receive a service retirement benefit during evaluation of your disability application, you will not be eligible to reapply. Once you retire from service, you're no longer eligible to apply for a disability benefit.

## Executive Review and Right to Appeal

An Executive Review is an internal, high-level review of your application and the initial decision. Not every case merits an Executive Review. If you are not satisfied with the outcome of the Executive Review, you may request an administrative appeal.

- See "Your Rights—The Appeals Process," page 112.

## Coverage A Disability Benefit

The Coverage A disability benefit (disability allowance) is generally 50 percent of final compensation and may be reduced for periods of part-time employment. Service credit is not a factor in determining the amount of your disability benefit. The Coverage A disability benefit will be paid as long as you remain disabled or until you reach age 60. At age 60, your disability benefit will end and you must apply for service retirement to receive a monthly benefit. Your disability benefit may continue beyond age 60 only if you have eligible dependent children and remain disabled.

To qualify for a disability benefit under Coverage A, you must meet the following requirements:

- You must be under age 60.
- You must have five or more years of service credit. (If you were the victim of an unlawful act on the job, you may qualify for a disability benefit with one year of service credit. For more information, contact us.)
- Your last five years of service credit must have been performed in California. Four of the five years of service credit must be for actual performance of creditable service. You must have earned at least one year of service credit following a service retirement termination, or following the most recent refund of your accumulated contributions.

If you plan to reinstate to active member status, first make an appointment with a CalSTRS benefits specialist to discuss important considerations, including how your future benefits may be affected.

## Benefit Increase for Eligible Dependent Children

If you have eligible dependent children, you'll receive an additional 10 percent of final compensation for each child, up to an additional 40 percent.

A child is considered to be your dependent if he or she is all of the following:

- Not married or registered as a domestic partner.
- Is your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born within the 10-month period beginning on the benefit effective date of your disability benefit.
- Under age 22.
- Financially dependent on you on your disability benefit effective date.

When your child reaches age 22, marries, registers as a domestic partner or dies, your monthly benefit will be reduced by that child's portion.

## Defined Benefit Supplement Distribution

If you are approved to receive a disability benefit under Coverage A, you will receive the balance of your Defined Benefit Supplement account. If your balance is \$3,500 or more, you can choose from one of several Member-Only annuity choices.

- See "Your Defined Benefit Supplement Distribution," page 65.



## Reductions to Your Disability Benefit

Your monthly Coverage A disability benefit, including the amount received for eligible dependent children, will be reduced by payments from other sources, including:

- Workers' compensation.
  - Social Security disability.
  - Federal military disability.
  - Employer-paid income protection plans.
  - Other disability programs financed with public funds.
  - Judgments against or settlements with the third party that caused your injury.
- See "CalSTRS Right to Recover Costs of Disability and Survivor Benefits," page 111.

## Periodic Review

CalSTRS will periodically review your medical and work status for continuing eligibility for disability benefits. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry about other disability benefits.

As part of the review, CalSTRS may ask you to verify your earnings with documentation from the Employment Development Department, your employer and your tax returns.

Notify us if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in benefits from another public agency or the benefits end.
- Have a child who reaches age 22, or marries or becomes a registered domestic partner, or dies.

## Preretirement Election of an Option

If you're eligible to service retire, you can make a preretirement election of an option if you want to ensure a monthly lifetime income to someone if you should die before retirement. If you are approved for a disability benefit under Coverage A after making a preretirement election, you may maintain the preretirement election you made for service retirement. If you're not eligible to elect a preretirement option at the time you apply for disability benefits, you may make a preretirement election of an option while receiving a disability benefit after reaching age 55.

- See "Protecting Your Survivor With a Lifetime Benefit," page 62.

A survivor benefit under Coverage A will not be payable if you made a preretirement election of an option. Instead, your option beneficiary will receive a lifetime benefit based on your preretirement election of an option.

- See "Survivor Benefits," page 87.

Be sure to keep CalSTRS informed of events that may affect your eligibility.

## Transitioning to Service Retirement at Normal Retirement Age

Approximately six months before normal retirement age, we will notify you of the pending termination of your Coverage A disability benefit and your eligibility to apply for service retirement. The notification includes an estimate of your service retirement benefit and the *Disability Allowance to Service Retirement Application*. If you still have eligible dependent children, you'll continue to be eligible for a disability benefit. When you service retire, you will be subject to the earnings limit and other working after retirement restrictions. See page 84 to learn more.

Before calculating your service retirement benefit, we'll project your service credit through the duration of your disability. The final compensation used for your disability benefit will be projected forward at the rate of 2 percent per year. Your retirement benefit will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement benefit or the disability benefit you were receiving before your 60th birthday, whichever is less.

You also may elect the Modified Benefit for your service retirement benefit by naming an option beneficiary. If you have a preretirement election of an option on file, you may change your option election when you transition to service retirement. However, if you do make a change, your service retirement benefit will be subject to an assessment. (See "Adding, Changing or Canceling Your Option Election," page 64.)

### Single-Month Earnings Limit

Margaret has a base disability benefit of \$1,500 and employment earnings of \$2,075 in a single month. Her employment earnings plus her disability benefit exceed 100 percent of her indexed final compensation (\$3,100).

\$1,500	Disability benefit and annual benefit adjustments
+ 2,075	Monthly employment earnings
= 3,575	Total monthly income
- 3,100	Indexed final compensation
= \$475	Overpayment, which CalSTRS will recover

### Six-Month Earnings Limit

Bob earns \$2,075 monthly from employment earnings over any continuous six-month period.

\$3,100.00	Indexed final compensation
x .66667	66 $\frac{2}{3}$ %
x 6	Months
= \$12,400.06	6-month earnings limit
\$2,075.00	Monthly employment earnings
x 6	Months
= \$12,450.00	6 months employment earnings
- \$12,400.06	6-month earnings limit
= \$49.94	Earnings in excess of 6-month earnings limit, which CalSTRS will recover

In addition, Bob's disability benefit will be terminated.

**Coverage A Earnings Limits** You can earn income while you're receiving a Coverage A disability benefit. You can teach under certain employer conditions, but you cannot earn CalSTRS service credit or contribute to CalSTRS while receiving a disability benefit. Two earnings limits apply:

**Single-Month Earnings Limit** Your disability benefit, including cost of living adjustments but not including any child's portion or restrictions for other public benefits, plus your earnings from all employment is compared to your indexed final compensation. A comparison is made to determine if your earnings exceed the single-month earnings limit. If your earnings exceed the limit, the excess amount is considered an overpayment and CalSTRS will collect it back by deducting 15 percent of future benefit payments until paid in full.

**Six-Month Earnings Limit** CalSTRS makes a separate calculation that compares your earnings to 66 $\frac{2}{3}$  percent of your indexed final compensation. If your average earnings over a continuous six-month period exceed 66 $\frac{2}{3}$  percent of your indexed final compensation, you are no longer considered disabled. Your disability benefit will be terminated, effective on the first day of the month following the six-month period. Any benefit payments made after this termination date will be recovered by CalSTRS from the total benefit or any subsequent benefits.

Both limits apply to all earned income. The earnings limits are initially based on your final compensation. In subsequent years an index factor, developed from the average salary increase of all CalSTRS active members, is used to determine indexed final compensation. Indexed final compensation serves as a measure of current salaries.

**You must provide CalSTRS with an annual report of your gross earnings from all employment.**

## Coverage A Disability Benefit

### Examples

Your final compensation must be determined before your monthly disability benefit can be calculated. Service credit is used to determine your monthly benefit when you have fewer than 10 years of service credit and you are between the ages of 45 and 60.

#### Disability Benefit

##### More than 10 years of service, with children

Charles is granted disability benefits with a benefit effective date of July 1. Charles has one child eligible for benefits, and he receives \$300 a month from workers' compensation.

#### Alternative Formula

##### Fewer than 10 years of service, with children

Marissa is granted disability benefits with a benefit effective date of January 1. She has 8.072 years of service credit and is between age 45 and 60. She has two eligible children and receives \$300 a month from workers' compensation.

Charles: Coverage A Disability Benefit—More Than 10 Years			Marissa: Coverage A Disability Benefit—Fewer Than 10 Years		
<b>Step A: Final Compensation</b>			<b>Step A: Final Compensation</b>		
Highest 36 consecutive months average annual compensation earned			Highest 36 consecutive months average annual compensation earnable		
7/1/12 to 6/30/13 (12 months)		\$52,430	7/1/12 to 12/31/12 (6 months)		\$25,950
7/1/11 to 6/30/12 (12 months)		\$49,850	7/1/11 to 6/30/12 (12 months)		\$49,256
7/1/10 to 6/30/11 (12 months)		\$47,700	7/1/10 to 6/30/11 (12 months)		\$46,624
<b>Final Compensation</b>		<b>= \$4,166.11</b>	<b>Final Compensation</b>		<b>= \$3,863.75</b>
\$149,980 (36 months total) ÷ 36 months			\$139,095 (36 months total) ÷ 36 months		
<b>Step B: 50% Formula</b>			<b>Step B: Alternate Formula</b>		
1. Final Compensation x 50%	\$4,166.11 x 50%	\$2,083.06	Number of years of service credit	8.072	
2. Eligible dependent children (1 child @ 10%)	10% x \$4,166.11	+ \$416.61	1. Service Credit x 5% x Final Compensation	8.072 x 5% x \$3,863.75	\$1,559.41
3. Monthly benefit before offset for other public benefit	\$2,083.06 + 416.61	= \$2,499.67	2. Eligible dependent children	2 x 10% x \$3,863.75	+ \$772.75
4. Less benefit payable from another public system (workers' compensation)		- \$300.00	3. Monthly benefit before offset for other public benefit	\$1,559.41 + \$772.75	= \$2,332.16
5. Adjusted Monthly Benefit		<b>= \$2,199.67</b>	4. Less benefit payable from other public system (workers' compensation)		- \$300.00
			5. Adjusted Monthly Benefit		<b>= \$2,032.16</b>

## Benefit Reduction

If you receive both a Coverage B disability benefit and a disability benefit under a workers' compensation program for the same impairment, your CalSTRS benefit will be reduced by an amount equal to your workers' compensation benefit. Your benefit will also be reduced if you receive a judgment against or a settlement with the third party who caused your disability. See page 111 for additional details.

## Coverage B Disability Benefit

The Coverage B disability benefit (disability retirement) is 50 percent of your final compensation. Your final compensation must be determined before your monthly benefit can be calculated and may be reduced for periods of part-time employment. Service credit is not a factor in determining your disability retirement benefit. (See example on next page.)

You will not receive service credit while you receive a disability retirement benefit. Your benefit will continue to be paid as long as you remain disabled, without respect to age. If we determine you are no longer disabled, your disability benefit will be terminated.

If you plan to reinstate to active member status, first make an appointment with a CalSTRS benefits specialist to discuss important considerations, including how your future benefits may be affected.

To apply for a Coverage B disability benefit, you must meet the following requirements:

- You must have five or more years of service credit. (If you were the victim of an unlawful act on the job, you may qualify if you have one year of service credit. To learn more, contact us.)
- Your last five years of service credit must have been performed in California. Four of the five years of credit must be for actual performance of creditable service. At least one year of service credit must have been earned after one of the following:
  - » Receiving a disability benefit.
  - » Service retirement.
  - » The most recent refund of your accumulated contributions.

There are no age restrictions.

## Option Beneficiary

An option is a plan feature that allows you to distribute your Coverage B disability benefit over your lifetime and the lifetime of your beneficiary or beneficiaries after your death. An option provides a reduced disability benefit based on a percentage of the Member-Only Benefit. Your Member-Only Benefit will be adjusted depending on the option you elect, your age and the age of your beneficiaries.

A Member-Only Benefit is usually the highest monthly CalSTRS benefit you can receive. Upon your death, your Member-Only Benefit will stop. It does not provide for a monthly benefit to a survivor after your death.

Option factor tables for disability are not included in this handbook. Contact a CalSTRS benefits specialist for an estimate of your benefit and the benefit of your beneficiaries under each of the options.

## Increased Benefit for Eligible Dependent Children

If you have eligible dependent children, each child's portion will be 10 percent of your final compensation up to an additional 40 percent. If you have more than four children, each child will share equally in the maximum benefit of 40 percent. The maximum benefit you can receive, including portions for eligible dependent children, is 90 percent of your final compensation.

Your child is eligible if he or she is all of the following:

- Your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born no later than 10 months after the effective date of your disability benefit.
- Under age 21.
- Financially dependent on you on the effective date of your Coverage B disability benefit.

Your children's benefits are paid separately to each eligible child. When your child reaches age 21, your monthly benefit will be reduced by that child's portion.

Your children's CalSTRS benefits are not affected if you receive other benefits, such as workers' compensation.

### Coverage B Disability Benefit Calculation

Jack is granted a Coverage B disability benefit with an effective date of September 1. He has three eligible dependent children. Jack has elected to receive a Member-Only Benefit. He is not eligible for workers' compensation.

Step A: Final Compensation		
36 consecutive months compensation earned		
7/1/13-8/31/13 (2 months)		\$5,727.30
7/1/12-6/30/13 (12 months)		\$33,099.00
7/1/11-6/30/12 (12 months)		\$30,375.60
9/1/10-6/30/11 (10 months)		\$24,908.30
<b>Final Compensation</b>		<b>= \$2,614.17</b>
\$94,110.20 (36 months total) ÷ 36 months		
Step B: Calculate Disability Benefit		
1. Final Compensation x 50%		= \$1,307.09
= Member-Only Benefit (\$2,614.17 x 50%)		
2. Benefit payable from workers' compensation		- \$0.00
3. Number of eligible children	(3 x 10% x \$2,614.17)	+ \$784.25
4. Adjusted Monthly Benefit		<b>= \$2,091.34</b>

Keep us informed of events that may affect your benefit eligibility. If you do not respond to requests for information, we may terminate your benefits.

## Defined Benefit Supplement Distribution

If you are approved to receive a Coverage B disability benefit, you will receive the balance of your Defined Benefit Supplement account. If your balance is \$3,500 or more, you may choose to receive your benefit as an annuity.

- See "Your Defined Benefit Supplement Distribution," page 65.

## Preretirement Election of an Option

If you made a preretirement election of an option before being eligible for a disability benefit under Coverage B, your preretirement election will be voided as of the effective date of your approved disability benefit and the Member-Only Benefit or Modified Benefit you elected on your *Disability Application* will become effective.

To help you understand your disability coverage, make an appointment with a benefits specialist at [CalSTRS.com/benefits-planning](http://CalSTRS.com/benefits-planning).

## Earnings Limit

You can earn income after you begin receiving a disability Coverage B benefit. You can teach under certain employer conditions, but you are not allowed to earn CalSTRS service credit or contribute to CalSTRS while receiving a disability retirement benefit. Your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are participating in an approved CalSTRS rehabilitation plan.

CalSTRS retirement benefits will be reduced dollar-for-dollar by the total amount of earnings from all employment in excess of the 12-month calendar year limit. You will be required to provide CalSTRS with an annual report of your gross earnings from all employment. The Employment Development Department and your employer will verify your reported earnings.

The 2017 calendar year earnings limit is \$29,550. The limit is determined early each calendar year.

## Periodic Review

CalSTRS will periodically review your medical and vocational status to determine your continuing eligibility. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry about other disability benefits.

As part of the review, CalSTRS may ask you to verify your earnings with documentation from your employer's W-2 forms and your tax returns.

Notify CalSTRS if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in workers' compensation benefits.

# Tax Information and Legal Matters

This section covers tax information and legal matters that affect your benefits.

## Income Tax Withholding

Under federal law, CalSTRS will withhold income tax from the taxable portion of your benefit unless you choose not to have taxes withheld. This requirement also applies to California state income tax except for California nonresidents who may elect to have state tax withheld. To elect tax withholding, you must complete an *Income Tax Withholding Preference Certificate* (also included in the *Service Retirement, Refund and Disability Benefits* applications).

View and update your tax withholding preferences on *myCalSTRS*. Elections made the first of the month are effective immediately. You may also change your income tax withholding by completing the *Income Tax Withholding Preference Certificate* form. Your election will take effect within 60 days after CalSTRS receives your form.

If you do not have taxes withheld or if you don't withhold enough taxes, you may need to make estimated tax payments. Generally, your withholding or estimated tax payments, or the total of both, must cover at least 90 percent of your total tax liability for the current year. If you fail to meet the 90 percent limit, you may have to pay penalties.

A portion of your benefit may not be taxable if you made previously taxed contributions to CalSTRS during your career. CalSTRS uses the Simplified Method established by the IRS to determine the taxable portion of your benefit. You may use any acceptable method when reporting to the IRS.

CalSTRS does not provide tax advice. Consult a tax professional for assistance.

- See *Pension and Annuity Income*, IRS publication 575, available at [irs.gov](http://irs.gov) or *Pension and Annuity Guidelines*, FTB publication 1005, from the California Franchise Tax Board at [ftb.ca.gov](http://ftb.ca.gov).

## Periodic Payments

Generally, unless you choose not to withhold taxes or specify different income tax withholdings, CalSTRS will withhold income tax on your periodic payments—those payments you receive in installments at regular intervals—as if you were married with three allowances. However, if you're a nonresident of California, no state income tax will be withheld unless you elect to have state tax withholding.

## Eligible Rollover Distributions

CalSTRS withholds income tax from eligible rollover distributions made to you, including a one-time lump-sum distribution, a one-time death benefit, or a benefit accrued and unpaid on the date of death of a CalSTRS benefit recipient (non-periodic payments). Federal tax withholding from eligible rollover distributions made directly to you is mandatory and set at 20 percent. CalSTRS will withhold state income tax at 2 percent on these distributions unless you elect not to have state income tax withheld or you're a nonresident of California.

- See the *Tax Considerations for Rollovers* booklet, available at [CalSTRS.com](http://CalSTRS.com).

Your tax withholding election will take effect within 60 days after CalSTRS receives your updated form. Tax withholding preferences made using your *myCalSTRS* account will be effective sooner.

## Tax Withholding for Out-of-State Residents

Under federal law, if you're not a California resident, you are not subject to California state tax. However, your CalSTRS benefits may be subject to taxes in the state where you live. CalSTRS cannot withhold taxes for another state.

If you move from California to another state and want to discontinue your California tax withholding, you can make the change online using your *myCalSTRS* account or by completing the *Income Tax Withholding Preference Certificate* form, available on [CalSTRS.com/forms](http://CalSTRS.com/forms) (under *Most Requested Forms*).

If you or your beneficiaries reside outside the U.S. or its possessions, CalSTRS must withhold federal income tax from your payments.

Contact the IRS, the California Franchise Tax Board or a qualified tax adviser for information relevant to your individual situation. For general information on withholding tax from CalSTRS benefits, go to [CalSTRS.com](http://CalSTRS.com).

## Internal Revenue Codes Affecting Benefits

CalSTRS and its members are subject to many Internal Revenue Code provisions and other sources of federal law. Here are three IRC provisions that may affect your benefits.

### Section 401(a)(9)

Internal Revenue Code section 401(a)(9) and the California Education Code require CalSTRS to begin the required minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 70½, provided you're no longer performing CalSTRS-creditable service. For example, if your birthday is October 5, you would turn 70½ on April 5, so you would have until April 1 of the following year to take the required minimum distribution.

If you're age 70½ or older and no longer working in a CalSTRS-covered position and request a 100 percent rollover of your account balance based upon the IRC section above, CalSTRS will calculate and pay your required minimum distribution directly to you and rollover any remaining funds. The rollover will be considered a complete rollover, even though 100 percent of your account balance was not rolled over.

CalSTRS is not required to begin distribution of your account if:

- You're currently employed in a CalSTRS-covered position.
- Your current employment is covered by another public retirement system.
- See "Retiring From More Than One Public Retirement System," page 44.

CalSTRS sends courtesy notification letters twice to both active and inactive members regarding the required minimum distribution. The first letter is sent the month after you reach age 69; the second is sent the month after you reach age 70. Be sure CalSTRS always has your current mailing address.

If you're rolling over your payments from your Defined Benefit Supplement period-certain annuity of three to nine years and turn 70½ before the annuity payments end, your annuity rollover payments will end with the December payment, the year before you turn 70½.

You're not eligible to roll over funds once you reach 70½, even if there are remaining years for your period-certain annuity. Any remaining annuity payments will automatically become direct payments.



The IRS may impose an excise tax of 50 percent of the minimum required distribution if you receive less than the minimum required distribution for a taxable year. Contact the IRS or your tax professional for details.

### **Section 401(a)(17)**

Internal Revenue Code section 401(a)(17) limits the compensation that can be used to provide a CalSTRS benefit. The compensation limit applies if you became a CalSTRS member or Cash Balance participant on or after July 1, 1996. For calendar year 2017, the compensation limit is \$270,000. Any compensation in excess of this limit is not creditable compensation, and neither your employer's nor your contributions to the Defined Benefit Program, the Defined Benefit Supplement Program or the Cash Balance Benefit Program should be paid to CalSTRS on the excess amount.

Employers may offer their employees a defined contribution plan, such as CalSTRS Pension2, for contributions on compensation in excess of the Section 401(a)(17) limit.

- **CalSTRS 2% at 62:** The limit on creditable compensation that may be counted toward your CalSTRS retirement benefit is lower than that required by IRC section 401(a)(17). The limit is adjusted annually by changes to the Consumer Price Index for All Urban Consumers: U.S. City Average. For 2016–17, the compensation cap is \$139,320.

### **Section 415**

Internal Revenue Code section 415 limits the benefits that can be paid by CalSTRS. Benefits are limited to an absolute dollar amount that is indexed for inflation. For calendar year 2017, the Internal Revenue Code dollar limit is \$156,465 at age 60. The limit is lower below age 60 and higher above it. However, the IRC limit serves as a general guideline. There are other considerations that could make you subject to the provisions of IRC 415.

Currently, few CalSTRS members have been, or are likely to be, affected by the limits of section 415. Once we receive your *Service Retirement Application*, we will notify you if your benefit will be affected by the section 415 benefit limit. Consistent with federal law, CalSTRS has established the Replacement Benefits Program to pay benefits in excess of the section 415 limits. If your benefit is limited by section 415, you will receive an additional separate payment from the Replacement Benefits Program.

- **CalSTRS 2% at 62:** The Replacement Benefits Program is not available.

## **CalSTRS' Right to Recover Costs of Disability and Survivor Benefits**

When a third party causes you injury or death and you receive disability benefits or your family receives survivor benefits as a result of that injury or death, CalSTRS has the right of subrogation. This means that if you or your family pursues civil litigation, CalSTRS must be informed. CalSTRS has the right to recover an amount equal to the actuarial equivalent of benefits paid and payable under the plan because of your injury or death. If you recover costs from the third party without giving CalSTRS the opportunity to participate in the litigation, CalSTRS may recover the actuarial equivalent of benefits paid and payable from you directly.

## Power of Attorney

You can arrange to have a third party manage your CalSTRS account and benefits if or when you become incapacitated and can no longer manage your financial affairs. That authority could extend to changing your mailing address, instituting or changing direct deposit authorizations, and changing tax withholding preferences.

A durable power of attorney is the most common method used to delegate authority to act on your behalf. This document permits you to act as a principal and appoint an agent. The document also identifies the extent of authority granted to your agent as well as when that authority becomes effective. A durable power of attorney can be drafted by an attorney or purchased as a commercially available fill-in-the-blank form. We do not provide this form. In addition, we may require an agent to execute an affidavit affirming the agent's authority under the durable power of attorney. For the agent's convenience, the CalSTRS form, *Declaration of Attorney in Fact*, can be completed by the agent each time he or she makes a request.

An agent does not have the right to use your *myCalSTRS* account or to set up access to it under the agent's name. Agents are authorized to act only by submitting paper forms.

## Your Rights—The Appeals Process

Any qualified applicant who disagrees with a Decision by the director of a CalSTRS program area may request a review of that Decision by the program's executive. If you disagree with the program executive's Determination, you may request an administrative hearing, and an administrative law judge will issue a proposed decision. The Teachers' Retirement Board considers the proposed decision and makes the final decision. A brief description of the appeals process follows. It is not intended to take the place of the law, regulations or the written procedures for the appeals process.

### Requesting an Executive Review

If you disagree with a Decision by the director of a CalSTRS program area, you may request a review by the program's executive (Executive Review) within 45 days of the date of the letter informing you of the CalSTRS decision. According to state regulations, your request for an Executive Review must include a statement of all facts, any basis in the Education Code or other law that you believe is relevant, and any other pertinent information to dispute the decision.

### Requesting a Hearing

Once the program's executive issues a Determination, or you are informed that there will be no Executive Review, you may request a hearing before an administrative law judge at the Office of Administrative Hearings within 90 days of the date of the letter informing you of the CalSTRS Determination.

The Office of Administrative Hearings will schedule the hearing and notify all parties regarding the time, date and location. The hearing is a full evidentiary hearing, meaning witnesses may be called. CalSTRS may be represented by the state attorney general or in-house counsel. You may be represented by an attorney at your own cost or you may represent yourself. Following the hearing, the administrative law judge will submit a proposed decision to the Teachers' Retirement Board. CalSTRS will provide all parties with a copy of the proposed decision within 30 days.

## Proposed Decision and Further Action

The proposed decision of the administrative law judge is not the final decision. The Teachers' Retirement Board must decide whether or not to adopt the proposed decision within 100 days of receiving it. If the board takes no action, the proposed decision automatically becomes CalSTRS' final decision.

When you receive your copy of the proposed decision, you'll be given the date that the board's Appeals Committee will act on your case, staff recommendations regarding your case, and procedures for submitting written statements.

If the Appeals Committee adopts the proposed decision, then that is CalSTRS' final decision. If the Appeals Committee does not adopt the proposed decision, it must either send it back to the administrative law judge or decide the matter itself at a future meeting of the committee.

If you're dissatisfied with the Appeals Committee's final decision, you may ask the committee to reconsider its decision or you may appeal to Superior Court. You'll be notified of this right when you receive your copy of the Appeals Committee's final decision shortly after the hearing takes place.

## Community Property Considerations

If you have been, or are currently going, through a divorce, legal separation or termination of a registered domestic partnership, your current or former spouse or partner may have a community property interest in your CalSTRS benefits. You may need to refer to your settlement agreement or contact an attorney for legal advice.

Your court order may address CalSTRS benefits and might specify that your former spouse or partner is entitled to a share of each of your accounts and benefits, including death benefits. If you think your former spouse may be entitled to a community property share of your benefits, you can submit your judgment of dissolution and marital settlement agreement to the CalSTRS Community Property office for review. However, CalSTRS cannot provide you with legal advice.

It is important to know that a dissolution of marriage, legal separation or termination of a registered domestic partnership can invalidate the one-time death benefit designation of a former spouse or partner. However, the designation of any additional beneficiaries named on your *Recipient Designation* form (or *One-Time Death Benefit Recipient* form) may remain valid. Be sure to update your designation to assure your current election wishes are on file with CalSTRS.

If you choose to have your former spouse as your one-time death benefit recipient, and your dissolution or termination occurred after December 31, 2001, you must submit a new *Recipient Designation* form after your marital termination date and indicate the proper relationship status.

➤ See the *CalSTRS Community Property Guide* at [CalSTRS.com](http://CalSTRS.com).

## Overpayment of Benefits

Overpayments occur from time to time. If you—or a benefit recipient on your account—receive an overpayment, you will receive a letter from CalSTRS with the amount of the overpayment and how we will recover the money. Early in retirement, the most common reasons for an overpayment are benefits that were based on an incorrect last day of employment. Amounts due CalSTRS will also occur if you earn more than the applicable earnings limits while receiving a benefit.

CalSTRS typically will deduct overpayments from your monthly benefit at a rate of 5 percent of your gross benefit amount until the entire amount is paid in full. However, if the overpayment was made because you provided inaccurate information or failed to provide information affecting your benefit status, we will deduct the overpayment at a rate of 15 percent of your gross benefit amount until the entire amount is paid in full.

If you return to CalSTRS-covered employment in the first 180 calendar days of your most recent retirement—and you do not reinstate—you will be subject to the separation-from-service requirement. CalSTRS will deduct all of your excess earnings from your monthly benefit up to your benefit amount payable during that period. If you earn more than the annual postretirement earnings limit during the fiscal year, we will deduct all of the excess earnings from your monthly retirement benefit up to your total annual retirement benefit amount, minus any previous reduction to your benefit due to the separation-from-service requirement. You may also contact CalSTRS to request alternative payment arrangements.

If an overpayment is due to intentional misrepresentation of facts, or fraud by you, these collection methods do not apply, and CalSTRS will recover the amounts due by any means authorized under the law.

## Benefit Forfeiture for Felony Convictions

Under the California Public Employees' Pension Reform Act of 2013, if you are convicted of a felony committed in connection with your official duties, including a felony involving a child you have contact with as part of your official duties, you will forfeit all of your retirement benefits earned or accrued after the commission of the felony but not benefits accrued before the commission of the felony.

CalSTRS will return any contributions you made after that date, without interest. CalSTRS will also collect any overpayment of benefits that might have been paid to you after the commission of the felony. After being convicted, you and the prosecuting agency must notify your employer within 60 days of your conviction, and you and your employer must notify CalSTRS within 90 days of your conviction.

If your conviction is reversed, you can either receive the forfeited benefits or redeposit the returned contributions, with interest.

# Glossary

## A

### Age Factor

The percentage of your final compensation that you will receive as a retirement benefit for every year of service credit. The age factor is based on your age on the last day of the month in which your retirement is effective.

#### **CalSTRS 2% at 60:**

The age factor at age 60 is 2 percent. The age factor gradually decreases to 1.10 percent at age 50 if you retire before age 60 and increases to the maximum 2.4 percent at age 63 if you retire after age 60.

For example, if you retire at age 60 and have 20 years of service, you will receive 2 percent (your age factor at age 60) of your final compensation multiplied by the 20 years of service credit. This equals 40 percent of your final compensation (2 percent x 20).

#### **CalSTRS 2% at 62:**

The age factor at age 62 is 2 percent. The age factor gradually decreases to 1.16 percent at age 55 if you retire before age 62 and increases to the maximum 2.4 percent at age 65 if you retire after age 62.

### Additional Earnings Credit

A percentage increase to the account balance of Defined Benefit Supplement Program members and Cash Balance Benefit Program participants that is granted by the Teachers' Retirement Board when investment earnings exceed what is necessary to meet the liabilities of the programs.

### Air Time

See nonqualified service credit.

### Annual Benefit Adjustment

An automatic annual increase to your monthly benefit provided by state law. The increase is effective on September 1 of each year after the first anniversary of your benefit effective date and appears on your October 1 payment. Annual benefit adjustments are calculated at 2 percent of your initial benefit. The increase is not compounded or tied to changes in the cost of living.

Under the 2014 funding plan, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014. The annual benefit adjustment for members who retired before January 1, 2014, is not contractually guaranteed—it can be reduced or eliminated by the Legislature, if economic conditions dictate. However, the Legislature has yet to reduce the annual benefit adjustment since first providing this adjustment in 1972.

### Annuity

#### **Member-Only Defined Benefit Supplement or Participant-Only Cash Balance Annuity:**

A monthly payment equal to the balance of your Defined Benefit Supplement account or Cash Balance Benefit account spread over your lifetime. Any balance remaining upon your death will be paid to your one-time death benefit recipients.

**100% Beneficiary Annuity:** Provides an actuarially reduced monthly payment equal to the balance of your Defined Benefit Supplement account or Cash Balance Benefit account spread over your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity payment will continue to be paid to your option beneficiary upon your death.

**75% Beneficiary Annuity:** Provides an actuarially reduced monthly payment equal to the balance of your Defined Benefit Supplement account or Cash Balance Benefit account spread over your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity payment will continue to be paid to your option beneficiary upon your death.

**50% Beneficiary Annuity:** Provides an actuarially reduced monthly payment equal to the balance of your Defined Benefit Supplement account or Cash Balance Benefit account spread over your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity payment will continue to be paid to your option beneficiary upon your death.

For the 100%, 75% and 50% beneficiary annuities, if your beneficiary dies before you, your annuity payment will rise to the Member-Only amount.

**Period-Certain Annuity:** A monthly payment for any number of years from three to 10 equal to the balance of your Defined Benefit Supplement account or Cash Balance Benefit account. The amount you receive is based on the number of years over which the annuity is paid; the lower the number of years, the higher the annuity. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipients.

### Assessment

The reduction applied to your benefit if you change or cancel your preretirement election of an option—or if your option beneficiary dies before you retire. The amount is the actuarial equivalent of the coverage you received as a result of the preretirement election. (Assessments of \$0 do not result in a benefit reduction.)

## Annuitant

A retired member or participant who receives a benefit as an annuity payment equal to the balance of her or his Defined Benefit Supplement or Cash Balance Benefit accounts.

## B

### Beneficiary

Any person or entity receiving or entitled to receive payments after your death. Only a person or special needs trust (not an estate or another type of trust or a corporation) may be designated to receive an option benefit upon your death.

### Benefit

A monthly or lump-sum amount payable to a retired member, disabled member, retired participant, disabled participant or beneficiary.

### Benefit Formula (Service Retirement)

For the Member-Only Benefit, the formula is service credit x age factor x final compensation. If choosing an option, multiply the Member-Only Benefit by the appropriate option factor.

### Benefit Formula (Disability Coverage A or B)

For the Member-Only disability benefit, the formula is generally 50 percent of your final compensation and may be reduced for periods of part-time employment. Service credit is not a factor in determining the amount of your disability benefit.

### Benefit Recipient

A person or entity that receives a one-time death benefit payment or an ongoing CalSTRS benefit payment.

## C

### CalPERS

California Public Employees' Retirement System

### CalSTRS 2% at 60 CalSTRS 2% at 62

The California Public Employees' Pension Reform Act of 2013 made significant changes to the benefit structure for Defined Benefit members and Cash Balance Benefit participants first hired to perform service that could be credited to the Defined Benefit Program on or after January 1, 2013. As a result, CalSTRS now has two benefit structures:

- Members and participants first hired on or before December 31, 2012, are under CalSTRS 2% at 60.
- Members and participants first hired on or after January 1, 2013, are under CalSTRS 2% at 62.

In addition, educators who were members of a concurrent retirement system on or before December 31, 2012, and performed service in that system within six months of becoming a CalSTRS member are under the CalSTRS 2% at 60 benefit structure, as are those who performed service that could be credited to the Defined Benefit Program that was subject to coverage under a different retirement system, including Social Security, on or before December 31, 2012.

The 2 percent refers to the age factor, or percentage of final compensation, that Defined Benefit members will receive as a retirement benefit for every year of service credit. To receive an age factor of 2 percent, you must work until age 62 if you're under CalSTRS 2% at 62. The basic age factor for members under CalSTRS 2% at 60 is 2 percent at age 60.

Other benefit differences for CalSTRS 2% at 62 include a 36-month final compensation period (based on the highest average annual compensation earnable for 36 consecutive months regardless of years of service credit), lower compensation cap, no career factor, and a higher retirement age (you are not eligible to retire as early as age 50 with 30 years of service credit).

### CalSTRS Pension2

CalSTRS' voluntary defined contribution plan offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans for additional income in retirement. Select from a variety of investment options with low fees and expenses.

### Career Factor

For members under the 2% at 60 benefit structure: An increase in the percentage of final compensation on which your Defined Benefit service retirement is based. If you retire with at least 30 years of earned service credit, 0.2 percent is added to the age factor up to the maximum age factor of 2.4 percent, which is reached at age 61½ with the career factor. The career factor doesn't apply if you die before retirement unless you filed a preretirement option election with CalSTRS.

### CalSTRS 2% at 62:

There is no career factor enhancement to the age factor.



## Cash Balance Benefit Program

An alternative cash balance type of CalSTRS retirement plan for educators hired to work part time. The Cash Balance Benefit Program is an alternative to Social Security, private plans and the CalSTRS Defined Benefit Program.

## Cash Balance Plan

A retirement plan in which your contributions and your employer's contributions earn a guaranteed annual interest rate. When you retire, you or your beneficiary will receive all the funds in your account as an annuity or a lump sum. The Defined Benefit Supplement and the Cash Balance Benefit programs are cash balance plans.

## Client ID

A CalSTRS randomly generated number used to identify members. CalSTRS uses it instead of your Social Security number to secure your identity. Your Client ID is on your *Retirement Progress Report*.

## Comparable Level Position

Any job in which you can earn 66⅔ percent or more of indexed final compensation.

## Compensation Cap or Limit

The annual maximum amount of creditable compensation that can be used to calculate your CalSTRS retirement benefit. Any compensation in excess of this limit is not creditable compensation and neither your employer's nor your contributions to the Defined Benefit Program, the Defined Benefit Supplement Program or the Cash Balance Benefit Program can be paid to CalSTRS for amounts over the compensation cap. Employers may offer a defined contribution plan, such as CalSTRS Pension2, for contributions in excess of the compensation limit.

For 2% at 60 members who started in a CalSTRS-covered position on or after July 1, 1996, the compensation cap for 2017 is \$270,000. For 2% at 62 members, the cap is \$139,320 for fiscal year 2016–17.

## Compensation Earnable

Compensation you could earn in a school year for creditable service performed full time not including service for which contributions are credited to your Defined Benefit Supplement account.

## Concurrent Service Retirement

Retiring for service from CalSTRS and the Legislators' Retirement System, California Public Employees' Retirement System, San Francisco Employees' Retirement System, University of California Retirement System or those systems established under the County Employees Retirement Law of 1937 as long as you perform no service creditable to either system between retirement dates. CalSTRS may use the full-time equivalent compensation for service performed under the other retirement system to calculate the CalSTRS service retirement benefit if the service was not performed during the same pay period as CalSTRS service.

## County Employees Retirement Law of 1937

The following counties provide retirement benefits under this law: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura.

## Coverage A

The disability and survivor benefit programs available to those who became members on or before October 15, 1992. Coverage A is mandatory for all members of the Defined Benefit Program who were receiving a disability benefit or a service retirement benefit with an effective date on or before October 15, 1992. Members who were not receiving a benefit on or before that date could choose to retain Coverage A or elect Coverage B.

## Coverage A Disability Benefit (Disability Allowance)

A feature of the Defined Benefit Program elected by and offered to individuals who became members on or before October 15, 1992, that provides partial income replacement for disabled members. The benefit is paid as long as you are disabled up to normal retirement age.

## Coverage A Survivor Benefit (Family Allowance)

A monthly amount paid to your surviving spouse or registered domestic partner with eligible dependent children after your death. The maximum amount is 90 percent of your final compensation—40 percent for your spouse or partner plus 10 percent for each eligible dependent child up to an additional 50 percent.

## Coverage B

The disability and survivor benefit programs for new members after October 15, 1992, or who previously had Coverage A and elected Coverage B.

### Coverage B Disability Benefit (Disability Retirement)

A feature of the Defined Benefit Program for individuals who became members after October 15, 1992, or elected Coverage B during the special election held October 1992 to April 1993. Those receiving payments under Coverage B are “retired” and will be paid as long as they are disabled, without respect to age, until eligible to transition to service retirement.

### Coverage B Survivor Benefit

If you die before retirement and had a preretirement election of an option on file with CalSTRS, a lifetime benefit will be payable to your elected option beneficiary. If you do not have a preretirement election of an option, a survivor benefit may be payable to your surviving spouse or registered domestic partner and eligible dependent children.

## Creditable Compensation

Remuneration that is paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position, subject to certain exceptions. Also see page 21.

### CalSTRS 2% at 62:

Only compensation paid in cash each pay period in which creditable service is performed under a publicly available written contractual agreements is considered creditable compensation. Creditable compensation for service in excess of one year in a school year is creditable to the member's Defined Benefit Supplement account, up to the compensation cap. Limited-term payments or compensation determined to have been paid for the purposes of enhancing a benefit are not creditable to any CalSTRS benefit program.

The limit on creditable compensation counted toward the CalSTRS retirement benefit formula is adjusted annually by changes to the Consumer Price Index for All Urban Consumers: U.S. City Average. For 2016–17, the compensation cap is \$139,320. Employers may offer their employees a defined contribution plan, such as CalSTRS Pension2, for contributions on compensation in excess of the limit.

## Creditable Service

Specific employment activities, such as teaching, vocational or guidance counseling, mentoring, services related to school curriculum and certain administrative duties performed for an employer in a position that requires certification qualifications adopted by the Commission on Teacher Credentialing or under minimum standards adopted by the Board of Governors of the California Community Colleges, or under the provisions of an approved charter for a charter school eligible to receive a state apportionment. Includes service performed by school health professionals, school librarians, superintendents and others as defined in California Education Code section 22119.5.

## Credited Interest

At the end of each fiscal year, interest is credited to the accumulated Defined Benefit contributions and interest in each active and inactive member's account at the interest rate adopted by the Teachers' Retirement Board. The current rate approximates the yield on two-year Treasury notes.

## Credited Service

See service credit.

## D

### Defined Benefit Plan

A retirement plan in which your retirement benefit is based on a formula, not on how much you contribute or how well investments perform.

### Defined Benefit Program

A traditional defined benefit plan within the State Teachers' Retirement Plan that provides a lifetime retirement benefit (based on a formula set by law: age factor x service credit x final compensation) and disability and survivor benefits.

### Defined Benefit Supplement Program

The Defined Benefit Supplement Program is a cash balance plan for Defined Benefit members that provides an additional retirement benefit. For every dollar you and your employer contribute to the program, your account is credited accordingly. In addition, your account earns guaranteed interest and any additional earnings credits declared by the Teachers' Retirement Board. Your benefits are paid as either a lump sum or an annuity equal to the total balance of your account. You and your employer make contributions on compensation earned from service in excess of one year of service credit and, for CalSTRS 2% at 60 members, limited-term payments and retirement incentives. From January 1, 2001, through December 31, 2010, 25 percent of your regular monthly Defined Benefit member contribution was also credited to your account.



### CalSTRS 2% at 62:

You and your employer make contributions on compensation earned for service performed in excess of one year, up to the compensation cap.

## Defined Contribution Plan

A retirement plan in which the benefit depends on your contributions, investment gains or losses, and expenses. Benefits under defined contribution plans are not guaranteed. CalSTRS Pension2 is CalSTRS' voluntary defined contribution plan.

## Disability or Disabled

A medically determinable physical or mental impairment that is permanent or that can be expected to last continuously for at least 12 months. The disability must prevent you from performing your usual duties with reasonable accommodation or the duties of a comparable level for which you are qualified or can become qualified by education, training or experience. You may apply for disability while still employed. Any impairment from a willful self-inflicted injury does not constitute a disability.

See Service Retirement During Evaluation of a Disability Application.

## E

### Earnings Limit

The amount a disabled or retired Defined Benefit member or Cash Balance annuitant may earn from employment in a month or year without a reduction in the CalSTRS benefit. The earnings limits are different for disabled and retired members and participants, and may be adjusted each year by the Teachers' Retirement Board.

See Postretirement Earnings Limits.

### Earnings Limits While Receiving a Coverage A Disability Benefit

**Single-Month Earnings Limit:** The amount a disabled member may earn in any month without a reduction in the disability benefit. Your disability benefit and employment earnings in a single month are added together and compared to the indexed final compensation for the month. Amounts in excess of the limit will be collected by CalSTRS dollar for dollar.

**Six-Month Earnings Limit:** Average earnings and disability benefit over any continuous six-month period are compared to two-thirds of the indexed final compensation. If you exceed this limit, your disability benefit can be terminated.

### Earnings Limit While Receiving a Coverage B Disability Benefit

You can earn income after you begin receiving a disability Coverage B benefit. You can teach under certain employer conditions, but you cannot earn CalSTRS service credit or contribute to CalSTRS. Your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you're participating in an approved CalSTRS rehabilitation plan. The 2017 calendar year earnings limit is \$29,550. Your disability benefit will be reduced dollar-for-dollar by the total amount of earnings from all employment in excess of the 12-month calendar year limit.

## Eligible Dependent Children

**Coverage A:** Your unmarried children or children not in a registered domestic partnership, or adopted children or stepchildren under age 22 who are financially dependent on you on the effective date of your disability benefit or the date of your death.

**Coverage B:** Your children, adopted children or stepchildren under age 21, if financially dependent on you on the effective date of your disability retirement or the date of your death.

## Excess Contributions

Under the 2014 funding plan, member contribution rates for the Defined Benefit Program increased. The member contribution rate for compensation creditable to the Defined Benefit Supplement Program, which includes compensation earned for service performed in excess of one year, remained at 8 percent. If you earn compensation for service in excess of one year in a school year, your member contributions for this service in excess of the 8 percent Defined Benefit Supplement contribution rate will be returned to you by your employer.

CalSTRS will return any excess contributions to your employer around October. Your employer is responsible for returning your excess member contributions to you. The total amount of your excess member contributions will be reported on your Retirement Progress Report, available on myCalSTRS in early September. If you service retire on or before the Friday before Labor Day, we will return excess contributions to your employer. You will not receive a Retirement Progress Report in fall—instead, you'll find a report of your excess member contributions online on your myCalSTRS account (under the Services tab). If you have any questions regarding the return of your excess contributions, please contact your employer.

## F

### Final Compensation

The highest average annual compensation earnable for service credit based benefits during a specified period of CalSTRS-covered paid employment.

**CalSTRS 2% at 60:** The period is 12 consecutive months if you have at least 25 years of service credit. Otherwise, the period is 36 consecutive months if you have fewer than 25 years of service credit.

**CalSTRS 2% at 62:**

Final compensation is based on the highest average annual compensation earnable during 36 consecutive months.

### Full Time

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement to receive the compensation earnable.

## H

### Home Loan Program

The CalSTRS Home Loan Program has been suspended.

### Hybrid Retirement System

CalSTRS administers a hybrid retirement system consisting of traditional defined benefit (Defined Benefit Program), cash balance (Defined Benefit Supplement and Cash Balance Benefit programs) and voluntary defined contribution (CalSTRS Pension2) plans. CalSTRS also provides survivor and disability benefits.

## I

### Indexed Final Compensation

The final compensation used to determine your disability benefits, multiplied by the indexed final compensation factor, based on the year of your initial benefit.

## L

### Longevity Bonus

A benefit enhancement that increases your monthly benefit if you had at least 30 years of qualified service credit on or before December 31, 2010. The bonus will be reduced by an option factor if you choose an option.

## M

### Member

Anyone who has performed creditable service as a Defined Benefit Program member, has earned creditable compensation for that service, and has not received a refund for that service, unless specifically excluded by law.

**Active Member:** A member who is not retired or disabled and who earns creditable compensation during the school year.

**Inactive Member:** A member who is not retired or disabled and who has not earned creditable compensation during the current or preceding school year.

**Disabled Member:** A member who receives a CalSTRS disability benefit.

**Retired Member:** A member who has terminated employment and has retired from service or has retired for disability and receives a retirement benefit.

### Member-Only Benefit

The highest monthly benefit you can receive when you retire for service or disability before any reduction to provide for an option beneficiary.

### Modified Benefit

A reduction in your Member-Only Benefit to provide an ongoing lifetime benefit to one or more beneficiaries after your death. The reduction depends on the option you choose, your age and the age of your beneficiary when the election is made.

## N

### Nonconsecutive Final Compensation

If your employer certifies your salary was reduced due to a reduction in school funds, CalSTRS can use nonconsecutive periods of time to determine your final compensation.

### Nonqualified Service Credit

Service not connected to any prior specific employment. The purchase of nonqualified service credit, known as air time, is no longer permitted.

### Normal Cost

An actuarially determined percentage of pay that represents the cost assigned to an average member for a given year needed to fund a benefit.

### Normal Retirement Age

For 2% at 60 members, age 60; for 2% at 62 members, age 62.

## O

### One-Time Death Benefit

A one-time benefit paid to your death benefit recipients after you die.

### Option

A plan feature that allows you to distribute your retirement benefit over your lifetime and the lifetime of one or more persons or a special needs trust.

**100% Beneficiary Option:** Upon your death, the reduced benefit will be paid to the option beneficiary for life. If your option beneficiary dies before you, your benefit will be raised to the Member-Only Benefit level.

**75% Beneficiary Option:** Upon your death, three-quarters of the reduced benefit will be paid to your option beneficiary for life. If your option beneficiary predeceases you, your benefit will be raised to the Member-Only Benefit level.

**50% Beneficiary Option:** Upon your death, one-half of the reduced benefit will be paid to your option beneficiary for life. If your option beneficiary predeceases you, your benefit will be raised to the Member-Only Benefit level.

**Compound Option:** Upon your death, benefits will be paid to one or more option beneficiaries for life. The benefit paid to an individual beneficiary depends on the option and percent of the total benefit elected for that beneficiary.

### Option Beneficiary

The person or persons or special needs trust you name to receive a lifetime monthly benefit after your death.

### Option Factor

An actuarially determined factor used to calculate the amount of monthly benefit when you elect an option to provide a lifetime monthly benefit to a designated option beneficiary after your death.

## P

### Participant

A person who has performed creditable service subject to coverage by the Cash Balance Benefit Program and who has contributions credited or is receiving an annuity under the Cash Balance Benefit Program, or who hasn't yet received his or her lump-sum retirement benefit.

### Pension2

See CalSTRS Pension2.

## Postretirement Earnings Limits

**Separation-From-Service Requirement:** If you return to work and perform retired member activities, including substitute teaching, in the California public school system as an employee, an independent contractor or an employee of a third party during the first 180 calendar days after your most recent retirement date, your retirement benefit will be reduced dollar for dollar by the amount you earn up to your benefit amount payable during that period. Any amount you earn performing retired member activities during the first 180 calendar days of retirement will also count against the annual post retirement earnings limit for the appropriate fiscal year.

All Cash Balance annuitants also have the 180-day separation-from-service requirement. If you're a Cash Balance Benefit participant and receive your retirement benefit as a lump-sum payment, your benefit will not be payable until 180 calendar days after you terminate employment. If you return to work and perform retired member activities during this waiting period, your retirement will be canceled and you will not receive your benefit.

**Postretirement Earnings Limit:** If you return to work and perform retired member activities as an employee of a public school system, an independent contractor, or an employee of a third party, you can earn up to the annual postretirement earnings limit without affecting your benefit. If you earn more than the limit, your CalSTRS benefit will be reduced dollar for dollar by the amount of creditable earnings in excess of the limit up to your annual retirement benefit minus any reduction due to the separation-from-service requirement. The Teachers' Retirement Board adjusts the earnings limit annually. The earnings limit for the 2016–17 fiscal year is \$41,732; for 2017–18, the limit is \$43,755.

### Post-Tax Contributions

Member contributions to the CalSTRS Defined Benefit Program based on creditable compensation from which federal and state income taxes have been withheld.

### Projected Final Compensation

The final compensation used to determine your disability or survivor benefit under Coverage A, increased by 2 percent, compounded annually, to the earlier of age 60 or the date the disability benefit is terminated.

### Projected Service

Service credit plus the service you would have earned to age 60 (or termination of the disability benefit, whichever comes first) had you continued to work and receive service credit at the same rate as the highest of any one of the three school years immediately preceding your death or the date your disability benefit began to accrue under Coverage A.

## R

### Reasonable Accommodation

Federal and state laws give you the right to request accommodation that would allow you to continue working and obligate employers to make a good faith effort to accommodate these requests. Before making a final decision on your application for disability benefits, CalSTRS may require you to pursue a request for reasonable accommodation. This would enable you to continue employment in your same position, or in one with comparable responsibilities. Reasonable accommodation could be accomplished by changing the duties of your position or reassigning you to alternate duties you are qualified to perform through modification of your work site or other measures.

### Recipient

The beneficiary you name to receive your one-time death benefit.

### Redeposit

The purchase of service credit represented by previously refunded member contributions and interest. Redeposit costs include the interest the refunded amount would have earned had the funds remained in the CalSTRS account. If repaid over time, a financing charge is added.

### Reduced Benefit Election

A retirement alternative for Defined Benefit members. You must be at least age 55, but under age 60, and have at least five years of service credit to retire under this alternative. You receive one-half of your monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, you will receive your normal service retirement benefit. You're not eligible if you previously received a CalSTRS service retirement or disability benefit, or if you are applying for a service retirement while your disability application is being evaluated.

**CalSTRS 2% at 62:** You're not eligible for the Reduced Benefit Election.

### Reduced Workload Program

Under this CalSTRS program, you may reduce your workload from full time to part time (a minimum of at least 50 percent of full time) and still receive a full year of service credit. You and your employer contribute to CalSTRS based on full-time employment. You may participate in this program for up to 10 years before retirement. The opportunity to participate is available only if your employer offers the program.

### Refund

A distribution of all your post-tax contributions, tax-deferred contributions and interest credited on those contributions after you terminated employment with the California public school system.

### Registered Domestic Partner

A registered domestic partner has many of the same rights and responsibilities as a spouse under California law, including laws concerning community property, child custody and support, and access to family court for the dissolution of a partnership. To register a domestic partnership with the California Secretary of State's office, you and your partner must be of the same sex, or if you and your partner are opposite sexes, one of you must be at least 62 years old.

### Reinstatement

Returning to employment in a position requiring CalSTRS membership and terminating a CalSTRS benefit, such as a retired educator returning as an active member to the classroom in a credentialed position.

### Retirement Benefit

A monthly benefit paid to a member each month after retirement for reasons other than disability.

### Retirement Benefit Calculation

The formula used to calculate the Member-Only amount CalSTRS members will receive each month after retiring from service. The formula is:  $\text{service credit} \times \text{age factor} \times \text{final compensation} = \text{your retirement benefit}$ .

#### **CalSTRS 2% at 60:**

Age factor is 2 percent at age 60.

#### **CalSTRS 2% at 62:**

Age factor is 2 percent at age 62.

### Retirement Incentive Program

A program provided by employers that would increase the service credit used in calculating the CalSTRS service retirement benefit. This program allows Defined Benefit members who are eligible to retire to receive two additional years of service credit. If you return to work in any job with the same employer that offered the incentive within five years of retirement, or if you reinstate, you will lose the ongoing increase in your benefit. In addition, you cannot receive unemployment benefits.

## Retirement Progress Report

An annual report for active and inactive members that includes:

- A summary of Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit program transactions during the prior year.
- Accumulated service credit.
- Contribution and interest balances.
- Any excess member contributions made during the year.
- Death benefit recipient and beneficiary information.
- Two projections of your retirement benefit if you are at least age 45.

## Return of Member Contributions

A one-time payment of all your accumulated contributions and interest earned. The payment equals your total contributions and interest at time of retirement, disability or death, less the sum of all monthly benefit payments received. This is payable when there are no longer any option beneficiaries or survivors who qualify for a continuing monthly benefit.

## S

### Service Credit

Accumulated period in years, including partial years, for which you earned creditable compensation and made contributions under the Defined Benefit Program. Service credit is one of the factors used to determine your eligibility for benefits under the Defined Benefit Program. Service credit cannot exceed 1.000 in any given school year.

### Service Retirement During Evaluation of a Disability Application

If you are applying for a disability benefit, you may be eligible to receive a service retirement benefit while CalSTRS evaluates your application for disability benefits. This will enable you to receive monthly retirement income while awaiting the determination. You can receive only one benefit at a time. You will not be eligible for the Reduced Benefit Election.

## Subrogation

A process that permits CalSTRS to participate in an action to recoup benefits paid, expenses and legal costs when a third party causes the injury or death of a CalSTRS member before retirement, and the member or family pursues civil litigation.

## Supplemental Benefit Maintenance Account

The account from which payments are made to members and beneficiaries whose current benefit is worth less than 85 percent of the original benefit when adjusted for increases in the California Consumer Price Index.

## Surviving Spouse or Registered Domestic Partner

A person who was one of the following:

- Married to you or registered as your domestic partner for at least 12 months before your death.
- Married to you or registered as your domestic partner fewer than 12 months if a child was born during the marriage or partnership or if your surviving spouse or partner is pregnant with your child.
- Continuously married to you or registered as your domestic partner for fewer than 12 months before your accidental death or for the period beginning before the occurrence of the injury or diagnosis of the illness that resulted in your death.

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