



Community Property Guide

For California educators involved in divorce or legal separation





CalSTRS is governed by the Teachers' Retirement Law, available at [CalSTRS.com](https://www.calstrs.com), and other governing laws. If there is a conflict between the law and this booklet, the law prevails. We make reasonable effort to provide accurate information in our publications, but such information is not meant to replace the law or provide legal or financial advice.

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Introduction

In California, retirement benefits are community property and may be affected by dissolution of marriage (divorce), legal separation or termination of domestic partnership.

Divorce, legal separation or termination of domestic partnership may require the division of a member's retirement benefits.

CalSTRS works with members, former spouses or registered domestic partners, and their legal representatives to resolve community property issues involving retirement benefits. With proper documentation, a member's account or payment may be divided or acknowledged as the member's separate property. We will implement court orders to divide retirement benefits provided they are within the boundaries of the Teachers' Retirement Law.

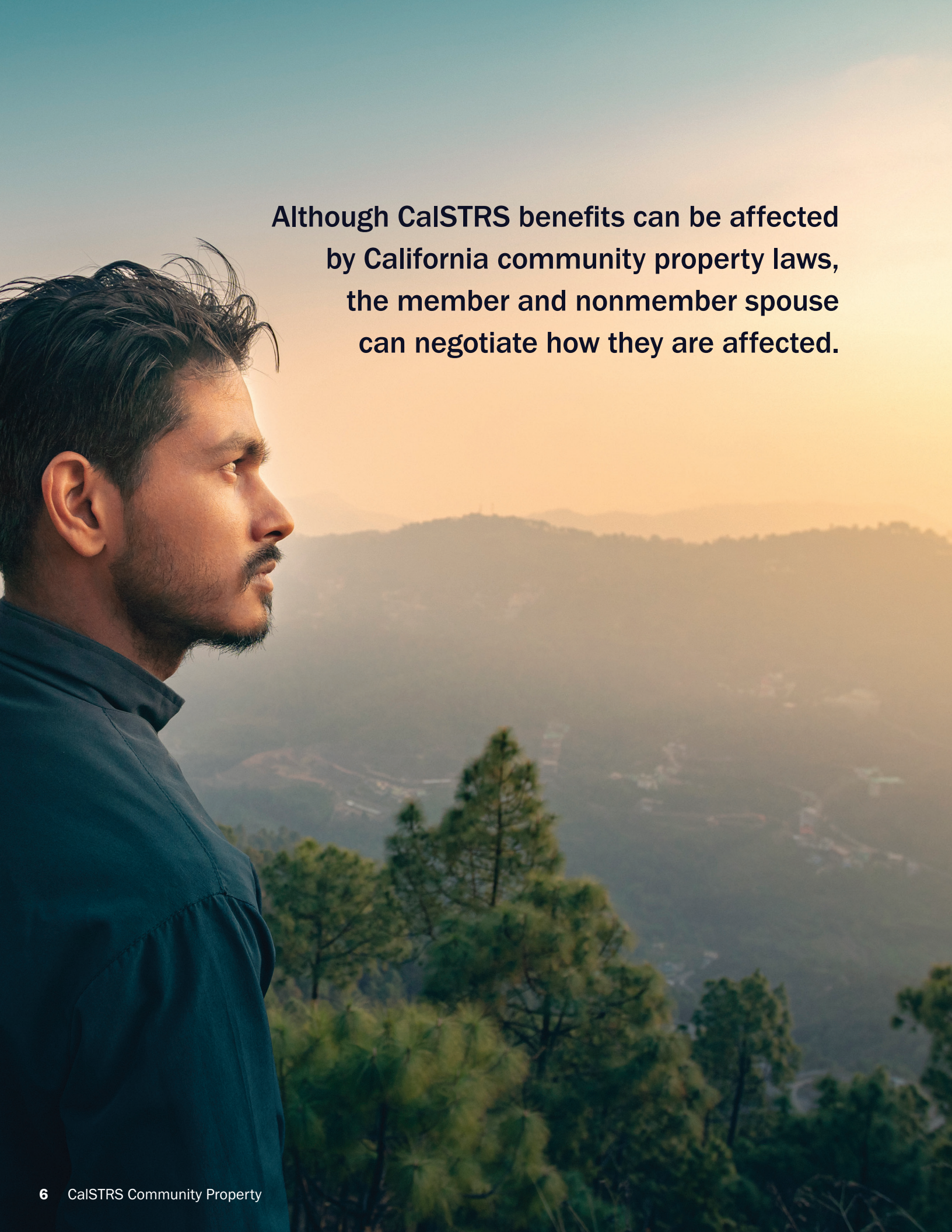
About this guide

This guide illustrates how CalSTRS retirement benefits can be affected by divorce, legal separation or termination of domestic partnership. It includes methods we use to divide community property and what happens when a member or nonmember spouse dies.

This guide is intended to assist in drafting court orders and completing forms applicable to CalSTRS member accounts. It is not a substitute for the law. CalSTRS strongly urges you to consult with a qualified attorney on these issues. If differences appear between the law and this guide, the law prevails.

“Nonmember spouse” under Education Code section 22651 is a member's spouse, former spouse, registered domestic partner or former registered domestic partner who is being or has been awarded a community property interest in the member's Defined Benefit, Defined Benefit Supplement or Cash Balance Benefit account. This term is also used when the spouse or partner is also a CalSTRS member.



A man with dark hair and a beard is shown in profile, looking towards the right. He is wearing a dark blue jacket. The background is a vast, hazy mountain landscape under a warm, golden sunset sky. The mountains are layered, with some green trees in the foreground. The overall mood is contemplative and serene.

Although CalSTRS benefits can be affected by California community property laws, the member and nonmember spouse can negotiate how they are affected.

1. CalSTRS retirement accounts affected by community property laws

Community property laws affect CalSTRS retirement benefits. It's up to the member and nonmember spouse to determine whether the retirement benefits will be divided and, if so, what percentage will be awarded to the nonmember spouse.

An individual's membership status at the time of divorce or separation limits the methods of division that can be used to award a community property interest of the retirement account to a nonmember spouse.

Defined Benefit Program members divorcing **before** receiving a retirement or disability benefit may divide the Defined Benefit and Defined Benefit Supplement accounts by the time rule, a percent or dollar amount other than the time rule, or segregation method. Members divorcing **while** receiving either a retirement or disability benefit may only use the time rule, or a percent or dollar amount other than the time rule.

Cash Balance Benefit Program participants divorcing **before** receiving a Cash Balance retirement or disability benefit must divide the account using the segregation method. Participants divorcing **while** receiving a Cash Balance retirement or disability benefit divide the account by assigning a community property share in the form of a specified percentage or a flat dollar amount.

Defined Benefit Program

After meeting the eligibility requirements, Defined Benefit Program members are entitled to a guaranteed monthly retirement benefit based on a formula set by law, not on the amount of contributions in their Defined Benefit Program account. Retired members receive a monthly benefit for life and may choose to provide a monthly lifetime benefit for one or more qualifying survivors. If choosing this beneficiary option, the member receives a reduced monthly benefit to pay for the cost of the option.

CalSTRS 2% at 60 and CalSTRS 2% at 62 members can generally retire at age 55 with five years of service credit. CalSTRS 2% at 60 members can retire as early as age 50 if they have at least 30 years of service credit.

Contributions

Defined Benefit Program members, their employers and the state contribute a percentage of creditable compensation as required by the Teachers' Retirement Law.

Upon retirement, members receive a lifetime benefit based on their years of service credit, final compensation and age. Members who choose to leave CalSTRS-covered employment before retirement can leave their contributions and interest in their account and retire at a later date or take a cash refund of their own contributions and interest. Employer and state contributions are not refundable.

Service credit

Members of the Defined Benefit Program accumulate service credit in years and partial years when creditable compensation is earned. Service credit is one of the factors used to determine eligibility for benefits.

Defined Benefit Supplement Program

Active Defined Benefit Program members who earned service credit after the year 2000 have a Defined Benefit Supplement account. Members and employers may be contributing to this account. This account provides additional funds to members when they retire or leave CalSTRS-covered employment.

Funding for this account is from the following sources:

- Contributions made by the member and the employer for service in excess of one year of service credit. These provisions began July 1, 2002.
- Some members also receive limited-term payments or compensation intended to enhance future Defined Benefit Program retirement benefits. Effective July 1, 2002, member and employer contributions on these payments are credited to the Defined Benefit Supplement accounts for CalSTRS 2% at 60 members.
- From January 1, 2001, to December 31, 2010, one-fourth of members' 8% retirement contributions to CalSTRS were credited to their Defined Benefit Supplement accounts. The redirection did not affect their CalSTRS Defined Benefit pension. Starting January 1, 2011, their entire contribution is credited to their Defined Benefit account.

Service credit is not earned under the Defined Benefit Supplement account.

At retirement, a member may choose to receive the balance in their Defined Benefit Supplement account as a lump-sum payment, a rollover or an annuity. With a balance of less than \$3,500, the account must be paid as a lump-sum payment or rolled over to a qualified plan.

Cash Balance Benefit Program

The Cash Balance Benefit Program is the CalSTRS retirement plan for part-time, adjunct and temporary educators. Employers must contribute an amount equal to at least 4% of a participant's pay, and participants typically contribute 4% of their pay. Contribution rates may vary based on collective bargaining, but combined employer and participant contribution rates may not be less than 8%.

Similar to the Defined Benefit Supplement account, service credit is not earned under the Cash Balance Benefit Program.

At retirement, Cash Balance Benefit participants can choose to receive all contributions and interest as a lump-sum payment, a rollover to another qualified plan or an annuity if their account balance is \$3,500 or more.

- ⓘ For complete descriptions of the Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs, see the CalSTRS *Member Handbook* at [CalSTRS.com/publications](https://www.calstrs.com/publications).

CalSTRS members participate in a hybrid retirement system that includes a traditional defined benefit plan (Defined Benefit), a cash balance plan (Defined Benefit Supplement) and a voluntary defined contribution plan (CalSTRS Pension2®).

2. Registered domestic partners

This section provides information regarding a registered domestic partnership and the community property rights associated with termination of a registered domestic partnership.

Registered domestic partnership defined

A registered domestic partnership is created when partners file a Declaration of Domestic Partnership with the Secretary of State. Under California law, registered domestic partners have the same rights, protections and benefits, and are subject to the same responsibilities, obligations and duties, as spouses.

A domestic partnership registered with a city or county does not qualify as a registered domestic partnership for CalSTRS purposes. Contact us if you do not have a registered domestic partnership through the Secretary of State.

Terminating a domestic partnership

CalSTRS benefits are considered community property under California law. When a member is in a registered domestic partnership, benefits earned during this time are considered community property. Upon termination of a registered domestic partnership, CalSTRS benefits may be divided. If this happens, the division of the member's benefits is subject to the same procedures for filing and implementing a court order as in a divorce.

Members who terminate a registered domestic partnership and want information on how it might affect their benefits should email, mail or fax a request along with a copy of the termination document and property settlement agreement to CalSTRS.

Tax considerations

The federal government does not recognize domestic partners as spouses for federal tax purposes. Consult with a tax professional for questions on tax issues.



3. Joinder of CalSTRS

A nonmember spouse has the right to file a community property claim against a member's CalSTRS benefits. The claim can be made at any time, but CalSTRS cannot divide an account or pay a benefit to a nonmember spouse until properly joined.

Joinder is a legal term that means specific court documents are filed with the court that, in this case, make CalSTRS a party to the divorce action. CalSTRS cannot enforce a court order dividing a member's benefits until it becomes a party to the divorce action.

! CalSTRS is not bound by any community property court order unless properly joined.

How to file the joinder forms

Although anyone can file the joinder forms, you may choose to seek legal assistance when preparing the forms. Court processes are subject to change, and a court may reject any form that does not conform to current standards.

When the joinder forms have been filed and served on CalSTRS, we will send a response to all involved parties and to the court where the forms were filed. The joinder process may take up to 30 days from the date CalSTRS is served to complete.

Before we process a court order dividing a member's benefits, we must receive the final acknowledgement joinder from the court. Upon receiving the court's acknowledgement, CalSTRS is properly joined as a party to the specific action and is then authorized to comply with an acceptable, certified court order.

! CalSTRS does not provide legal advice or assist in the preparation of court forms.

Effects of a joinder

As a result of a joinder, a member who is not yet receiving a monthly benefit is prevented from making account changes, such as designating beneficiaries. Also, we'll defer processing of all benefit applications until we receive a filed and certified copy of a court order, property settlement agreement or judgment that addresses the community property interest in the member's account.

If a member is already receiving a benefit, the payments will not be interrupted due to the joinder. However, the monthly benefits may be subject to division by the court order.

A joinder also allows a representing attorney or nonmember spouse to obtain specific account information without a subpoena or written authorization from the member.

To monitor a joined account, we place a legal hold on the member's account until all determinations of community property have been made. At that time, we may remove the legal hold or continue to monitor the account for the future division of the member's benefits.

When both parties are CalSTRS members, CalSTRS only needs to be joined to the case once. Legal holds will be placed on each account and will be removed as the community property issues are resolved.

4. CalSTRS court order requirements

Before dividing a member's account, CalSTRS must be provided with an acceptable, certified copy of the court order as required by the Teachers' Retirement Law, which is part of the California Education Code.

Since the language in the court order must be specific and properly address the disposition of the community property interest in the member's account, we recommend the preparer send a draft of the court order to CalSTRS for review before filing it with the court.

! CalSTRS does not provide legal advice to members or nonmember spouses concerning the division of a member's account and does not assist with the drafting of a court order.

Referring to CalSTRS

Court orders requiring CalSTRS to recognize a community property interest in an account must specifically refer to the "California State Teachers' Retirement System," "CalSTRS" or "STRS."

Member and nonmember spouse information

Court orders must provide the following information about the member and nonmember spouse:

- Date of marriage
- Date of separation
- Name and current mailing address

Requirements

To protect the privacy of the individuals, Social Security numbers and birth dates must be provided under separate cover. We will verify the nonmember spouse's vital information prior to the division of any account. We will request legible copies of the nonmember spouse's Social Security card and a birth verification document, such as a birth certificate, passport or driver's license, as well as a filed copy of the Judgment of Dissolution.

The date of marriage and date of separation required in all court orders will be used for the division of member accounts. These dates are used to identify the community period under California Education Code section 22652.

Accounts affected

Accounts that may be affected include:

- Defined Benefit Program
- Defined Benefit Supplement Program
- Cash Balance Benefit Program

Only accounts identified in the court order will be divided. If there is an intention to exclude a specific account from the division, the account should be separately identified and referenced.

A separate court order is not necessary for each account. All three accounts can be addressed in the same court order.

The percentage of benefits awarded to the nonmember spouse from each account must be clearly stated in the order.

Benefits affected

All member benefits, including the following, may be subject to community property division:

- Service retirement
- Coverage A disability benefit (disability allowance)
- Coverage B disability benefit (disability retirement)
- Option election
- Lump-sum death benefit

Benefits payable under the Defined Benefit Supplement and Cash Balance Benefit programs may also be subject to a community property division. To ensure the goals of the parties are covered, address each account benefit in the court order.

Methods of division

The court order must specify how each account will be divided. The two methods typically used for the division of the community property interest in a member's account are the time rule formula and the segregation method. CalSTRS will also allow the member and nonmember spouse to use a fixed percent other than the time rule, but this is a rare occurrence. Any service credit or accumulated contributions and interest not specifically awarded in the court order using one of these methods shall be deemed the separate property of the member.

- **For more information, see the “Methods of dividing community property” section on the next page.**

Tax liability

The member and nonmember spouse are responsible for their own tax liabilities incurred as a result of community property payments received from CalSTRS, unless the court order states otherwise. Because of this rule, CalSTRS must have the nonmember spouse's Social Security number before any community property payment can be made. Each party can submit an *Income Tax Withholding Preference Certificate* form to indicate a tax withholding preference.

- ⓘ **To obtain information regarding taxation of CalSTRS benefits, see the *Member Handbook* and other publications at CalSTRS.com/publications. For more specific information, visit irs.gov or ftb.ca.gov or consult a tax professional.**

Forms and applications

After determining a community property issue exists, CalSTRS will review all forms and benefit applications for compliance with the court order. CalSTRS may require a court order or other information from a member once a community property issue has become evident. Applications or account change requests may be delayed pending resolution of community property issues.

- ⓘ **When a member is eligible to retire and has chosen a retirement date, the member may submit a properly completed retirement application to preserve the effective date of retirement. When the community property issues are resolved, the retirement application will be forwarded for processing. In most cases, retirement benefits will be paid retroactive to the member's chosen retirement date.**

Preparing the court order related to CalSTRS

Individuals preparing a court order regarding CalSTRS should consult with a qualified attorney for advice pertaining to their individual circumstances. The individual participants, along with their attorneys, are responsible for determining:

- What benefits a member is entitled to and the effects of dividing those benefits.
- The language in the court order to the satisfaction of the parties.

The language in the court order must be consistent with the Teachers' Retirement Law and properly address the disposition of the community property interest. To avoid conflicts, send a draft of the court order to CalSTRS for review before filing it with the court. CalSTRS can only review a draft stipulation and order for content since each court can have its own form requirements.

5. Methods of dividing community property

The Teachers' Retirement Law provides the primary methods for dividing the community property interest in a member's account.

The two primary methods of dividing community property are the time rule formula and the segregation method.

Time rule formula—Can be used by members who divorce either prior to or while receiving a retirement or disability benefit.

Segregation method—Can only be used by members who divorce prior to receiving a retirement or disability benefit.

In addition to the two primary methods of division, the court order may state that when a member receives a benefit, the nonmember spouse will get a predetermined percentage or flat dollar amount.

Sample time rule and segregation orders are included in this booklet. These samples are guidelines for drafting a court order specific to CalSTRS. Individual circumstances must be considered by the parties.

CalSTRS will comply with the provisions of any judgment to the extent permitted by the Teachers' Retirement Law. CalSTRS, however, cannot provide legal advice or advise which method of division to use.

Time rule formula

Defined Benefit account considerations

The time rule formula is commonly used in divorce cases to calculate the portion of the member's Defined Benefit pension that the nonmember spouse is to receive. This formula can be used by members who divorce prior to receiving a benefit or while receiving a retirement or disability benefit.

When using the time rule formula to divide a benefit, the language of a court order must be specific and address the following issues:

- Types of benefits.
- Payment by separate warrant.
- Death of member before nonmember spouse.
- Court-ordered election of an option.
- Death of nonmember spouse before member.
- Lump-sum death benefit.

Example: Time rule formula

25 years of service credit earned during community period
÷ 32 total years of service credit at retirement = 78.125%
× 50% = 39.06% nonmember spouse share

\$1,400.00	Total monthly benefit
\$1,400.00	
× .3906	Nonmember spouse share
\$546.84	Nonmember spouse benefit
\$1,400.00	
– 546.84	
\$853.16	Member benefit

Defined Benefit Supplement account considerations

When using the time rule formula to divide the Defined Benefit account, the parties may be able to use either the time rule formula or the segregation method to divide the Defined Benefit Supplement account.

Methods of dividing the Defined Benefit Supplement account are:

- **Time rule formula division:** The percentage derived by the time rule formula for the Defined Benefit account will be applied to the entire Defined Benefit Supplement account at the member's retirement unless otherwise specified in the court order. If the intention is to award an amount other than the time rule formula percentage, the court order should provide a specific percentage to be applied to the Defined Benefit Supplement account that determines the nonmember spouse's share.

The member's distribution choices for the Defined Benefit Supplement account may be limited or affected depending on the requirements relating to the Defined Benefit account as outlined in the Teachers' Retirement Law.

- **Segregation method of division:** When segregating the Defined Benefit Supplement account, a separate nonmember spouse account will be created for the nonmember spouse. The contributions and interest awarded to the nonmember spouse will be removed from the member account and placed in a nonmember spouse account.

When the segregation method is used to divide the Defined Benefit account, the same method must also be used to divide the Defined Benefit Supplement account. Account segregations can only be done before a member receives a retirement or disability benefit.

When the parties choose to divide only the Defined Benefit Supplement account, the segregation method must be used.

Again, the Defined Benefit and Defined Benefit Supplement accounts do not have to be divided using the same method unless the member is receiving retirement benefits or the segregation method is used for the Defined Benefit account. Similarly, the member and nonmember spouse may also use a percent or dollar amount other than the time rule.

See the FAQ starting on page 45.

Types of benefits

Only benefit types specified in the court order will be divided. However, when the court order specifies "any" or "all" benefits payable, CalSTRS will interpret this to mean the nonmember spouse is to be awarded a community property portion in all benefits, including retirement, refund, disability and lump-sum death benefits.

If a court order states only the member's "retirement benefits" or "pension" are to be divided, then just the monthly service retirement benefit plus any cost of living adjustments will be affected. The order will not be applied to any other benefits payable, including refund, disability or lump-sum death benefits.

Payment by separate warrant

When the community property interest in a member's account is divided and the parties involved expect the nonmember spouse to receive a benefit payment directly from CalSTRS, the court order must specify that CalSTRS is to pay the nonmember spouse "directly by separate warrant." Without such language, the member will be responsible for making all payments due to the nonmember spouse.

Member dies before nonmember spouse

If you use a method of division other than the segregation method, the nonmember spouse will receive a prorated share of the member's monthly benefit. Therefore, when the member dies, the surviving nonmember spouse's benefit also terminates. To provide a continuing benefit for a nonmember spouse, the nonmember spouse must be elected as an option beneficiary.

Court-ordered election of an option

An option is an account feature that allows the member to take a reduced benefit for life and redistribute the retirement benefit over the member's life and the life of one or more option beneficiaries after the member's death. The election of an option has a cost that permanently reduces the monthly benefit by an actuarially determined amount.

If the member is required to elect the nonmember spouse as an option beneficiary, the court order must specify this. A court order also may require the amendment of an existing option that was elected by a retired member if the Teachers' Retirement Law allows the member to change their option beneficiary. If the court order does not include an option beneficiary requirement, the member may keep the nonmember spouse as an option beneficiary or cancel or change the option by notifying the Teachers' Retirement Board in writing of this intention.

If the nonmember spouse was previously named as an option beneficiary, and the court order does not require the member to maintain the option for the nonmember spouse, it's the member's responsibility to file the appropriate form to cancel or change the current option election. Should the member fail to properly cancel the option previously elected for a nonmember spouse, the option will remain in effect for the nonmember spouse.

The court order should also state how the cost of the option, in the form of a reduced monthly benefit, will be applied. The cost of electing an option benefit may be shared by the retired member and nonmember spouse, or one party may be required to pay the total cost. If the intention is for the nonmember spouse to continue to receive the same benefit amount after the death of the member that they received during the life of the member, the cost of the option must be carried solely by the nonmember spouse. Before making an option election requirement, obtain estimates from CalSTRS.

For additional information, see the "Benefits payable after member's death" section on page 20.

Nonmember spouse dies before member

When using a method of division other than the segregation method, it's important that a court order address who will receive the nonmember spouse's share of the benefits should the nonmember spouse predecease the member.

The nonmember spouse's benefits can be awarded to another person or special needs trust named by the nonmember spouse or revert to the member.

If the deceased nonmember spouse's benefit is awarded to a named beneficiary by the nonmember spouse, the monthly benefit is payable only as long as the CalSTRS member is living and receiving a benefit.

It's imperative the nonmember spouse provide the specific beneficiary designation information to CalSTRS as soon as possible. The designation can be provided on a *Community Property Court Ordered Payee Designation* form, available from the CalSTRS Community Property unit, or the nonmember spouse may provide the information to CalSTRS in writing.

The names and contact information of the intended designees must be on file prior to death. We will require a copy of the designees' Social Security card or taxpayer identification number prior to payments being made to any designee.

Absent a designation from the nonmember spouse, a certified, acceptable court order is required before CalSTRS can make any payment of the nonmember's benefits to any other party.

Lump-sum death benefit

The nonmember spouse may be awarded a community property share of any and all lump-sum death benefits payable upon the member's death, including, but not limited to, any return of the member's contributions and interest and the one-time lump-sum death benefit. The court order must specifically state that a portion of the lump-sum death benefit is to be payable to the nonmember spouse. The specific amount will be calculated based upon the method stated in the court order.

Segregation method

Using the segregation method to settle the community property interest offers the parties an alternative method of dividing the retirement benefits. This division method is only available when the member is not already receiving a retirement or disability benefit.

The segregation method divides the member's CalSTRS account into two individual accounts. The nonmember spouse's community property share will be removed from the member account and deposited into a newly established, separate and distinct nonmember spouse account. The member retains the balance of the original account. The account segregation will include contributions, interest and service credit from the member's Defined Benefit account and contributions and interest from the Defined Benefit Supplement or Cash Balance accounts.

The nonmember spouse account will accumulate interest only on the balance in the segregated account. The member's service credit, contributions and interest will be based on the amount in the member's account.

After a member's account has been segregated, the nonmember spouse will have complete control over the nonmember spouse account and can independently decide when to retire or request a refund of the accumulated contributions and interest. Under the segregation method, the nonmember spouse is entitled only to the rights and benefits explicitly set forth in the Teachers' Retirement Law, including:

- A monthly retirement benefit, when eligibility requirements are met.
- A full refund of accumulated contributions and interest.
- The right to designate a death benefit recipient for payment of any accumulated or residual contributions and interest remaining in the nonmember spouse account at the time of death.

In addition, when the nonmember spouse takes a monthly benefit, the nonmember spouse may qualify for a prorated share of retirement benefit enhancements for which the member was eligible on the date of separation. These enhancements could include the highest average annual compensation earnable during any period of 12 consecutive months for the final compensation figure and eligibility for a share of the longevity bonus.

The decision to segregate the member's account can be made only by the parties involved in the divorce. The segregation method may not be appropriate for all divorces. See the "Methods of division comparison" chart at the end of this chapter for a side-by-side comparison of the time rule and segregation divisions.

Nonmember spouse account retirement or refund

To qualify for a lifetime monthly benefit, available at age 55 or later, a nonmember spouse must meet the following criteria:

- The member must have earned at least five years of service credit during the community period.
- The nonmember spouse account must have at least 2.5 years of service credit. If the nonmember spouse account has less than 2.5 years of service credit, CalSTRS must refund the account balance.

The nonmember spouse's monthly retirement benefit is calculated using the following criteria:

- The member's highest average annual compensation earnable during any period of 12 or 36 consecutive months up to the date of separation, depending on the member's years of service credit, benefit structure and date of separation.
- The nonmember spouse's age at retirement (age factor).
- The service credit awarded to the nonmember spouse by the court order.

When an account is segregated, the nonmember spouse will not benefit from any future enhancements or salary increases that might increase or affect the member's monthly benefit at retirement. The only benefit calculation factor that will change is the nonmember spouse's age factor. The nonmember spouse's age factor will maximize at age 63 for CalSTRS 2% at 60 members and age 65 for CalSTRS 2% at 62 members.

Member redeposit of refunded nonmember spouse account

The Teachers' Retirement Law allows the member to purchase all or a portion of the service credit represented by contributions and interest refunded to the nonmember spouse.

Effect of segregation on member benefit enhancements

Members with segregated accounts are still eligible for benefit enhancements. CalSTRS will consider the member's total years of service credit when determining eligibility for enhanced benefits. However, CalSTRS will use only the years of service credit remaining in the member's account after the segregation as the basis for calculating the member's retirement benefit.

The three benefit enhancements that may affect the calculation of a CalSTRS 2% at 60 member's retirement benefit are:

- **One-year final compensation.** The final compensation for Defined Benefit members retiring with 25 or more years of service credit is based on the highest average annual compensation earnable for any period of 12 consecutive months instead of 36 months.
- **Career factor.** A career factor bonus of 0.2% is added to the member's age factor, up to a maximum age factor of 2.4%, for members retiring with 30 or more years of service credit.
- **Longevity bonus.** A longevity bonus is permanently added to the member's monthly retirement benefit if the member accumulated at least 30 years of service credit on or before December 31, 2010.

The longevity bonus adds \$200, \$300 or \$400 to the member's monthly benefit. If the member qualified for the longevity bonus on the date of separation, a proportionate share of the longevity bonus may be awarded to the nonmember spouse.

! **Cash Balance participants and Defined Benefit members under the CalSTRS 2% at 62 benefit structure are not eligible for benefit enhancements.**

Legal hold

After the account segregation, a legal hold may remain on both the member and nonmember spouse accounts when the nonmember spouse is entitled to a portion of the member's longevity bonus to help us ensure the accurate division of community property shares of the longevity bonus.

Court order must specify percentage of Defined Benefit and Defined Benefit Supplement accounts

To segregate an account, the court order must clearly state a percentage of the community property interest to be awarded to the nonmember spouse—it cannot state a specific dollar amount. The community property portion may consist of accumulated contributions, interest and service credit.

Court order can specify dollar amount for Cash Balance account

The court order should be specific regarding the Cash Balance account. It can state a percentage or a flat dollar amount of community property to be awarded to the nonmember spouse.

Nonmember spouse forms

Nonmember spouse refund and retirement applications are available at **CalSTRS.com/forms** and by contacting us. To obtain the appropriate form, call 916-414-1725 or write to:

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



Methods of division comparison

The chart below provides a general side-by-side comparison of the segregation and time rule formula methods of division.

	Segregation method	Other methods
Availability	Only available if the member has not yet retired and is not receiving a disability benefit.	Available if the member is active, retired or receiving a disability benefit.
Award calculation	The amount awarded to the nonmember spouse is typically 50% of the member's service credit, contributions and interest earned from the date of marriage through the date of separation. The award is negotiated by the parties and can be up to 100% of the community period.	The nonmember spouse is entitled to a percentage of the member's monthly benefit. CalSTRS can be required to determine the community property portion of a member's account by calculating service credit earned from the date of marriage to the date of separation.
Legal hold	Removed after segregation unless there is a longevity bonus or other account enhancement. Member controls member account. Nonmember spouse controls nonmember spouse account.	Remains on the account. The nonmember spouse may request benefit estimates at any time. Benefits are payable to the nonmember spouse only when the member is receiving a benefit.
Access to nonmember spouse account and benefits	Immediately available since the nonmember spouse receives a separate account. Nonmember spouse may apply for a monthly benefit at age 55 or older when account has 2.5 or more years of service credit.	CalSTRS cannot pay the nonmember spouse until member retires or receives a disability benefit. Nonmember spouse does not receive a separate account.
Lump-sum distribution	The nonmember spouse can apply for a refund of contributions and interest at any time. Member can purchase refunded service credit.	The nonmember spouse cannot obtain a refund or access contributions and interest.
Monthly benefit	The nonmember spouse may be eligible at age 55 or older to apply for a lifetime monthly benefit. The nonmember spouse's monthly benefit is calculated using the member's final compensation on the date of separation, the nonmember spouse's age on the effective date of the benefit and the service credit awarded to the nonmember spouse.	A proportionate share of the member's benefit is payable to the nonmember spouse by CalSTRS when the member applies for a benefit. The benefit is calculated at the time of the member's retirement.
Defined Benefit Supplement and Cash Balance accounts	A member's Defined Benefit Supplement account or a participant's Cash Balance account can only be divided by a specified percentage. These accounts contain only contributions and interest. Service credit does not apply.	Nonmember spouse receives a proportionate share of member's or participant's account if specified in the court order. This share for the Defined Benefit Supplement account is usually determined by the percentage derived from the time rule formula when calculating the nonmember's percentage of the Defined Benefit account.
Nonmember spouse's award of service credit, contributions and interest	Removed from member's accounts.	Remains in member's account.

6. Benefits payable after member's death

This section provides information about the benefits that can be paid in the event of the member's death and how the benefits may be affected by divorce or legal separation. The Defined Benefit Program provides benefits when a member dies either before or after retirement. The benefits payable can be a one-time benefit payment, a monthly benefit or both.

A one-time death benefit is payable to designated recipients under both Coverage A and Coverage B disability and survivor benefit programs if eligibility requirements are met.

When a member dies before retirement and certain requirements are met, the member's family may also qualify to receive a monthly survivor's benefit.

A lifetime monthly option benefit is payable only when the member has made an option election for one or more persons before retirement, at the time of retirement or, in certain limited circumstances, after retirement.

One-time death benefit

The *Recipient Designation* form is used to designate recipients to receive the one-time death benefit.

A one-time death benefit is payable to the one-time death benefit recipient or recipients under both Coverage A and Coverage B. The amount of the benefit depends on the type of coverage and whether the member's death occurs before or after retirement. A member must meet all eligibility requirements for this benefit to be payable.

- **Learn more about the one-time death benefit in the *Member Handbook*.**

Effects of divorce on a member's one-time death benefit

In the case of divorce, all or only a community property share of the one-time death benefit may be awarded to a nonmember spouse in a court order. When only the community property share is awarded to a nonmember spouse, the member may designate a recipient for the remainder of the benefit by submitting a new *Recipient Designation* form. The nonmember spouse's awarded share cannot be altered and will always remain in effect.

In some cases when dissolution occurs, prior spousal designations for the one-time death benefit are null and void. If a member wishes to name the nonmember spouse as a recipient, the member must file a new *Recipient Designation* form.

Members must update this benefit designation to ensure the removal and addition of desired recipients, particularly in the case of dissolution. Failing to update the form may result in payments to a member's former spouse. The member is responsible for updating this form.

If there is no valid *Recipient Designation* form (or *One-Time Death Benefit Recipient* form) on file, the one-time death benefit, excluding the nonmember spouse's share, will be paid to the member's estate.

The *Recipient Designation* form is available at **CalSTRS.com/forms** or by calling 800-228-5453.

Monthly benefits

Survivor benefits

Monthly benefits may be paid to the member's eligible survivors if the member dies before retirement or if the member is receiving a disability benefit under Coverage A at the time of death.

These monthly benefits are not the same as payments made to option beneficiaries of deceased CalSTRS members who elected a preretirement option or elected an option at the time of retirement.

Option election

When a member's benefit is divided using the time rule formula, the nonmember spouse will receive a prorated share of the member's monthly benefit. When the member dies, the nonmember spouse's benefit also terminates. If the intention is to provide the nonmember spouse a continuing monthly benefit after the member's death, the member must elect an option naming the nonmember spouse.

To have an option election for the nonmember spouse, the court order must specify the type of option and how the cost of the option will be shared between the parties. As with any election of benefits, when an option election is required, it's the member's responsibility to complete the proper election forms and submit the forms to CalSTRS for processing. Whether or not the member submits proper forms to make the required option elections, the account will be processed according to the court order.

Before electing an option, refer to the *Member Handbook* and *Your Retirement Guide* at [CalSTRS.com/publications](https://www.calstrs.com/publications) for complete option information since certain restrictions may apply.

Consider meeting with a CalSTRS benefits specialist. Call 800-228-5453 to schedule an individual benefits planning session and receive retirement benefit estimates.

Option elections for community property consideration

100% Beneficiary Option provides the option beneficiary with 100% of the amount the member was receiving.

75% Beneficiary Option provides the option beneficiary with 75% of the amount the member was receiving.

50% Beneficiary Option provides the option beneficiary with 50% of the amount the member was receiving.

Compound Option allows the member to elect one or more option beneficiaries for specifically allocated percentages of the member's benefit. This option gives the member the ability to apply for an option benefit for a nonmember spouse and another person.

Three common ways of using the Compound Option are:

- Member elects one option beneficiary and keeps a portion of the benefit as a Member-Only Benefit.
- Member elects two or more option beneficiaries and individual option types for each person. The member keeps a portion of the benefit as a Member-Only Benefit.
- Member elects two or more option beneficiaries, with an individual option type for each person, and does not keep any portion of the benefit as a Member-Only Benefit.

If the member dies before the option beneficiary, the option beneficiary's portion will continue to be paid for that person's lifetime. If there is a Member-Only portion of the benefit, all benefits stop for that portion. No contributions or interest are payable on the member's portion because an option benefit will continue to be paid to the option beneficiary.

Before electing an option, refer to the *Member Handbook* and *Your Retirement Guide* for complete option information since certain restrictions may apply. Also consider getting retirement benefit estimates and meeting with a benefits specialist.

The election of an option may only be changed under specific, limited circumstances. If you change or cancel your election, you'll be subject to an assessment that may reduce your benefit for life.

Addressing option benefits in a court order

The following are some common ways a court order may address option benefits for a nonmember spouse.

Sole option beneficiary election

The order may require the member to provide the nonmember spouse with an option election. In this case, the court order should indicate the nonmember spouse shall be named as the sole option beneficiary for the entire benefit. The order must also specify the election choice of the 100%, 75% or 50% beneficiary option.

Shared sole option beneficiary election of individual other than nonmember spouse

A court order may award a nonmember spouse a portion of an option benefit that was elected for another individual, such as a current spouse. The nonmember spouse would then receive a percentage of the option benefit for the life of the named beneficiary.

Compound Option election required

If a member is required to provide a nonmember spouse with an option benefit on only the community property percentage, the member must elect a Compound Option. The court order must specify the option choices and percentage of the benefit that the nonmember spouse is to receive. The member may choose to elect other option beneficiaries or retain the balance as a Member-Only Benefit to receive the highest possible monthly benefit for the member's lifetime. An actuarially calculated cost will be assessed based on the date of birth of each option beneficiary the member elects.

Example: The nonmember spouse is awarded a community property share of the member's monthly retirement benefit and must be named as an option beneficiary for the community property share only. The member must elect the Compound Option and name the nonmember spouse as option beneficiary for a community property share of the benefit. The member retains control of the remaining percentage and can elect another individual as an additional option beneficiary for any part of the remaining share or retain the balance as a Member-Only Benefit.

Compound Option community property share only after retirement

When a member is retired with an option election, the member can change the option election to a Compound Option to provide an option benefit for the nonmember spouse as required in a court order.

By changing to the Compound Option, the member can provide for both a current spouse and the nonmember spouse.

The Compound Option also stabilizes the benefit awarded to the nonmember spouse and prevents any changes to the community interests at the member's death.

Cost for the option

The court order should specify which party will pay the cost for the option in the form of a reduced benefit. The cost can be applied either to the nonmember spouse's benefit or the member's benefit or be shared by both parties.

With the Compound Option, if the court order specifies the nonmember spouse is to receive the same benefit both before and after the member's death, the cost of the option is applied to the nonmember spouse's monthly benefit.

It's important the court order addresses the option cost and how it will be applied.

Changing or canceling an option beneficiary after retirement

A retired member who elected an option beneficiary may change or cancel the option due to a divorce or termination of a registered domestic partnership.

The cancellation will not be effective until certain requirements are fulfilled. We must receive a court-certified copy of the judgment, and a certified court order or property settlement agreement confirming the member is no longer required to maintain the nonmember spouse as an option beneficiary.

Furthermore, a court order alone does not automatically change or cancel an option election. The retired member must file a *Cancellation or Change of Option After Retirement* form. The notification must include a certified copy of a court order, and the cancellation date cannot be earlier than the effective date of the judgment, decree or

court order. Additionally, the effective date for the change or cancellation will be the date the certified copy of the court order is received by CalSTRS. The final divorce decree, the judgment of nullity or order of separate maintenance must have been entered on or after January 1, 1978.

To obtain a *Cancellation or Change of Option After Retirement* form, visit [CalSTRS.com/forms](https://www.calstrs.com/forms) or call 800-228-5453.

No option beneficiary elected or required

When the court order does not address an option election for the nonmember spouse, the nonmember spouse will only receive the community property percentage during the life of the member. Typically, the nonmember spouse's community property share will then be a percentage of the member's benefit amount and will terminate upon the death of the member.

Court order language should be specific

The court order must clearly define how all benefits and accounts will be divided. The court order should be drafted to meet the specific needs of the member and nonmember spouse with regard to the nonmember spouse's share of the one-time death benefit and any option election and must include language that complies with the Teachers' Retirement Law.

Sample court orders are located in the "Sample orders" section starting on page 28.

CalSTRS cannot provide legal advice. These samples are provided only as a guide for drafting orders for CalSTRS benefits. Members should consult with an attorney for advice pertaining to their individual situation.

A member who has retired with a Member-Only Benefit is not permitted within the Teachers' Retirement Law to later elect a former spouse as an option beneficiary regardless of a court order.



7. Spousal or registered domestic partner signature requirements on benefit forms and applications

All CalSTRS benefit forms and applications require the signature of the member's spouse or registered domestic partner. This includes forms for retirement, option election, option change or cancellation, and any refund. The *Recipient Designation* form also requires the signature of the member's spouse or registered domestic partner.

The purpose of this requirement is to protect the spousal interest in the benefit. When a spouse or registered domestic partner's signature is not present, the member must sign under penalty of perjury a completed *Justification for Non-Signature of Spouse* form indicating the reason the signature is absent. CalSTRS will not make any requested changes to the member's account until this requirement is met.

Signature refusal

If a spouse or registered domestic partner refuses to sign an application or form, the member may bring an action in court to enforce or waive the signature requirement. Either party may bring forth the action and must subsequently provide CalSTRS with a court order before any account changes are made. CalSTRS will delay processing a member's request pending receipt of this court order.

When CalSTRS is made aware of a potential community property issue, we may request a copy of the Notice of Termination of Domestic Partnership, Judgment of Dissolution/Legal Separation and all attachments thereon to protect the interest of both the member and nonmember spouse. When joined, CalSTRS will abide by the court order or the Judgment of Dissolution and Marital Settlement Agreement for the division of benefits.

8. Retaining a sole and separate interest in an account

The parties may choose to retain full interest in their own retirement accounts. This may be a result of negotiating the community property assets or by way of a court order.

Regardless of how the determination is made, when a nonmember spouse chooses not to pursue the community property interest in the member's account, CalSTRS requirements must be met before the member's account is formally declared as the member's sole and separate property.

Judgment of Dissolution or Legal Separation court order

When the Judgment of Dissolution or Legal Separation court order specifies that the nonmember spouse has waived all rights and interest in the member's account, or states the CalSTRS retirement account is the member's sole and separate property, the account will be considered the member's sole property. If CalSTRS has been joined, a certified copy of the court order is required pursuant to Education Code section 22656.

CalSTRS Waiver of Community Property form

Another way a nonmember spouse can waive interest is with a signed and notarized *CalSTRS Waiver of Community Property* form. The waiver is only applicable in cases of dissolution or the termination of a registered domestic partnership. However, a court order is the most binding way to relinquish a community property interest. The waiver is used only under certain circumstances and must be accompanied by a Judgment of Dissolution

to verify that a dissolution or termination has occurred. The waiver is not valid until the marriage is terminated. The waiver form is available only from the CalSTRS Community Property unit.

If, after receiving the waiver and other required documents, CalSTRS determines this method of waiving interest is appropriate, the member's account will be treated as the sole property of the member.

ⓘ Since the waiver form is used only in cases of divorce or termination of a registered domestic partnership, the waiver form is not acceptable in lieu of a spousal signature on any form where a spousal signature is required.

Acknowledgement as separate property

After the requirements have been satisfied, CalSTRS will acknowledge the retirement account as the sole and separate property of the member. The member can then independently make any eligible changes to the account, such as canceling or changing an option, or designating or changing beneficiaries by filing the appropriate forms.

9. Requests for account information

A member or the legal representative for the member may request information on a CalSTRS account by submitting a written request with the member's authorization to release account information. Unless joined, CalSTRS may not release information to any other party without written authorization from the member or a properly served subpoena.

Any person other than the member may request information on an account after providing either a written authorization or a subpoena for records. A written authorization needs to be signed and dated by the member no more than 30 days from when it's received by CalSTRS or needs to be for a specific period that includes the date when CalSTRS receives the authorization.

Without a written authorization or subpoena, we'll generally give out only information that references the nonmember spouse plus a retirement benefit estimate.

Subpoena duces tecum

Service of process by mail is the preferred method of service. The agent for service of process is authorized to accept service on behalf of CalSTRS by mail at:

California State Teachers' Retirement System
ATTN: Agent for Service of Process, MS-03
100 Waterfront Place
West Sacramento, CA 95605

To learn about exceptions to this requirement, visit **CalSTRS.com/guidelines-for-service-of-process**. CalSTRS will charge for clerical and copying costs as provided by California law.

Subpoenas must include a valid Notice to Consumer and Proof of Service and be accompanied by a \$15 check as a deposit toward costs incurred.

Request for Community Property Statement of Account and Estimate of Benefits

To request a community property statement of account, complete and submit a *Request for Community Property Statement of Account and Estimate of Benefits* form. This form is used to request a Community Property Statement of Account, which provides the service credit, contributions and interest accumulated by the member during the marriage or registered domestic partnership. This information is essential in determining the estimated value of the nonmember spouse's community property share. Estimates of the monthly benefits that may be payable to the member and the nonmember spouse are provided using both the time rule and the segregation methods of division when applicable.

To ensure a timely response, the *Request for Community Property Statement of Account and Estimate of Benefits* form must be signed, completed and mailed or electronically delivered to the CalSTRS Community Property unit. The form must include all requested information to avoid processing delays. The form can be found at **CalSTRS.com/forms** or by contacting us.

Upon receipt of the request or a subpoena, CalSTRS will provide a statement and information pertaining to the community property period.

Understanding the statement of account and estimate

The information provided in the Defined Benefit Statement of Account is helpful when considering the method of division. This statement provides the effective date of membership, pre-tax and post-tax member contributions and interest, and the amount of service credit accrued during the marriage. The service credit reflected in the statement may be used to estimate the monthly benefit the former spouse might receive.

The statement also shows the total amount of contributions that might be available for refund by the nonmember spouse when the segregation method is elected. If a Defined Benefit Statement of Account is requested by a member or former spouse, CalSTRS will assume a 50% community property interest to the former spouse in the accumulated retirement contributions and service credit earned during the marriage. If the parties would like estimates reflecting a community property interest other than 50%, it's the responsibility of the parties to specifically request what community property percentage is to be used in the estimate.

The estimate provided is prepared using the member's current service credit and the assumed service credit earned by the estimated date of retirement. **Note:** The member's final compensation figure used in the estimates is based on current information provided to CalSTRS by the member's employer and is subject to change.

A Defined Benefit Supplement Statement of Account will be provided only when the member had a Defined Benefit Supplement account balance during the community property period. Since service credit is not applicable, the statement will only show contributions and interest. The nonmember spouse may also be entitled to a community property interest in this account. CalSTRS cannot provide a Defined Benefit Supplement annuity estimate. See the CalSTRS *Member Handbook* at **CalSTRS.com/publications** for more information.

A statement of account will be provided for a member's Cash Balance account when applicable.

Estimates are calculated using information provided by the employer, the requestor and the member.

Estimate disclaimer

All estimates are provided to help the parties understand how the methods of division could affect the retirement benefits. All estimates are calculated using the information provided by the employer, the requestor and the member. Estimates are not binding to any of the parties or CalSTRS and are subject to change.

Information not provided by CalSTRS

CalSTRS cannot provide certain information you may need to consider when resolving your community property issues, such as:

- Actuarial valuations of retirement benefits.
- Employment data, including salary, payroll, earnings, personnel records, and health and dental insurance information. This information may be available from the member's employer.
- Information regarding Social Security. If a member is counting on Social Security through other employment or a spouse, two federal rules, the Windfall Elimination Provision and the Government Pension Offset, may reduce or eliminate their Social Security benefit. The member's CalSTRS retirement benefit will not be affected. To learn more, see the *Social Security, CalSTRS and You* fact sheet or the *Member Handbook* at **CalSTRS.com/publications**, or contact Social Security at 800-772-1213 or at **ssa.gov**.
- For information regarding a division of CalSTRS Pension2 accounts, contact Pension2's recordkeeper, at 844-353-2872. For information regarding other 403(b) and 457(b) savings programs, contact the administrators for those programs.

10. Sample court orders

We provide sample court orders to assist in resolving CalSTRS community property issues. These sample orders serve as guides when drafting court orders regarding CalSTRS benefits. The member and nonmember spouse are responsible for determining what benefits each party should receive and which method of division to use.

Any court order intended to divide a member's account must contain language consistent with the Teachers' Retirement Law. If an order is not in compliance with the law, CalSTRS reserves the right to require the parties to modify all conflicting aspects of the order. CalSTRS will not interpret a court order based on assumption.

You may need to seek the advice of an outside legal source as CalSTRS is not permitted to provide legal advice, assist in the completion of forms or assist in the preparation of court orders.

Sample: Segregation order

The sample segregation order applies only when the CalSTRS member has not retired and is not receiving any CalSTRS benefit at the time the order is filed with the court.

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Sample: Time rule order

The sample time rule order applies to all members, either before or after receiving a benefit. This sample includes appropriate language that can be used with or without addressing election of an option and awarding death benefits.

Note: One year of service credit is full-time employment or its equivalent during a school term even if the school term was only nine or 10 months. When calculating the time rule, do not use the number of calendar months the member worked during the school year in the numerator. Contact CalSTRS if you need to know how much service credit was earned during a particular year.

Page 33

Sample: Hybrid order

The hybrid order applies when the member's Defined Benefit account is divided using the time rule method and the Defined Benefit Supplement account is divided using the segregation method.

This sample includes appropriate language that can be used with or without addressing election of an option and awarding death benefits.

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The Statement of Account and Estimate of Benefits provided by CalSTRS is based on standard California property laws and will be completed in approximately six weeks after we receive all required documentation.

1 **SAMPLE: SEGREGATION ORDER**

2 **THIS SAMPLE IS NOT INTENDED TO BE USED AS A FILL-IN FORM.**

3 **The language of this sample shows a standard community property division of a CalSTRS account based**
4 **on California law. CalSTRS may reject an order that does not comply with the terms of the Teachers'**
5 **Retirement Law. On your request, CalSTRS will review the language regarding CalSTRS benefits in**
6 **your Stipulation and Order before you file it with the court.**

7 SUPERIOR COURT OF CALIFORNIA, COUNTY OF: [name of county required]

8
9 In re Marriage of:

10 Petitioner: [name required], and

11
12 Respondent: [name required]

CASE NO: [case number required]

STIPULATION AND ORDER REGARDING
CALIFORNIA STATE TEACHERS'
RETIREMENT SYSTEM (CalSTRS)

13
14 The CalSTRS member and the nonmember spouse hereby stipulate as follows:

15
16 Pursuant to the Judgment of Dissolution of Marriage filed on [date required] in which
17 the Court reserved personal jurisdiction over both parties to this action and reserved
18 jurisdiction as to the subject matter of this action relating to the amount and distribution
19 of the community property interest pursuant to the Request for Joinder of the California
20 State Teachers' Retirement System filed on or about [date required], the nonmember
21 spouse is entitled to receive a community property share from the member account(s).

22 The parties hereto are awarded an interest in the member's Defined Benefit account,
23 Defined Benefit Supplement account and/or Cash Balance Benefit account(s) as
24 provided by the California State Teachers' Retirement System.

25
26 The purpose of the Stipulation and Order is to define said interests, and this Stipulation
and Order shall supersede said Judgment of Dissolution of Marriage and shall be
controlling regarding the definition and payment of the parties interests in any and all
accounts held by the member.

1 **SAMPLE: SEGREGATION METHOD OF DIVISION**

2
3 **REQUIRED INFORMATION:**

- 4
- 5 A. Member name, current address, date of birth and Client Identification number.
- 6 B. Nonmember spouse name, current address and date of birth. The parties will provide the
- 7 nonmember spouse's Social Security number under separate cover.
- 8 C. The address of CalSTRS is:
- 9 California State Teachers' Retirement System
- 10 P.O. Box 15275, Sacramento, CA 95851
- 11 D. The parties' date of marriage is [date required].
- 12 E. The parties' date of separation is [date required].
- 13 F. CalSTRS membership date is [date required].

Note regarding Social Security numbers

CalSTRS must be provided proper verification of a nonmember spouse's Social Security number and birth date. However, for security purposes since a filed court order becomes a public record, it's suggested that the Social Security number not be on a public record document. You may provide the Social Security number under separate cover.

14

15 **DIVISION OF ACCOUNT:**

- 16
- 17 G. Upon receipt of a filed and court-certified copy of this Stipulation and Order, CalSTRS shall
- 18 divide the community property portion of the member's CalSTRS Defined Benefit account,
- 19 Defined Benefit Supplement account and/or Cash Balance Benefit account(s) into two separate
- 20 and distinct accounts. The nonmember spouse shall receive [specific percentage] % of the
- 21 community property portion as defined below.
- 22
- 23 H. The community portion of the accounts to be segregated includes accumulated service credit
- 24 and the contributions attributable to the period of service from [date required], through [date
- 25 required]. Any portion of these accounts not explicitly awarded to the nonmember spouse shall
- 26 be deemed the exclusive property of the member.

1 **SAMPLE: SEGREGATION METHOD OF DIVISION**

2
3 **REQUIRED INFORMATION:**

- 4
- 5 I. The nonmember spouse shall have the right, through the separate account, to
- 6 designate a beneficiary or beneficiaries to receive the accumulated retirement
- 7 contributions and accumulated interest remaining in the separate account of the
- 8 nonmember spouse on the date of death and any accrued allowance
- 9 attributable to the separate account which is unpaid on the date of death.
- 10
- 11 J. The nonmember spouse shall have the right to a refund of accumulated retirement
- 12 contributions and interest in the separate account.
- 13
- 14 K. The nonmember spouse shall have the right to elect to receive retirement payments
- 15 at the earliest date allowed under the terms of the CalSTRS plan provided that all
- 16 CalSTRS requirements are met prior to commencement of payments.
- 17
- 18 L. The nonmember spouse may redeposit only those accumulated retirement
- 19 contributions previously refunded to the member and in which the court has
- 20 determined to be a community property interest. The nonmember spouse shall
- 21 inform CalSTRS in writing of the intent to redeposit within 180 days after the
- 22 judgment or court order that specifies the redeposit rights of the nonmember
- 23 spouse is entered.
- 24
- 25 M. Nothing contained in this Stipulation and Order shall be construed to require CalSTRS
- 26 to provide to the nonmember spouse any benefit that is contrary to the Teachers’
Retirement Law.

SAMPLE: SEGREGATION METHOD OF DIVISION

N. Jurisdiction is reserved by the court to amend or modify this Stipulation and Order, or to make such further orders as are necessary to enforce or clarify the terms of this order. This order authorizes CalSTRS to require such further orders as are necessary to meet the requirements of the Teachers' Retirement Law.

.....
[DATED] [JUDGE OF THE SUPERIOR COURT]

.....
[DATED] Member signature

.....
[DATED] Nonmember spouse signature

Note regarding signatures

CalSTRS does not require the signatures of the parties. Only the signature of the Superior Court Judge is required. However, the court where the order is filed may require the parties' signatures.

1 **SAMPLE: TIME RULE FORMULA METHOD OF DIVISION**

2 **THIS SAMPLE IS NOT INTENDED TO BE USED AS A FILL-IN FORM.**

3 **The language of this sample shows a standard community property division of a CalSTRS account based**
4 **on California law. CalSTRS may reject an order that does not comply with the terms of the Teachers'**
5 **Retirement Law. On your request, CalSTRS will review the language regarding CalSTRS benefits in**
6 **your Stipulation and Order before you file it with the court.**

7 SUPERIOR COURT OF CALIFORNIA, COUNTY OF: [name of county required]

8 In re Marriage of:

9 Petitioner: [name required], and

10 Respondent: [name required]

CASE NO: [case number required]

11 STIPULATION AND ORDER REGARDING
12 CALIFORNIA STATE TEACHERS'
13 RETIREMENT SYSTEM (CalSTRS)

14 The CalSTRS member and the nonmember spouse hereby stipulate as follows:

15 Pursuant to the Judgment of Dissolution of Marriage filed on [date required] in which the Court reserved
16 personal jurisdiction over both parties to this action and reserved jurisdiction as to the subject matter
17 of this action relating to the amount and distribution of the community property interest pursuant to the
18 Request for Joinder of the California State Teachers' Retirement System filed on or about [date required],
19 the nonmember spouse is entitled to receive a community property share from the member account(s).

20 The parties hereto are awarded an interest in the member's Defined Benefit account, Defined Benefit
21 Supplement account and/or Cash Balance Benefit account(s) as provided by the California State
22 Teachers' Retirement System.

23 Any and all benefits can mean service
24 retirement, disability retirement and
25 disability allowance.

26 The purpose of the Stipulation and Order is to define said interests, and this Stipulation and Order shall
supersede said Judgment of Dissolution of Marriage and shall be controlling regarding the definition and
payment of the parties interests in any and all accounts held by the member.

1 **SAMPLE: TIME RULE FORMULA METHOD OF DIVISION**

2

3 **REQUIRED INFORMATION:**

- 4
- 5 A. [Member name, current address, date of birth and Client Identification number].
- 6 B. Nonmember spouse name, current address and date of birth. The parties will provide the
- 7 nonmember spouse’s Social Security number under separate cover.
- 8 C. The address of CalSTRS is:
- 9 California State Teachers’ Retirement System
- 10 P.O. Box 15275, Sacramento, CA 95851
- 11 D. The parties’ date of marriage is [date required].
- 12 E. The parties’ date of separation is [date required].
- 13 F. CalSTRS membership date is [date required].
- 14
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- 26

Note regarding Social Security numbers

CalSTRS must be provided proper verification of a nonmember spouse’s Social Security number and birth date. However, for security purposes since a filed court order becomes a public record, it’s suggested that the Social Security number not be on a public record document. You may provide the Social Security number under separate cover.

1 **SAMPLE: TIME RULE FORMULA METHOD OF DIVISION**

2
3 DIVISION OF ACCOUNT: All account divisions must be stated in a percentage, either by
4 formula or specified percentage.

5
6 G. The method to calculate the monthly benefit payable to the nonmember spouse is:
7 (Use one of these three methods)

- 8 1. TIME RULE FORMULA CALCULATION: A fraction, with the numerator being the
- 9 service credit earned by the member during the marriage, and the denominator being
- 10 the member’s total service credit in CalSTRS at retirement, multiplied by
- 11 [specific percentage], multiplied by the member’s
- 12 total allowance.
- 13 2. Deduct [specific percentage] from CalSTRS
- 14 member’s total allowance.
- 15 3. Deduct flat dollar amount [amount needed]
- 16 from member’s total allowance.

<p>Note regarding total allowance</p> <p>Unless otherwise addressed in the court order, the member’s total allowance will include all applicable account features, which may include unused sick leave, longevity bonus, purchased service credit and career factor enhancement.</p>

17
18 **H. Coverage A: Disability Allowance**

19 In the event the member is covered under Coverage A Disability Allowance, the nonmember
20 spouse shall be entitled to a portion of the member’s service retirement benefit at age 60; or
21 when the member is required to convert to a service retirement benefit, if the member still has
22 qualifying dependent children after age 60.

23 The benefit paid under this paragraph shall be calculated as if the member terminated on the
24 date of approval for a disability allowance and did not return to employment until the member’s
25 earliest retirement age, and then applied for a service retirement based upon service credit and
26 pensionable compensation as of the date of the member’s disability allowance. The amount
shall be adjusted by cost of living increases from the date of commencement of payments
to the nonmember spouse, and the payment shall continue regardless of the member’s later
conversion of a disability allowance to a service retirement allowance.

SAMPLE: TIME RULE FORMULA METHOD OF DIVISION

I. Coverage B: Disability Retirement

The nonmember spouse shall be entitled to a portion of the member's disability retirement equal to the amount the member would have received as a service retirement, subject to division under subparagraph 3 above. Payment to the nonmember spouse shall commence upon the latter of 1) the date the member would have reached earliest retirement age, or 2) the date of the member's actual retirement. The benefit paid under this paragraph shall be calculated as if the member terminated on the date of disability retirement and did not return to employment until the member's earliest retirement age, and then applied for a service retirement based upon service credit and final compensation as of the date of the member's disability retirement.

J. The nonmember spouse shall also be entitled to their share of any annual benefit adjustment, cost-of-living increases or other similar increases, but only to the extent permitted within the Teachers' Retirement Law.

OPTION ELECTIONS:

K. At the earliest date possible, the member is ordered to make a preelection of a retirement option that provides a continuing monthly benefit payable to the nonmember spouse if the member becomes deceased. The nonmember spouse shall continue to receive the community interest in the same monthly amount as was received prior to the member's death.

The member will make the initial Compound Option Election choice and, further, name the nonmember spouse as the option beneficiary for the determined community percentage only. CalSTRS will apply the actuarially calculated cost (option factor) solely to the nonmember spouse's share, and this election will not affect the member's remaining benefit. The member shall be required and is

Note regarding option

- An option is required to pay an ongoing monthly benefit to the nonmember spouse upon the member's death; otherwise, all monthly benefit payments to the nonmember spouse will cease.
- With divorce, an option can only be elected when the member has not yet retired.
- A retired member may keep an existing option in place or change to the Compound Option to provide the nonmember spouse a continuing option benefit for the community property share only.
- The preretirement election of an option language is applicable only when the member is not yet retired.

1 **SAMPLE: TIME RULE FORMULA METHOD OF DIVISION**

2
3 responsible to complete all forms necessary to elect this option.

4 The member may retain the remaining portion as Member-Only
5 Benefit, or name additional beneficiaries for the remaining
6 benefit of which the member shall pay the cost.

Note regarding Compound Option cost
The nonmember spouse must pay the entire actuarially calculated cost of the option or the benefit will decrease upon the member's death. See the *CalSTRS Member Handbook* for a description of all options and death benefits.

7
8 L. The nonmember spouse shall be entitled to a community property share only of any lump-sum
9 amount due upon the member's death, which shall be calculated based on the formula set forth
10 in paragraph "G," including but not limited to a proportional share of the member's contributions,
11 interest and one-time death benefit.

12
13 M. Should the member fail to make any of the above required elections for said death benefits, this
14 Stipulation and Order shall be controlling and the member shall be deemed to have elected all
15 death benefits prior to the member's death.

16
17 N. Should the nonmember spouse predecease the member, the nonmember spouse community
18 property interest shall be (choose one):
19 1. Payable to a beneficiary or beneficiaries as designated in writing by the nonmember spouse
20 for as long as the member is alive and receiving benefits. Should the nonmember spouse fail to
21 make such election(s) in writing to CalSTRS prior to their death, said benefits and payments will
22 begin to be paid to the CalSTRS member.

23 or

24 2. Returned to the member.

25
26 O. Pursuant to this Stipulation and Order, the California State Teachers' Retirement System shall
pay any and all payments directly to the nonmember spouse by separate warrant.

SAMPLE: TIME RULE FORMULA METHOD OF DIVISION

- P. The nonmember spouse shall begin receiving the determined community property share of the member’s allowance upon receipt of a court certified copy of this order but not until the member begins receiving benefits.
- Q. Once the benefits become payable, should CalSTRS fail to make such payments as directed by this Stipulation and Order, the affected member or nonmember spouse must notify CalSTRS immediately.
- R. The member and nonmember spouse shall each assume and bear responsibility for any and all income taxes attributed to the respective benefits received by each party. Neither party shall have any responsibility for the payment of income taxes attributable to the benefits received by the other, and each party shall hold the other harmless from any such responsibility.
- S. Nothing contained in this Stipulation and Order shall be construed to require CalSTRS to provide to the nonmember spouse any benefit that is contrary to the Teachers’ Retirement Law.
- T. Jurisdiction is reserved by the court to amend or modify this Stipulation and Order, or to make such further orders as are necessary to enforce or clarify the terms in this order. This order authorizes CalSTRS to require such further orders as are necessary to meet the requirements of the Teachers’ Retirement Law.

[DATED] [JUDGE OF THE SUPERIOR COURT]

[DATED] Member signature

[DATED] Nonmember spouse signature

Note regarding signatures
 CalSTRS does not require the signatures of the parties. Only the signature of the Superior Court Judge is required. However, the court where the order is filed may require the parties’ signatures.

1 **SAMPLE: HYBRID ORDER**

2 **THIS SAMPLE IS NOT INTENDED TO BE USED AS A FILL-IN FORM.**

3 **The language of this sample shows a standard community property division of a CalSTRS account based**
4 **on California law. CalSTRS may reject an order that does not comply with the terms of the Teachers'**
5 **Retirement Law. On your request, CalSTRS will review the language regarding CalSTRS benefits in**
6 **your Stipulation and Order before you file it with the court.**

7 SUPERIOR COURT OF CALIFORNIA, COUNTY OF: [name of county required]

8 In re Marriage of:

9 Petitioner: [name required], and

10 Respondent: [name required]

CASE NO: [case number required]

11 STIPULATION AND ORDER REGARDING
12 CALIFORNIA STATE TEACHERS'
13 RETIREMENT SYSTEM (CalSTRS)

14 The CalSTRS member and the nonmember spouse hereby stipulate as follows:

15 Pursuant to the Judgment of Dissolution of Marriage filed on [date required] in which the Court reserved
16 personal jurisdiction over both parties to this action and reserved jurisdiction as to the subject matter
17 of this action relating to the amount and distribution of the community property interest pursuant to the
18 Request for Joinder of the California State Teachers' Retirement System filed on or about [date required],
19 the nonmember spouse is entitled to receive a community property share from the member account(s).

20 The parties hereto are awarded an interest in the member's Defined Benefit account, Defined Benefit
21 Supplement account and/or Cash Balance Benefit account(s) as provided by the California State
22 Teachers' Retirement System.

23 Any and all benefits can mean service
24 retirement, disability retirement and
25 disability allowance.

26 The purpose of the Stipulation and Order is to define said interests, and this Stipulation and Order shall
supersede said Judgment of Dissolution of Marriage and shall be controlling regarding the definition
and payment of the parties interests in any and all accounts held by the member.

SAMPLE: HYBRID ORDER

REQUIRED INFORMATION:

- A. [Member name, current address, date of birth and Client Identification number].
- B. Nonmember spouse name, current address and date of birth. The parties will provide the nonmember spouse's Social Security number under separate cover.
- C. The address of CalSTRS is:
California State Teachers' Retirement System
P.O. Box 15275, Sacramento, CA 95851
- D. The parties' date of marriage is [date required].
- E. The parties' date of separation is [date required].
- F. CalSTRS membership date is [date required].

Note regarding Social Security numbers

CalSTRS must be provided proper verification of a nonmember spouse's Social Security number and birth date. However, for security purposes since a filed court order becomes a public record, it's suggested that the Social Security number not be on a public record document. You may provide the Social Security number under separate cover.

1 **SAMPLE: HYBRID ORDER**

2

3 DIVISION OF BENEFITS; DEFINED BENEFIT SUPPLEMENT AND/OR CASH BALANCE

4 BENEFIT ACCOUNT: Upon receipt of a filed and court-certified copy of this Stipulation and

5 Order, CalSTRS shall divide the community property portion of the member's CalSTRS Defined

6 Benefit Supplement account and/or Cash Balance Benefit account(s) into two separate accounts.

7 The community portion shall be defined as the contributions and interest accrued between the dates

8 of marriage and separation. Nonmember spouse shall receive [A STATED PERCENTAGE IS

9 REQUIRED; NO DOLLAR AMOUNTS CAN BE ACCEPTED] of the stated community period between

10 the date of marriage and date of separation. This account shall be available immediately to the

11 nonmember spouse for withdrawal or transfer. No monthly benefit shall be payable to the former

12 spouse from the Defined Benefit Supplemental Account.

13 DIVISION OF DEFINED BENEFIT ACCOUNT: All account divisions must be stated in a percentage,

14 either by formula or specified percentage.

15 G. The method to calculate the monthly benefit payable to the nonmember spouse is:

16 (Use one of these three methods:)

- 17 1. TIME RULE FORMULA CALCULATION: A fraction, with the numerator being the service
- 18 credit earned by the member during the marriage, and the denominator being the
- 19 member's total service credit in CalSTRS at retirement, multiplied by [specific percentage],
- 20 multiplied by the member's total allowance.
- 21 2. Deduct [specific percentage] from the member's total allowance.
- 22 3. Deduct flat dollar amount [amount needed] from member's total allowance.

23 H. **Coverage A: Disability Allowance**

24 In the event the member is covered under Coverage A Disability Allowance, the nonmember

25 spouse shall be entitled to a portion of the member's service retirement benefit at age 60;

26 or when the member is required to convert to a service retirement benefit, if the member still

has qualifying dependent children after age 60. The benefit paid under this paragraph shall

be calculated as if the member terminated on the date of approval for a disability allowance

and did not return to employment until the member's earliest retirement age, and then

1 **SAMPLE: HYBRID ORDER**

2 applied for a service retirement based upon service credit and pensionable compensation as
3 of the date of the member's disability allowance. The amount shall be adjusted by cost of living
4 increases from the date of commencement of payments to the nonmember spouse, and the
5 payment shall continue regardless of the member's later conversion of a disability allowance to
6 a service retirement allowance.

7
8 **I. Coverage B: Disability Retirement**

9 The nonmember spouse shall be entitled to a portion of the member's disability retirement equal
10 to the amount the member would have received as a service retirement, subject to division under
11 subparagraph 3 above. Payment to the nonmember spouse shall commence upon the latter of

12 1. the date the member would have reached earliest retirement age,

13 or

14 2. the date of the member's actual retirement. The benefit paid under this paragraph shall be
15 calculated as if the member terminated on the date of disability retirement and did not return
16 to employment until the member's earliest retirement age, and then applied for a service
17 retirement based upon service credit and final compensation as of the date of the member's
18 disability retirement.

19 **J.** The nonmember spouse shall also be entitled to their share of any annual benefit adjustment,
20 cost-of-living increases or othesimilar increases but only to the extent permitted within the
21 Teachers' Retirement Law.

22
23 **OPTION ELECTIONS:**

24
25 **K.** At the earliest date possible, the member is ordered to make a preelection of a retirement
26 option that provides a continuing monthly benefit payable to the nonmember spouse
if the member becomes deceased. The nonmember spouse shall continue to receive the
community interest in the same monthly amount as was received prior to the member's death.
The member will make the initial Compound Option Election choice and, further, name the
nonmember spouse as the option beneficiary for the determined community percentage only.

SAMPLE: HYBRID ORDER

CalSTRS will apply the actuarially calculated cost (option factor) solely to the nonmember spouse's share, and this election will not affect the member's remaining benefit.

The member shall be required and is responsible to complete all forms nonmember spouse elect this option. The member may retain the remaining portion as a Member-Only benefit, or name additional beneficiaries for the remaining benefit of which the member shall pay the cost.

L. The nonmember spouse shall be entitled to a community property share only of any lump-sum amount due upon the member's death, which shall be calculated based on the formula set forth in paragraph "G," including but not limited to a proportional share of the member's contributions, interest and one-time death benefit.

M. Should the member fail to make any of the above required elections for said death benefits, this Stipulation and Order shall be controlling and the member shall be deemed to have elected all death benefits prior to the member's death.

N. Should the nonmember spouse predecease the member, the nonmember spouse community property interest shall be (choose one):

1. Payable to a beneficiary or beneficiaries as designated in writing by the nonmember spouse, for as long as the member is alive and receiving benefits. Should the nonmember spouse fail to make such election(s) in writing to CalSTRS prior to their death, said benefits and payments will begin to be paid to the CalSTRS member.

or

2. Returned to the member.

Note regarding options

- An option is required to pay an ongoing monthly benefit to the nonmember spouse upon the member's death; otherwise all monthly benefit payments to the nonmember spouse will cease.
- With divorce, an option can only be elected when the member has not yet retired.
- A retired member may keep an existing option in place or change to the Compound Option to provide the nonmember spouse a continuing option benefit for the community property share only.
- The preretirement election of an option language is only applicable when the member is not yet retired.

Note regarding Compound Option cost

The nonmember spouse must pay the entire actuarially calculated cost of the option or the benefit will decrease upon the member's death. See the CalSTRS *Member Handbook* for a description of all options and death benefits.

SAMPLE: HYBRID ORDER

- O. Pursuant to this Stipulation and Order, the California State Teachers' Retirement System shall pay any and all payments directly to the nonmember spouse by separate warrant.
- P. The nonmember spouse shall begin receiving the determined community property share of the member's allowance upon receipt of a court-certified copy of this order but not until the member begins receiving benefits.
- Q. Once the benefits become payable, should CalSTRS fail to make such payments as directed by this Stipulation and Order, the affected member or nonmember spouse must notify CalSTRS immediately.
- R. The member and nonmember spouse shall each assume and bear responsibility for any and all income taxes attributed to the respective benefits received by each party. Neither party shall have any responsibility for the payment of income taxes attributable to the benefits received by the other, and each party shall hold the other harmless from any such responsibility.
- S. Nothing contained in this Stipulation and Order shall be construed to require CalSTRS to provide to the nonmember spouse any benefit that is contrary to the Teachers' Retirement Law.
- T. Jurisdiction is reserved by the court to amend or modify this Stipulation and Order, or to make such further orders as are necessary to enforce or clarify the terms in this order. This order authorizes CalSTRS to require such further orders as are necessary to meet the requirements of the Teachers' Retirement Law.

..... [DATED] [JUDGE OF THE SUPERIOR COURT]

..... [DATED] Member signature

..... [DATED] Nonmember spouse signature

Note regarding signatures
CalSTRS does not require the signatures of the parties. Only the signature of the Superior Court Judge is required. However, the court where the order is filed may require the parties' signatures.

11. Frequently asked questions

This section provides answers to some of the most commonly asked questions about community property and CalSTRS benefits. If you have questions after reviewing the contents of this guide, email or call us. See the back cover for contact information.

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General information

Should I include my Social Security number when writing to CalSTRS?

To protect your privacy, we recommend using your Client ID instead of your Social Security number. One of these numbers is required to assure accurate account identification.

Which of my CalSTRS accounts are considered community property?

Since California is a community property state, all CalSTRS accounts, including the Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit accounts are subject to community property laws.

Will CalSTRS divide my CalSTRS Pension2 account since contributions are deducted from my paycheck along with my retirement contribution?

No. CalSTRS does not directly administer any Pension2 403(b) or 457(b) accounts. These are managed by a third-party administrator. For information regarding a division or settlement

of Pension2 accounts, contact the Pension2 recordkeeper at 888-394-2060. For information regarding other 403(b) and 457(b) savings programs, contact the administrators for those programs.

How will my retirement account be affected if the community property interest is divided?

Your CalSTRS account can be affected in different ways, depending on the division method used. Within this guide, you'll find general information that illustrates how the different division methods might affect accounts and benefits. You can request a statement that will show both the monetary value and service credit accrued in your accounts during your marriage. Also, you can request community property estimates using the time rule and segregation methods of division, if applicable. Submit the *Request for Community Property Statement of Account and Estimate of Benefits* form, downloadable at CalSTRS.com/forms.

What is a joinder?

Joinder is a legal term that means specific court documents have been filed with the court that, where CalSTRS benefits are concerned, make CalSTRS a party to the divorce action solely for the purposes of the member's CalSTRS benefits.

Why is a joinder necessary?

The California Education Code requires the joinder to be on file with CalSTRS. We cannot enforce a court order to divide a member's benefits unless we are made a party to a divorce action using the joinder process.

A nonmember spouse has a right to file a community property claim against a member's CalSTRS benefits at any time.

A joinder is also a formal claim against the member's account.

As a party to the action, CalSTRS can provide community property-related account information to a nonmember spouse or other authorized representative.

I am not divorced or legally separated, can my account be divided?

If you're divorcing, CalSTRS can process a QDRO certified by the court before a final judgment is entered. However, you need to file the final judgment with CalSTRS once you've obtained it from the court.

I am the former spouse of a member and need information about the member's account. I have not yet decided to file a joinder. Is there another way to get the account information?

Before we can provide you with any member account information, we must receive either:

- A written authorization to release information signed and dated by the member within the last 30 days or another specified period of time, or
- A subpoena for records.

How should I provide documents that have been requested by CalSTRS?

Send the information either electronically or by mail. If we requested original documents, they must be delivered by mail or in person. When electronically sending or mailing documents, always include a cover letter or email containing your contact information and the name and Client ID of the CalSTRS member, or you may attach a copy of the request letter.

Legal holds (flags)

What does a legal hold mean?

A legal hold is a flag placed on an account when a certain legal condition exists. When an account has a legal hold, the member cannot make any account or beneficiary changes without legal review and approval.

Why does CalSTRS place a legal hold on a member's account?

CalSTRS places a legal hold on a member's account for one or more of the following reasons:

- CalSTRS is made aware of a potential community property issue and must receive resolution before authorizing a change or paying any benefits on the account.
- CalSTRS is monitoring a deduction from a member's monthly benefit because of a community property award, child or spousal support order, or an account tax levy.
- CalSTRS is monitoring the account pending receipt of required community property documentation.
- CalSTRS is monitoring the account for future benefits to be paid upon the member's retirement, disability or death pursuant to a court order on file.

The division of my retirement benefits has already been determined by a court order. Why is there still a legal hold on my account?

The legal hold will remain on the account until all community property benefits are paid according to the court order on file. The legal hold remains on the account to monitor future monthly benefits payable and, in some cases, the member's death benefits. When there is no longer a reason to monitor an account, the legal hold is removed.

Benefits

Do I have to divide my account with my former spouse?

No, it's not always necessary to divide your account with your former spouse. It's up to both the member and nonmember spouse to decide whether or not the member's account will be divided.

Do both my Defined Benefit and Defined Benefit Supplement accounts have to be divided?

No. Typically, all accounts are divided if earned during the community term. However, the parties may choose to divide only the Defined Benefit account or divide only the Defined Benefit Supplement account.

Do both my Defined Benefit and Defined Benefit Supplement accounts have to be divided by the same method of division?

Yes, if the segregation method is used for the Defined Benefit account. But if any other method is used for the Defined Benefit account, the segregation method may be used for the Defined Benefit Supplement account.

My former spouse and I have decided not to divide the community property share of the account. What does CalSTRS require?

Your account can be declared your separate property with an order from the court. In certain circumstances, a properly executed CalSTRS community property waiver form may be sufficient when received in conjunction with specific court documents. Furthermore, when the court order dividing the marital assets does not include the CalSTRS account, the account may be considered the member's sole and separate property. The waiver form is only available through the CalSTRS Community Property unit.

How much of my Defined Benefit account could my former spouse receive?

A former spouse's share is generally 50% of the service credit and 50% of the contributions and interest earned during the marriage. It's up to the parties to negotiate the actual division or settlement.

What's the best way to divide my account?

We cannot recommend a method of division. At your request, CalSTRS will prepare estimates to show the approximate benefits your former spouse could receive. The estimates are a tool to help you decide which method of division might be best for you. You can request both time rule and segregation estimates.

I am the former spouse of an active member and have been awarded a share of the member's monthly retirement to be calculated by the time rule formula of division. When can I begin receiving my monthly benefits?

Under the time rule formula, a former spouse receives a share of the member's monthly benefit. CalSTRS cannot pay your community property share of the monthly benefit until the member begins receiving a benefit.

I have both a member and a nonmember spouse account. Can I combine these two accounts?

The nonmember spouse account is a separate and distinct account and cannot be combined with any other existing CalSTRS account.

I have both a member and nonmember spouse account. Can I retire at different times?

You can retire at different times when you meet the requirements of each retirement account.

I have been awarded a nonmember spouse account. Can I receive a monthly benefit or am I required to take a refund of the account?

If your nonmember spouse account has less than 2.5 years of service credit, CalSTRS is required by law to immediately refund the account balance to you. Otherwise, you may choose a refund of your account balance at any time, or if you qualify at age 55 or later, you may apply for a monthly benefit from your nonmember spouse account.

I am a member. Can I purchase service credit refunded from my former spouse's nonmember spouse account?

When the nonmember spouse account is refunded to the nonmember, the service credit is available to purchase by the member. The purchase must be made before retirement. Absent a refund, the member may not purchase this service credit.

When should I apply for a nonmember spouse benefit?

If you qualify for a monthly benefit from this account, you may apply at any time after age 55. Your benefit will be calculated based on the service credit awarded to you in the court order, multiplied by an age factor, multiplied by the member's final compensation calculation at the date of separation. The amount of service credit will not change in the future. The final compensation calculation is also a set figure.

The age factor is a percentage based on your age at the time you retire. If you're under the CalSTRS 2% at 60 benefit structure, your age factor is set at 2% at age 60. It decreases if you retire before age 60 and increases up to a maximum of 2.4% at age 63.

If you're under the CalSTRS 2% at 62 benefit structure, the basic age factor is set at 2% at age 62. If you retire before age 62, it gradually decreases to 1.16% at age 55 and increases to a maximum of 2.4% at age 65. There is no career factor benefit enhancement.

What is an option benefit?

An option benefit is a plan feature that allows a member to provide a lifetime benefit to another person after the member's death. There is an actuarially calculated cost associated with an option election. Generally, in a community property situation, the cost can be deducted from the monthly benefit of either the member or nonmember spouse or shared by both parties. This information must be specified in a court order.

What is a Compound Option?

The Compound Option allows a member to name one or more option beneficiaries. For example, in a community property situation, a member can name a former spouse as an option beneficiary for the community property share only. The member may then choose other option beneficiaries or retain the remaining share of the benefit as a Member-Only Benefit. Due to the complexity of this election, see the *Member Handbook* and *Your Retirement Guide* at [CalSTRS.com/publications](https://www.calstrs.com/publications) for additional information.

I am retired. How do I remove my former spouse as my option beneficiary?

You may cancel your option election if the option beneficiary is your former spouse or former registered partner and the Judgment of Dissolution, court order or termination order does not require that you maintain your former spouse as an option beneficiary. It's important that a court order address both the lifetime option benefit and the one-time death benefit. To cancel or change any current elections on file with CalSTRS, the appropriate forms must be submitted and approved.

Can the court award my former registered domestic partner a portion of my CalSTRS retirement benefits?

Upon the legal termination of a registered domestic partnership, which are subject to many of the same community property laws that apply in a divorce, the court may divide CalSTRS benefits.

What is the one-time death benefit?

The one-time death benefit is a one-time payment payable to the member's designated recipients upon the member's death. To elect a beneficiary, you must file a *Recipient Designation* form with CalSTRS. This benefit is subject to a community property division and should be addressed in a community property court order. See the form for more information about this benefit.

My divorce is not final. Can I submit a new Recipient Designation form to remove my former spouse?

You may submit a new form at any time. However, changes to your account cannot be made until the community property issues are resolved, including any changes to your death benefit selection. Designations must comply with your court order.

I plan to retire at the end of this school year. However, my former spouse and I have not completed the divorce process. Will this delay my retirement?

Once you have decided on your retirement date, submit your retirement application to ensure your benefit effective date is acceptable.

In general, to prevent delays, it's important to forward dissolution documents to CalSTRS for review as soon as they are available. We will notify you of any additional documents that may be required. If all requirements are met, your retirement should not be delayed.

What happens if the member or nonmember spouse dies before the community property portion of accounts have been divided?

A court order is usually required to address any unresolved community property issues. CalSTRS is required to protect the community property interests of all parties, including the interests of the estate of a deceased party.

Court orders

What divorce documents should I send to CalSTRS if I want the community property interest reviewed, and should the documents be originals?

Send photocopies of your entire Notice of Entry of Judgment and Marital Settlement Agreement and include all attachments. We will review these documents to determine the community property interests, if any, and whether the language meets legal requirements. When benefits are to be divided, you'll be required to provide CalSTRS with filed certified copies. In many cases, we'll need additional documentation before we can divide an account or declare the account as sole and separate property of the member.

Why must I send the entire court order when it contains personal information not related to my CalSTRS retirement benefits?

CalSTRS must have a complete and unaltered copy of the court order to make an informed determination of any community property interest that may have been awarded to the nonmember spouse.

CalSTRS is committed to responsible information handling practices. Your personal information will be kept strictly confidential and used to conduct CalSTRS-related business only.

What is a certified copy?

A certified copy is a document that is filed with the court, is signed by a judge and includes the original seal of the court. A certified copy ensures the authenticity of the document on file with the court and protects the interest of all parties. You can obtain a certified copy of your court order from the county clerk's office where your divorce was filed.

Will CalSTRS review a draft of the court order before I file it with the court?

Yes, at your request, we will review your draft court order for language that can be accepted by CalSTRS.

Do you provide sample language for court orders regarding CalSTRS accounts?

Sample court orders are contained within this guide. These forms are intended to be used only as a guideline. CalSTRS cannot provide legal advice. Be sure to consult with your legal adviser for guidance pertaining to your individual situation.

Serving documents

How can legal documents be served on CalSTRS?

- Child and spousal support orders can be served in person, or by mail or electronic delivery.
- Joinders can be delivered by mail, electronic delivery or in person.
- Certified court orders regarding legal termination or divorce can be sent by electronic or in-person delivery.
- Service of process by mail is the preferred method of service. The agent for service of process is authorized to accept service on behalf of CalSTRS by mail at:

California State Teachers' Retirement System
ATTN: Agent for Service of Process, MS-03
100 Waterfront Place West Sacramento, CA 95605

Visit [CalSTRS.com/guidelines-for-service-of-process](https://www.calstrs.com/guidelines-for-service-of-process) for the most current guidelines for serving subpoenas. All subpoenas requesting documents must be accompanied by a deposit check of \$15. When requesting a personal appearance, a deposit of \$150 is required. Actual costs incurred will be charged as allowed by law.

12. Glossary of terms

The following information provides definitions for terms relating to community property issues. For additional benefit information, see the *Member Handbook* and *Your Retirement Guide*. These and other CalSTRS publications are available at [CalSTRS.com/publications](https://www.calstrs.com/publications).

A

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, and consequently the funded status of the respective programs, exceed certain thresholds.

Age factor

The percentage of final compensation that you'll 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. To receive an age factor of 2%, you must retire at age 60 if you're under the CalSTRS 2% at 60 benefit structure. The basic age factor for members under the CalSTRS 2% at 62 benefit structure is 2% at age 62.

CalSTRS 2% at 60

The age factor at age 60 is 2%. The age factor decreases the earlier you retire, decreasing to 1.1% at age 50 and gradually increasing the closer to age 60 you retire. If you retire after age 60, the age factor gradually increases to a maximum of 2.4% at age 63.

For example, if you retire at age 60 and have 20 years of service credit, you will receive 2% (your age factor at age 60) of your final compensation multiplied by the 20 years of service credit. This equals 40% of your final compensation (2% x 20).

CalSTRS 2% at 62

The age factor at age 62 is 2%. The age factor decreases the earlier you retire, decreasing to 1.16% at age 55 and gradually increasing the closer to age 62 you retire. If you retire after age 62, the age factor gradually increases to a maximum of 2.4% at age 65.

Air time

See nonqualified service credit.

Annual benefit adjustment

An automatic annual increase to your monthly benefit provided by California state law. Annual benefit adjustments are calculated at 2% of your initial benefit. The increase is not compounded or tied to changes in the cost of living.

Annualized pay rate

The salary or wages a person could earn during a school term for an assignment if creditable service was performed for that assignment on a full-time basis.

Annuitant

A retired member or participant who receives a benefit as an annuity payment equal to the balance of their Defined Benefit Supplement or Cash Balance Benefit accounts.

Annuity

If you have \$3,500 or more in your Defined Benefit Supplement or Cash Balance Benefit account, you can choose an annuity as payment.

Your annuity choices are:

Member-Only Annuity: Provides a monthly payment equal to the 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.

Participant-Only Annuity: Provides a monthly payment equal to the balance of your Cash Balance Benefit Program account spread over your lifetime. Any balance remaining upon your death will be paid by your one-time death benefit recipient.

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 annuity 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 annuity 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 annuity beneficiary upon your death.

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 amount payable each month. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient.

Note: For the 100%, 75% and 50% beneficiary annuities, your annuity beneficiary must be the same as your Defined Benefit Program option beneficiary. After you've retired, if your beneficiary dies before you, your annuity payment will rise to the Member-Only Benefit Annuity.

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.)

B

Beneficiary

Any person or entity receiving or entitled to receive payments due to the death or disability of a member. Only a person or special needs trust (not an estate, another type of trust or a corporation) may be designated to receive an option benefit through the Defined Benefit Program upon your death.

Benefit

A monthly or lump-sum payment to a retired or disabled Defined Benefit Program member, a retired or disabled Cash Balance Benefit Program participant, or a beneficiary.

Benefit formula (Service Retirement)

For the Member-Only Benefit, the formula is service credit × age factor × final compensation. If you choose an option, multiply the Member-Only Benefit by the appropriate option factor.

Benefit formula (Disability Coverage A or B)

The basic disability benefit is generally 50% of your final compensation and may be reduced for periods of part-time employment. Final compensation for disability purposes generally uses your earned, rather than earnable, compensation. Service credit generally 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.



CalPERS

California Public Employees' Retirement System.

CalSTRS 2% at 60 CalSTRS 2% at 62

CalSTRS has two benefit structures:

- Members and participants first hired on or before December 31, 2012, are under the CalSTRS 2% at 60 benefit structure.
- Members and participants first hired on or after January 1, 2013, are under the CalSTRS 2% at 62 benefit structure.

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% 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.

CalSTRS Pension2

Pension2 is CalSTRS' voluntary defined contribution plan that offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans for additional income in retirement.

Career factor

Available only 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% is added to the age factor up to the maximum age factor of 2.4%, which is reached at age 61½ with the career factor instead of age 63. The career factor doesn't apply if you die before retirement unless you filed a preretirement option election with CalSTRS. The career factor doesn't increase the age factor beyond 2.4% at any age.

Cash Balance Benefit Program

An alternative cash balance CalSTRS retirement plan for part-time, adjunct or temporary educators. 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.

Classified position

Any position not requiring certification qualifications. Classified service includes every position not defined by California Education Code as requiring a certificate or credential and not specifically exempted. Exempted service can be found in California Education Code sections 45103 and 45256.

Client ID

A CalSTRS randomly generated number used to identify members. CalSTRS uses your Client ID instead of your Social Security number for security and privacy. Your Client ID is on your *Retirement Progress Report*, available at myCalSTRS.com.

Community property

Almost any property accumulated during a marriage except property received as a gift or inheritance. There are other exceptions that can be explained by an attorney or legal representative.

Community property period

The period of time starting from the date of marriage to the date of separation. The date of separation is important in determining each party's property rights.

Community property share

The amount determined to be the property of each party in a divorce or legal separation. In relation to the CalSTRS Defined Benefit Program, this is generally 50% of service credit and accumulated contributions plus interest that was credited to the member's account during the marriage.

Comparable level position

Any job in which you can earn two-thirds 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 are credited to the Defined Benefit Program, the Defined Benefit Supplement Program or the Cash Balance Benefit Program 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. See CalSTRS.com/limits for the compensation caps.

Compensation earnable

The weighted average of the amount you would have been paid if you had worked in each of your assignments on a full-time basis, also known as the annualized pay rate, plus any remuneration in addition to salary. To determine the compensation earnable for a school year, take the total amount of salary earnings, divide it by the total amount of service credit and add any remuneration in addition to salary.

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 Plan 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. CalSTRS may only use compensation from the other retirement system for pay periods in which compensation earnable associated with CalSTRS service is not available.

Compound Option

Provides a monthly benefit to one or more option beneficiaries after the member dies. This option election has various choices regarding the delegation of an option benefit. For example, in a community property settlement, the member may elect the nonmember spouse as an option beneficiary for the community property share only. The member can name additional option beneficiaries for the remaining share or can choose to receive it as a Member-Only Benefit.

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.

Court certified copy

A legal document that has been filed with the court, is signed by a judge and includes the original seal of the court.

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 have chosen to retain Coverage A or elected Coverage B during the election period between October 16, 1992, and April 13, 1993.

Coverage A disability benefit (Disability Allowance)

A feature of the Defined Benefit Program that provides partial income replacement for disabled members. The benefit is paid as long as you're disabled, up to normal retirement age or the date your last dependent child reaches age 22.

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. If there are no eligible children or surviving spouse, then a monthly allowance may be payable to dependent parents.

Coverage B

The disability and survivor benefit programs for those who became CalSTRS members after October 15, 1992, or members who previously had Coverage A and elected Coverage B.

Coverage B disability benefit (Disability Retirement)

A feature of the Defined Benefit Program that provides benefits to disabled members. Those receiving disability payments under Coverage B are "retired" and will be paid as long as they are disabled, without respect to age.

Coverage B survivor benefit (Family Allowance)

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

Salary and remuneration in addition to salary that are paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position, up to the compensation cap and subject to certain exceptions. Differences between what is creditable to both the Defined Benefit and the Defined Benefit Supplement programs for CalSTRS 2% at 60 members and CalSTRS 2% at 62 members exist.

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 with certification qualifications authorized 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 Education Code section 22119.5.

Credited interest

The interest that is credited to 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

Death benefit

See one-time death benefit.

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: service credit × age factor × 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, up to the compensation cap, and for CalSTRS 2% at 60 members, limited-term payments. From January 1, 2001, through December 31, 2010, 25% of your regular monthly Defined Benefit member contribution was also credited to your account.

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 a 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 modification 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.

Disability earnings limits

The amount a disabled Defined Benefit Program member or Cash Balance Benefit Program annuitant may earn from any employment, including self-employment, without a reduction to 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.

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. This amount is set at 100% of your indexed final compensation. 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 100% of your indexed final compensation will be collected by CalSTRS dollar for dollar.

Six-month earnings limit: The amount a disabled member may earn in any continuous six-month period without a reduction to, or termination of, the disability benefit. The six-month earnings limit is set at an average of two-thirds of indexed final compensation per month. If your average earnings over a continuous six-month period exceed two-thirds of the indexed final compensation, your disability benefit will be terminated.

Earnings limit while receiving Coverage B disability benefit

The amount a disabled member may earn in a 12-month period without a reduction in the disability benefit. The disability earnings limit is set annually. See [CalSTRS.com/limits](https://www.calstrs.com/limits) for calendar year earnings limits. 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.

E

Effective date

The date upon which the benefit becomes payable.

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.

Note: Coverage A and Coverage B age eligibility requirements apply to both survivor and disability benefits.

Excess contributions

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, is 8% for CalSTRS 2% at 60 members and 9% for CalSTRS 2% at 62 members. 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% or 9% Defined Benefit Supplement contribution rate will be returned to you by your employer.

CalSTRS will return any excess contributions to your employer in late September. 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 online on your *myCalSTRS* account (under the Services tab). If you have questions regarding the return of your excess contributions, contact your employer.

F

Final compensation

The highest average annual compensation earnable during any period of either 12 or 36 consecutive months.

CalSTRS 2% at 60: The final compensation period is 12 consecutive months if you have at least 25 years of service credit. Otherwise, the final compensation 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.

Final compensation for most disability benefits and some survivor benefits uses your earned, rather than earnable, compensation.

Former spouse

See nonmember spouse.

Full time

The number of days or hours of creditable service the employer requires a class of employees to perform in a school term under a collective bargaining or employment agreement to earn the annualized pay rate.

H

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, adjusted annually from the school year in which the benefits began by the rate of change in the average compensation earnable as determined by the Teachers' Retirement Board.

J

Joinder

The process of making CalSTRS a party to a dissolution proceeding. CalSTRS cannot enforce a court order dividing the benefits until joined as a party to the action.

L

Longevity bonus

For CalSTRS 2% at 60 members, the 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

Any person, unless specifically excluded by law, who has performed creditable service, has earned creditable compensation for that service, and has not received a refund for that service and, as a result, is subject to the Defined Benefit Program.

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 for 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 reduced benefit that allows you to provide an ongoing lifetime benefit to one or more option beneficiaries after your death. The reduction to your Member-Only Benefit is based on an option factor, which depends on the option you choose, your age and the age of your option beneficiary or beneficiaries 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 exclude the periods of the reduction to determine your final compensation over 36 months.

Nonmember spouse

A member's spouse or former spouse, or a member's registered domestic partner or former registered domestic partner, who is being or has been awarded a community property interest in the member's Defined Benefit, Defined Benefit Supplement or Cash Balance Benefit accounts. A CalSTRS member may also be referred to as a nonmember spouse in a dissolution action regarding a CalSTRS account.

Nonmember spouse account

An account awarded to a former spouse or registered domestic partner due to dissolution. The account is separate and distinct from a CalSTRS member account.

Nonqualified service credit

Service not connected to the performance of creditable service. The purchase of nonqualified service credit, known as air time, is no longer permitted.

Normal cost

An actuarially determined number that represents the cost assigned to an average member for a given year needed to fund a benefit.

Normal retirement age

For CalSTRS 2% at 60 members, age 60; for CalSTRS 2% at 62 members, age 62.

O

One-time death benefit

A one-time death benefit paid to your designated recipients (may be a person, trust, charity, corporation, estate or other entity) after you die.

Option

A Defined Benefit Program 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 Modified 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.

75% Beneficiary Option: Upon your death, three-quarters of the Modified 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 Modified 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 option 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 through the Defined Benefit Program.

Option factor

An actuarially determined factor used to calculate the reduction to your Defined Benefit Program Member-Only monthly benefit when you elect an option to provide a lifetime monthly benefit to a designated option beneficiary after your death.

P

Participant

Individuals who have performed creditable service subject to coverage by the Cash Balance Benefit Program and who have contributions credited or are receiving an annuity under the Cash Balance Benefit Program, or who have not yet received a lump-sum retirement benefit or termination refund.

Pension2

See CalSTRS Pension2.

Postretirement earnings limits

The amount a service retired Defined Benefit Program member may earn from employment in which the member performs retired member activities without a reduction in the member's CalSTRS benefits. The earnings limits are different for disabled and service retired members.

Separation-from-service requirement: If you return to work and perform retired member activities 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 postretirement earnings limit for the appropriate fiscal year.

The 180-day separation-from-service requirement also applies to all Cash Balance Benefit annuitants. 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 participant activities during this waiting period, your retirement will be canceled, and you will not receive your benefit.

Annual earnings limit: If you return to work and perform retired member activities, 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 postretirement earnings limit annually. For more information on earnings limits, visit [CalSTRS.com/limits](https://www.calstrs.com/limits).

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%, 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 modifications 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 to enable you to continue employment in your same position, or in one with comparable duties. Reasonable accommodation could be accomplished by changing the duties of your position or reassigning you to alternate duties you're 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 restoration 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 finance charge is added.

Reduced Benefit Election

A retirement alternative for Defined Benefit Program members under the CalSTRS 2% at 60 benefit structure. 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're applying for a service retirement while your disability application is being evaluated.

Reduced Workload Program

Under this program, you may reduce your workload in a position from full time to part time (a minimum of at least 50% 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 school years before retirement. The opportunity to participate is available only if your employer offers the program.

Refund

A lump-sum return of accumulated retirement contributions and interest earned under the Defined Benefit Program. If you take a refund of your Defined Benefit Supplement Program account, you'll receive your Defined Benefit Supplement funds in the form of a termination benefit, which you cannot redeposit if you return to CalSTRS-covered service.

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.

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.

Retired member activities

The performance of specific employment activities, including substitute teaching, by a retired member in the California public school system as an employee of an employer, as an independent contractor or as an employee of a third party except under limited circumstances.

Retirement benefit

A monthly benefit paid each month after retirement.

Retirement Incentive Program

An optional CalSTRS program offered by some employers that allows Defined Benefit Program members who are eligible to retire to receive two additional years of service credit. This incentive will be revoked if a retiree does any of the following:

- Returns to work in any job, including substitute teaching, as an employee, as an independent contractor or as an employee of a third party with the same employer that offered the incentive within five years of retirement.
- Reinstates to active membership.
- Receives unemployment insurance payments from the employer that offered the incentive within one year of retiring.

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 (Defined Benefit Program) 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 the 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

School term

The period of time an employer requires creditable service to be performed by a member employed on a full-time basis.

School year

Refers exclusively to the fiscal year: July 1 of one calendar year to June 30 of the following calendar year.

Segregation method

A method used to divide a member's benefit accounts. Through this division, the nonmember spouse's share of benefits is placed in a separate nonmember spouse account.

Service credit

Accumulated period in years, including partial years, for which you earned creditable compensation and made contributions under the Defined Benefit Program determined as the ratio of your salary earnings in a position to the full-time annualized pay rate of the position. 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 benefit calculation

The formula used to calculate the Member-Only amount Defined Benefit Program members will receive after retiring from service. The formula is: $\text{service credit} \times \text{age factor} \times \text{final compensation} = \text{your retirement benefit}$.

Sole and separate property

A term used in a dissolution action to stipulate the member will retain rights to the entire CalSTRS account. This may be addressed in a court order or waiver.

Subrogation

A legal right that allows CalSTRS to recoup benefits paid and payable, including legal fees and costs, when a third party causes the injury or death of a CalSTRS member before retirement.

Supplemental Benefit Maintenance Account

The account from which payments are made to members and beneficiaries whose current benefit is worth less than 85% of the original benefit when adjusted for California Consumer Price Index increases.

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.
- 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.

T

Time rule formula

A method used to divide a member's benefit accounts. This method uses a set formula to determine the percentage of the member's benefit to be paid to the nonmember spouse. The formula is $\text{service credit earned during the marital period} \div \text{total service credit at time of retirement}$. The percentage of the benefit amount earned during the marriage is divided in half. This figure now represents the share of the service credit to which the nonmember spouse would be entitled. This percentage is then multiplied by the member's total benefit to determine the nonmember spouse's share of the benefit.

Notes

CalSTRS resources



WEB

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

[myCalSTRS.com](https://my.calstrs.com)

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

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

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