

# MEMBER HANDBOOK

Your guide to CalSTRS benefits



2020

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



## Access your information on myCalSTRS

Find your account information and more on *myCalSTRS* anywhere you have internet service.

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

With *myCalSTRS*, you can:

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



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

## We're your retirement plan

Whether you're just starting your career or are an experienced educator, this 2020 edition of the CalSTRS *Member Handbook* answers many of the questions you may have about your benefits. It can help you make informed decisions throughout your career so you'll be fully prepared for your secure future.

Your income in retirement is a shared responsibility between CalSTRS and you. On average, the CalSTRS retirement benefit replaces 50% to 60% of a career educator's final salary. Pension2®, CalSTRS' supplemental savings plan, can help you fill the gap between your CalSTRS retirement benefit and your retirement income goal.

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

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

Thank you for choosing education as your career.

Sincerely,



Jack Ehnes  
Chief Executive Officer

For a quick look at your benefits and things you can do now to make sure you have enough money for your future, start with "Your CalSTRS basics" on page 7.



*CalSTRS is governed by the Teachers' Retirement Law, available at [CalSTRS.com](http://CalSTRS.com), and other governing laws. If there is a conflict between the law and this booklet, the law prevails. CalSTRS makes reasonable effort to provide accurate information in its publications, but such information is not meant to replace the law or provide legal or financial advice. To stay informed, consult a variety of sources, including [CalSTRS.com](http://CalSTRS.com), the California State Legislative Counsel website at [leginfo.legislature.ca.gov](http://leginfo.legislature.ca.gov), your union and elected legislative representatives. CalSTRS can provide you with information on your benefit choices but does not provide any legal, financial, tax or other advice. For such advice, consider consulting a professional in the relevant field.*

Start here for a quick introduction to your benefits.

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## What's new for 2020

### Annualized pay rate

The term annualized pay rate was added in CalSTRS' Housekeeping Bill, AB 644, which became effective January 1, 2020. Annualized pay rate refers exclusively to the salary and wages a member could earn during a school term for an assignment if creditable service was performed for that assignment on a full-time basis.

Annualized pay rate differs from compensation earnable. As used to determine final compensation for service retirement benefits, compensation earnable means the weighted average of the full-time annualized pay rates for a school year, plus remuneration in addition to salary.

The clarification of these terms in law does not change the types of pay that are creditable or the way your benefits are calculated.

### Increase in required minimum distribution age

Effective January 1, 2020, the required minimum distribution age increased from age 70½ to age 72 for individuals who attain age 70½ after that date. If you are no longer working, IRC section 401(a)(9) and the California Education Code now require CalSTRS to begin the required minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 70½ if you turned age 70½ on or before December 31, 2019. If you turn age 70½ on or after January 1, 2020, CalSTRS must begin the required minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 72 or older.

- See page 113 for more information.

# YOUR RETIREMENT PLAN

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## CalSTRS is here for you

Resources for every stage of your career:

- Your annual *Retirement Progress Report* provides a summary of your account and service credit balances.
- *myCalSTRS*, your secure online resource to access your accounts, complete CalSTRS forms, update your contact information and more.
- Customer service by email, phone, letter or in person at offices across the state.
- Publications and videos about your benefits.
- Financial awareness and benefits planning workshops.
- CalSTRS Pension2 low-cost 403(b) and 457(b) investment plans.
- 403bCompare, an online tool at [403bCompare.com](http://403bCompare.com) that lets you compare the fees, services and performance of your employer's 403(b) plans.





**myCALSTRS**

Find your account and service credit balances, update your contact information, complete and submit forms, and more.

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## Your CalSTRS basics

CalSTRS is the retirement plan for California public educators.

In this section:

### Your hybrid plan explained

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

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### What will my benefit look like?

How much money will you need for your future

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### Social Security, CalSTRS and you

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Your retirement, disability and survivor benefits

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### Your CalSTRS resources

Your benefits explained in publications, workshops and short videos

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### Your checklist

Key career milestones action items

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Protecting your CalSTRS personal and financial information is among our highest priorities. See page 118 for our security measures along with steps you can take to help protect the security of your CalSTRS information.



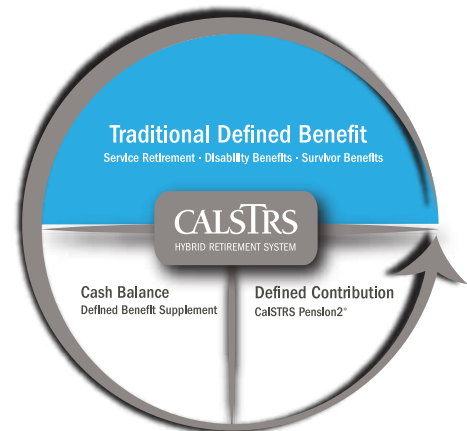
## Your hybrid plan explained

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

- **Traditional defined benefit plan:** Your CalSTRS retirement benefit is a defined benefit pension that provides a fixed percentage of your final compensation based on your age when you retire and your years of service credit, not on how much you contribute or how well CalSTRS investments perform:

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

- **Cash balance plans:** The Defined Benefit Supplement Program is a cash balance plan. A portion of your and your employer's contributions on earnings in excess of one year are credited to your Defined Benefit Supplement account. Your account earns guaranteed interest and, when the Teachers' Retirement Board declares, additional earnings credits. At retirement, you receive a benefit that is equal to your total account balance. The Cash Balance Benefit Program, a retirement plan for part-time educators, is also a cash balance plan.
- **Defined contribution plan:** CalSTRS Pension2 offers 403(b), 457(b), Roth 403(b) and Roth 457(b) investment plans for additional income in retirement. Contribute to your tax-advantaged account through paycheck deductions. The amount you have at retirement depends on your contributions, investment gains or losses, and expenses.



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

## Social Security, CalSTRS and you

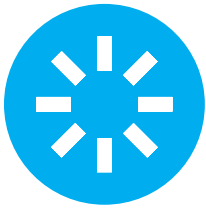
### Two rules may affect you

As a California public school educator and a CalSTRS contributing member, you do not pay into Social Security, so you will not receive a Social Security benefit for your CalSTRS-covered employment.

If you expect to receive a Social Security benefit through other employment or your spouse, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—may be used in the calculation of your Social Security benefit. Social Security is a federal program, and neither CalSTRS nor the State of California has control over eligibility requirements or Social Security benefit calculations. **Your CalSTRS retirement benefit will not be reduced by these rules.**

The Windfall Elimination Provision affects your Social Security benefit that is based on your earnings from other employment. The provision may reduce your Social Security benefit but will not eliminate it. The Government Pension Offset affects your spousal, widow or widower Social Security benefit that is based on your spouse's earnings.

- > Visit [ssa.gov/gpo-wep](https://ssa.gov/gpo-wep) to learn more.
- See "Social Security offsets," page 51.



## What will my benefit look like?

Your CalSTRS retirement benefit is a strong foundation—it's calculated using a formula that provides a fixed percentage of your final compensation based on your age when you retire and your years of service credit. You'll also likely need more to meet your retirement income goal, so consider starting a 403(b) or 457(b) tax-advantaged account early in your career rather than later.

### Am I on track?

On average, the CalSTRS retirement benefit replaces 50% to 60% of a career educator's salary. Next, you'll likely need personal savings and investments. According to financial professionals, you'll likely need 80% to 90% of your final salary to retire comfortably.

#### CalSTRS 2% at 60 members

##### 25 years

of service credit at age 60 = 50% of your final compensation



##### 30 years

of service credit at age 60 = 66% of your final compensation, including the career factor enhancement



**career factor enhancement**

#### CalSTRS 2% at 62 members

##### 25 years

of service credit at age 62 = 50% of your final compensation



##### 30 years

of service credit at age 62 = 60% of your final compensation



CalSTRS 2% at 62 members are not eligible for the career factor enhancement.

Calculate more scenarios at [CalSTRS.com/calculators](https://CalSTRS.com/calculators).

### What else can I do?

- Start a CalSTRS Pension2 403(b) or 457(b) account for additional income in retirement.
- Build your CalSTRS Defined Benefit Supplement account by taking on extra-pay assignments.
- Purchase service credit, if eligible to do so.
- Work longer.
- See the retirement income gap worksheet on page 40.

## CalSTRS by the numbers





# CalSTRS programs at a glance

## Defined Benefit Program

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

### Retirement benefit

With five years of service credit, you're eligible for a lifetime monthly benefit that provides a fixed percentage of your final compensation based on your age when you retire and your years of service:

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

You can choose to provide a lifetime monthly benefit to someone after your death, which will reduce the amount of your monthly benefit.

### Contributions in 2019–20

**CalSTRS 2% at 60 members:** You contribute 10.25% of your creditable compensation.

**CalSTRS 2% at 62 members:** You contribute 10.205% of your creditable compensation.

**Your employer** contributes an amount equal to 17.10% of your creditable compensation.

**The State of California** contributes 7.828% of members' annual creditable compensation, including about 2.5% of members' earnings to pay for purchasing power protection.

### Eligibility for retirement

**CalSTRS 2% at 60 members:** You can retire at age 50 with at least 30 years of service credit. You can retire at age 55 with five years of service credit—or fewer, if you retire under the special circumstances of concurrent service retirement with other eligible California public retirement systems.

**CalSTRS 2% at 62 members:** You're eligible to retire at age 55 with at least five years of service—or fewer, if you retire under the special circumstances of concurrent service retirement.

### Survivor and disability benefits

Depending on your years of service credit, whether you elected an option and whether you die before or after retirement, your survivors may receive a monthly benefit or a refund of the balance in your account, and a one-time death benefit.

The basic disability benefit is 50% of your final compensation calculated based on your actual earnings, up to 90% of your final compensation when including benefits for eligible children.

## Defined Benefit Supplement Program

A supplemental cash balance plan for Defined Benefit Program members for earnings for service in excess of one year in a school year and other specific compensation.

### Retirement benefit

Your Defined Benefit Supplement account balance, including interest earned, is yours at retirement as a lump sum or an annuity.

### Contributions

**CalSTRS 2% at 60 members** contribute 8% and **CalSTRS 2% at 62 members** contribute 9% of their creditable compensation to this account on earnings for service in excess of one year in a school year. Employers contribute 8% of your creditable compensation on earnings for service in excess of one year in a school year.

For **CalSTRS 2% at 60 members**, contributions for limited-term payments are also credited to this account. If you were a CalSTRS member from January 1, 2001, to December 31, 2010, one-fourth of your 8% member contribution to the Defined Benefit Program was credited to your Defined Benefit Supplement account during that time.

### Survivor and disability benefits

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

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

- See “Your Defined Benefit Program membership,” page 21, and “Your Defined Benefit Supplement account,” page 24.
- You can find out if you're a CalSTRS 2% at 60 member or a CalSTRS 2% at 62 member by looking on your *Retirement Progress Report*, available at [myCalSTRS.com](http://myCalSTRS.com).

## Cash Balance Benefit Program

Employers can offer part-time educators this cash balance retirement plan, or another, as an alternative to the Defined Benefit Program or Social Security.

### Retirement benefit

Your Cash Balance Benefit account balance, which includes your contributions, your employer's contributions, guaranteed interest and any additional earnings credits, is yours at retirement as a lump-sum payment or an annuity.

### Contributions

You typically contribute 4% of your salary.

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

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

### Survivor and disability benefits

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

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

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

## CalSTRS Pension2

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

### Retirement benefit

Your investment account balance at retirement—early withdrawal tax penalties may apply if you're under age 59½.

### Contributions

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

### Survivor and disability benefits

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

● See "CalSTRS Pension2," page 41.

## Your Retirement Progress Report

Your *Retirement Progress Report* is one of your most important CalSTRS records. **Keep tabs on your CalSTRS account and service credit balances by reviewing your *Retirement Progress Report* each year.** Your new report is available online on *myCalSTRS* in mid-September.

Your report states:

- Your service credit.
- Your benefit structure: Whether you're a CalSTRS 2% at 60 member or a CalSTRS 2% at 62 member.
- The name of your one-time death benefit recipient and preretirement option beneficiary, if you elected one.
- The accumulated contributions and interest in your accounts.
- Any excess member contributions for the year.
- Your disability and survivor benefits under Coverage A or Coverage B.
- Two estimates of your CalSTRS monthly retirement benefit and your Defined Benefit Supplement account distribution once you're age 45. These are estimates only and are not binding.

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

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

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

Be sure to verify your paycheck information, including deductions, each pay period.



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



**A personal report for: DEFINED BENEFIT MEMBER** Birth year: 1952  
 Client ID: 333333333 Initial Membership date: 06/01/2001

Your Retirement Progress Report provides an overview of your CalSTRS benefits. Review this report and verify your account information such as your years of service credit, retirement option, one-time death benefit recipient and employer is accurate. The information reported by your employer, such as your years of service credit, will be used to calculate your retirement benefit. Contact your employer to correct an error or report a discrepancy.

**Your Retirement Benefit Basics**

As a CalSTRS member, you participate in a hybrid retirement system consisting of traditional defined benefit (Defined Benefit Program), cash balance (Defined Benefit Supplement Program) and voluntary defined contribution (CalSTRS Pension2™) plans. With the passage of the California Public Employees' Pension Reform Act of 2013, CalSTRS has two benefit structures:

- **CalSTRS 2% at 60:** You're eligible to retire at age 50 with at least 30 years of service credit, at age 55 with at least five years of service credit, or under the special circumstances of concurrent retirement.
- **CalSTRS 2% at 62:** You're eligible to retire at age 55 with at least five years of service credit or under the special circumstances of concurrent retirement.

You can find which benefit structure you're under in the **Special Messages** section on page 3.

**Defined Benefit Program**

Your retirement benefit is a defined benefit pension calculated using a formula that provides a fixed percentage of your final compensation as of the age you retire and your years of service credit, not on how much you contribute or how well CalSTRS investments perform. The formula:

Service Credit x Age Factor x Final Compensation = Your Retirement Benefit

Service Credit is time, in full and partial years, that you earned creditable compensation for CalSTRS-covered service. Your total service credit is listed below.

SERVICE CREDIT ACTIVITY	SERVICE CREDIT
DB beginning balance as of July 1, 2017	14,000
Current year service credit	0,964
DB ending balance as of June 30, 2018	14,964

The Defined Benefit Account Activity shows your 2017-18 fiscal year contributions and interest. For 2017-18, Defined Benefit accounts earned 0.9 percent interest. Remember, your monthly benefit is based on the formula above, not on your contributions or total account balance. For more information, see "Your Defined Benefit Membership" in the Member Handbook at [CalSTRS.com/publications](http://CalSTRS.com/publications).

DEFINED BENEFIT ACCOUNT ACTIVITY	MEMBER		INTEREST (E)	TOTAL (E)
	PAID	NET DEFERRED		
DB beginning balance as of July 1, 2017	0.00	91,542.09	6,726.44	98,268.53
Interest credited for 2017-2018		6,429.68	106.32	6,536.00
Current year contributions		6,429.68		6,429.68
DB ending balance as of June 30, 2018	0.00	94,021.74	6,896.37	100,918.11

Log in to your account at [myCalSTRS.com](http://myCalSTRS.com) to view your earnings and contributions by employer and a glossary of terms used in this report.

**Additional**

**More Money for**

**Defined Benefit Supplement**


As a Defined Benefit Supplement account holder, you can contribute to your retirement. This is a voluntary defined contribution plan. Since you cannot contribute to a school plan, contributions from you to the compensation can build your account as a summer school or music director. With CalSTRS retirement Supplement funds, if you're under the limited-term payment schedule, you can contribute to your account.

**Excess Contributions**


If you earn more than you're eligible for, you can contribute to your Defined Benefit Supplement account. Excess contributions are reported in the Messages section. CalSTRS will return your excess contributions, typically in October of the following year. Excess contributions are reported in the Messages section. The amount returned to you depends on your employer's policy.

**Social Security**

As a CalSTRS member, you can receive your Social Security benefits through CalSTRS.



**Retirement Progress Report 2019**  
 Your Annual Account Statement and Planning Guide  
 Defined Benefit Program as of June 30, 2019

 **If you believe there's a discrepancy in your report, contact your employer immediately.**

# myCALSTRS ▶ Are you registered?



myCalSTRS offers easy, secure and convenient access to your accounts and CalSTRS forms, any time, anywhere. Register at [myCalSTRS.com](https://myCalSTRS.com). Once you complete the process, your myCalSTRS account will be active.

With myCalSTRS, you can:

- 1 Update your contact information.
- 2 Access your annual *Retirement Progress Report* and view information reported by your employer.
- 3 View your account balances.
- 4 Name and update your one-time death benefit recipient.
- 5 Ask questions and receive prompt, secure answers.
- 6 Complete and submit forms.
- 7 Link to your CalSTRS Pension2 403(b) or 457(b) account, if you have one.



Need help registering?

View the self-paced, interactive online registration guide at [myCalSTRS.com](https://myCalSTRS.com).

You'll find help with resetting your password at [CalSTRS.com/myCalSTRS-help-videos](https://CalSTRS.com/myCalSTRS-help-videos).

## Connect on social media

Engage with us on your favorite social media. Get to know what we do, keep up on the latest CalSTRS news, and share and connect with other educators like you!

▶ [CalSTRS.com/stay-connected](https://CalSTRS.com/stay-connected)





# Your CalSTRS resources



## Online

### **myCalSTRS**

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

### **CalSTRS.com**

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

### **Pension2.com**

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

### **403bCompare.com**

Compare the 403(b) plans in California offered by your employer.

### Stay Connected



## Forms

Find the forms you need to designate a one-time death benefit recipient, apply for a service retirement, update your address and more on [CalSTRS.com](https://CalSTRS.com) and on [myCalSTRS](https://myCalSTRS.com). Also, find the CalSTRS offices that accept hand-delivered forms.

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



## Publications

Find publications online:

- Benefit Improvement: Supplemental Payments*
- Cash Balance Benefit Program*
- Community Property Guide*
- Concurrent Retirement*
- Introduction to CalSTRS Disability Benefits*
- Join CalSTRS? Join CalPERS?*
- Member Handbook*
- Member Kits*
- Pension2 ebook*
- Purchase Additional Service Credit*
- Purchase Service Credit Now*
- Refund: Consider the Consequences*
- Retirement Progress Report*
- Social Security, CalSTRS and You*
- Survivor Benefits: Remember Your Loved Ones*
- Tax Considerations for Rollovers*
- Understanding the Formula*
- Uniformed Services Employment and Reemployment Rights Act*
- Welcome to CalSTRS*
- Working After Retirement*
- Your Disability Benefits Guide*
- Your Retirement Guide*

### Newsletters

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

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



## Videos

Watch these short videos to learn more about your benefits:

*Beneficiary Options*

*Connect Now*

*Defined Benefit Supplement Program*

*Disability Benefits*

*Introduction to Social Security*

*myCalSTRS is...*

*Purchasing Service Credit*

*Refund: Consider the Consequences*

*Retirement Benefits Calculator*

*Survivor Benefits*

*The Gap*

*Understanding the Formula*

*Welcome to CalSTRS*

*Working After Retirement*

*Your CalSTRS Retirement Progress Report*

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



## Reports

Read these reports to find out how CalSTRS continues to be a leader in diversity and sustainability.

*Diversity in the Management of Investments Report*

*Green Initiative Task Force Report*

*Sustainability Report*

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



## Hybrid benefits specialists

Make an appointment with a hybrid benefits specialist at one of our member service centers. In addition to their knowledge of the Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs, they offer in-depth information about CalSTRS Pension2's 403(b) and 457(b) plans for additional retirement savings.

> Call 888-394-2060 or email [Pension2@CalSTRS.com](mailto:Pension2@CalSTRS.com)



## Pension abuse reporting hotline

Anonymous report suspicions of pension abuse by calling us toll free at 855-844-2468.

> [CalSTRS.com/pension-abuse-reporting](https://www.calstrs.com/pension-abuse-reporting)



## Workshops

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

**Workshops**—Understand your benefits and retirement decisions.

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

● See "Benefits planning services," page 54.

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

## Benefits planning sessions

Meet with a benefits specialist for help with the decisions you'll need to make when you retire. Learn with fellow educators in a confidential and interactive small group setting. Contact your local office or visit *myCalSTRS* to schedule a session.

You can also meet with a benefits specialist individually in person or over the phone.

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



## CalSTRS Ombudsman

Contact the CalSTRS Ombudsman for help with complex issues not solved through usual channels.

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



## CalSTRS benefits planning offices

### Member service centers

Location			Telephone number	Hours
Fresno	Redding	Santa Clara	800-228-5453 ext. 3	M–F 8–5
Glendale	Riverside	West Sacramento		
Irvine	San Diego			

Have a question? Send us a secure online message using your *myCalSTRS* account or call us at 800-228-5453. You can also visit one of our member service centers or satellite offices.

### Satellite offices

Location					Telephone number
Bakersfield	Eureka	Murrieta	Salinas	Santa Rosa	800-228-5453 ext. 3
Brea	Hanford	Ontario	San Francisco	Visalia	
Ceres	Hayward	Oxnard	San Marcos	Walnut	
Culver City	Hesperia	Palm Desert	Santa Barbara		
Downey	Lancaster	Palm Springs	Santa Cruz		
El Centro	Los Alamitos	Pleasant Hill	Santa Maria		

Hours and services vary at satellite offices, so call ahead or visit [CalSTRS.com/localoffices](https://www.calstrs.com/localoffices) for more information.

For the most current listing of our member service centers and satellite offices, visit [calstrs.com/member-service-centers](https://www.calstrs.com/member-service-centers).



## Your checklist



- Early career
- Mid-career
- Near retirement



Check your *Retirement Progress Report* every year to make sure your service credit is accurate.

### Less than one year of service credit

- Activate your *myCalSTRS* account at [myCalSTRS.com](https://myCalSTRS.com) to view your account balances and service credit, update your contact information and more online.
- Designate a one-time death benefit recipient using *myCalSTRS* or by completing the *Recipient Designation* form, available at [CalSTRS.com/forms](https://CalSTRS.com/forms).
- Watch the member education videos at [CalSTRS.com/videos](https://CalSTRS.com/videos) for a quick way to learn about your benefits. Check out the videos at [CalSTRS.com/videos](https://CalSTRS.com/videos).
- Start a tax-advantaged 403(b) or 457(b) account for additional money in retirement. Consider *CalSTRS Pension2*, which offers low costs and flexible investment options. See page 41 and the *Pension2* ebook at [Pension2.com](https://Pension2.com) to learn more.

### One to five years of service credit

Your survivors are eligible to receive a **CalSTRS one-time death benefit and survivor benefit if you should die before retirement.**

- Designate a one-time death benefit recipient using *myCalSTRS* or by completing the *Recipient Designation* form, available at [CalSTRS.com/forms](https://CalSTRS.com/forms), if you haven't already.
- Attend a *CalSTRS* workshop or benefits planning session for new members.

### Five years of service credit

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

- Attend a *CalSTRS* workshop or benefits planning session tailored to your career stage.
- Consider increasing your contribution to your 403(b) or 457(b) account.
- Consider purchasing additional service credit if you're eligible to redeposit service credit or purchase permissive service credit. The earlier you purchase service credit, the lower the cost. Use the calculators at [CalSTRS.com/calculators](https://CalSTRS.com/calculators) to estimate the cost or submit the *Redeposit or Purchase Permissive Service Credit* form at [CalSTRS.com/forms](https://CalSTRS.com/forms).
- Estimate your retirement benefit using the *Retirement Benefits Calculator* at [CalSTRS.com/calculators](https://CalSTRS.com/calculators).
- Develop a financial plan for your secure future.

## 10 years of service credit

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

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

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

### You're eligible to retire.

- Familiarize yourself with the federal Windfall Elimination Provision and the Government Pension Offset rules if you're eligible for a Social Security benefit based on other employment or your spousal Social Security benefit.
- Attend a CalSTRS and Your Retirement session to receive personalized benefit estimates prepared by a CalSTRS benefits specialist.
- Submit the *Preretirement Election of an Option* form if you want to provide a lifetime monthly benefit to someone should you die before retirement.
- Make sure your one-time death benefit recipient information is current.
- Complete and submit your *Service Retirement Application* online using *myCalSTRS* for faster processing, no earlier than six months before your retirement date. If you have a complex application, you can still complete it online, then print, sign and mail or fax it to us.



### Your benefit structure

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

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

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

# Your Defined Benefit Program membership

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

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

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

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

- See "Your CalSTRS basics," page 7, and "Your retirement benefit," page 57, for definitions of service credit, age factor and final compensation.

## Membership

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

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

**Creditable service** includes activities such as teaching, vocational or guidance counseling, mentoring, services related to school curriculum, certain administrative duties and any additional activities related to, and an outgrowth of, the instructional and guidance program of the school.

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

Only activities identified as creditable service count toward years of service for CalSTRS retirement. Contact your employer if you have questions about whether your service or compensation is creditable.

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

### Full-time educators

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

### Part-time educators

If you're a part-time, substitute or temporary employee performing creditable service in the California public school system, you can choose to belong to the Defined Benefit Program or an alternative program if offered by your employer, such as the Cash Balance Benefit Program. Your employer must notify you of your right to elect membership in the Defined Benefit Program within 30 days of hire, but you can elect membership at any time. If you choose to elect membership in the Defined Benefit Program, your membership date can be as early as the first day of the pay period in which the election is made. Your election must be on the designated CalSTRS form provided by your employer, and CalSTRS must receive it within 60 days of your signature date. When you permissively elect membership in the Defined Benefit Program, all creditable service you perform following your membership effective date will be credited to the Defined Benefit Program, including any creditable service you may be performing with another employer.

- See the "Cash Balance Benefit Program," page 35.

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

## Employment status    Mandatory Defined Benefit Program membership begins

### School district or county office of education

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

### Community college districts

Non Temporary, Non Adjunct	First day of employment, unless employed on a temporary basis.
Temporary, Adjunct	Excluded from mandatory membership.



## Charter school educators

If you're a charter school employee performing creditable service in a charter school that is eligible to receive state apportionment, you're eligible for CalSTRS membership only if your school's charter designates the school's participation in the CalSTRS retirement benefit programs. The same mandates and eligibility for electing to participate in the Defined Benefit Program apply to charter schools that have designated participation in CalSTRS.

## Eligibility for benefits

You'll be eligible for a guaranteed lifetime retirement benefit when you have five years of service credit under the Defined Benefit Program.

**CalSTRS 2% at 60 members:** You can retire as early as age 50 if you have at least 30 years of service credit. Or you can retire at age 55 with at least five years of service credit—or fewer, if you service retire concurrently from certain other California public retirement systems. See “Retiring from more than one public retirement system,” page 46, for a list of eligible California public systems.

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

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

## Contributions

### Your contributions

**CalSTRS 2% at 60 members:** You contribute 10.25% of your creditable compensation to your CalSTRS retirement for service performed, up to the compensation cap (see page 114).

**CalSTRS 2% at 62 members:** Your contribution rate is connected to the normal cost of your retirement benefits. When changes in the normal cost meet certain thresholds defined by law, your contribution rate is adjusted. The normal cost is determined each year based on the actuarial valuation, the snapshot of CalSTRS' financial status presented to the Teachers' Retirement Board each spring. For 2019–20, your contribution rate is 10.205 percent of your creditable earnings, up to the compensation cap (see page 114).

- Most employers participate in the federal Employer Pick-Up Program, which allows employers to exclude your contributions from your taxable gross income. See “Governance, tax information and legal matters,” page 111.

### Your employer's contributions

For 2019–20, your employer—school district, community college district, participating charter school or county office of education—contributes an amount equal to 17.10% of your earnings to CalSTRS. Your employer's contributions are not credited to your Defined Benefit account but are deposited into the Teachers' Retirement Fund to help fund the benefits paid to all members and beneficiaries. The rate for 2020–21 is 18.40%.

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

Build your Defined Benefit Supplement account by taking on outgrowth, or extra-pay, assignments. See page 57.

### The state's contributions

For 2019–20, the State of California contributes 7.828% of the annual earnings of all members, plus about 2.5% for the CalSTRS Supplemental Benefit Maintenance Account for purchasing power protection. The SBMA account is used to maintain the purchasing power of benefits. The state contribution rate may increase by up to 0.5% in 2020–21.

- See “Purchasing power protection” on page 85.

### Your Defined Benefit Program account

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

The amount in your account is not used to calculate your retirement benefit. Your retirement benefit is a guaranteed lifetime benefit using a formula based on your service credit, age at retirement and final compensation. If you decide to take a refund, you'll forfeit any right to a benefit immediately upon withdrawing your accumulated retirement contributions and credited interest.

- See “Refunding” on page 26.

### Interest

Interest is credited to your accumulated Defined Benefit Program account balance. The interest rate is adopted annually by the Teachers' Retirement Board and approximates the yield on two-year Treasury notes. The rate through June 30, 2020, is 2.60%.

### Your Defined Benefit Supplement account

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

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

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

If you're a **CalSTRS 2% at 60 member**, you and your employer each contribute 8% of your earnings, for a total of 16%, to your Defined Benefit Supplement account on the following types of earnings:

- Earnings for service in excess of one year of service credit in a school year.
- Special limited-term payments.

From January 1, 2001, to December 31, 2010, one-fourth of your 8% member contribution to the Defined Benefit Program was redirected to your Defined Benefit Supplement account.

If you're a **CalSTRS 2% at 62 member**, you contribute 9% and your employer contributes 8% of your earnings for service in excess of one year in a school year to your Defined Benefit Supplement account.

If you have earnings for service in excess of one year of service credit but below the compensation cap, contributions on those earnings will be credited to your Defined Benefit Supplement account. Limited-term payments and retirement incentives are not creditable to any CalSTRS program. There are no other sources of funds for your Defined Benefit Supplement account. To learn more about the compensation cap, see page 114.

## Interest

Your Defined Benefit Supplement account earns interest at a rate set at the beginning of each plan year, July 1 through June 30, by the Teachers' Retirement Board, based on the average 30-year Treasury rate. The rate through June 30, 2020, is 3.12%.

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

## Return of excess contributions

Your Defined Benefit Program account contains your member contributions on up to one year of service performed in a school year. Any contributions on earnings for service in excess of one year of service are credited to your Defined Benefit Supplement account following the end of the fiscal year. Because the contribution rate is higher for the Defined Benefit Program than for the Defined Benefit Supplement Program, you're eligible for a return of your contributions for that excess service.

For example, Gabriel is a CalSTRS 2% at 60 member who earned \$60,000 last year in his regular full-time assignment and an additional \$5,000 coaching an after-school program. During the school year, he paid the 10.25% contribution rate on all his earnings. In the fall, CalSTRS will credit 16% of his after-school coaching pay to his Defined Benefit Supplement account (8% from Gabriel and 8% from his employer) and his employer will return \$112.50 to him:  $(\$5,000 \times 10.25\%) - (\$5,000 \times 8\%) = \$112.50$ .

### Defined Benefit Program

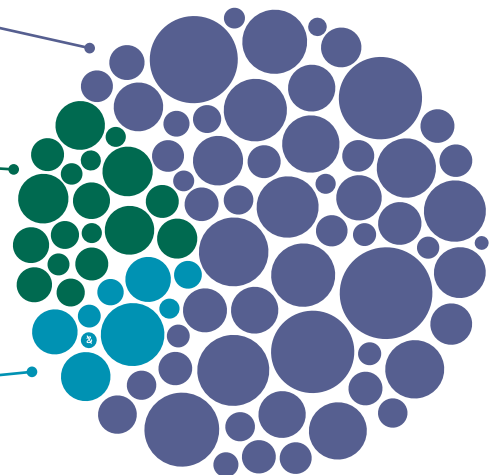
Gabriel earned a year of service credit from his regular teaching assignment to be used to determine his lifetime benefit under the Defined Benefit Program.

### Defined Benefit Supplement account

Following the end of the fiscal year, CalSTRS credited the equivalent of 8% of Gabriel's summer school compensation to his Defined Benefit Supplement account on behalf of Gabriel and an additional 8% to his Defined Benefit Supplement account on behalf of his employer.

### Excess contributions

CalSTRS returned excess contributions to Gabriel's employer, then his employer returned Gabriel's portion to him.



## Redepositing as a member of another public system

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

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

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

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

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

## Accessing your funds

Your Defined Benefit Supplement account balance is distributed to you:

- When you begin receiving your monthly service retirement benefit or a disability benefit.
- OR
- Six months after you terminate CalSTRS-covered employment, if you take a refund. If you return to CalSTRS-covered employment within the six-month time frame, your Defined Benefit Supplement distribution will be canceled.

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

● See "Your survivor benefits," page 89, and "Your disability benefits," page 99, for Defined Benefit Supplement distribution choices upon your death or disability.

## Sick leave

At service retirement, CalSTRS will process and convert your unused sick leave to additional service credit using the information your employer provides. If you change employers during your career, coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

● See also "Converting unused sick leave to service credit," page 58.

## Refunding

If you no longer work in a CalSTRS-covered position, you can leave your money with CalSTRS until you're eligible to retire, request a refund or reach the federal required minimum distribution age.

● See also "Internal Revenue Codes affecting benefits," page 113.

## Know the consequences of a refund

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

### Benefits of leaving your contributions with CalSTRS:

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

### Consequences of receiving a refund:

- You'll no longer be a CalSTRS member.
- You'll forfeit your eligibility for your CalSTRS retirement benefit.
- You may not redeposit your Defined Benefit Program contributions unless you requalify for CalSTRS membership or are a member of one or more other eligible California public retirement systems.
- Any option beneficiary or one-time death benefit recipient designation will be canceled. If you return to CalSTRS membership and later retire, we will calculate an assessment at retirement for the preretirement election of an option you previously made. The assessment may reduce your lifetime monthly retirement benefit. If you reinstate, you may designate a new one-time death benefit recipient or option beneficiary.
- You must receive the total balance of your Defined Benefit Supplement account as a termination benefit. You cannot redeposit this distribution.
- Your refund and Defined Benefit Supplement termination benefit may be taxed as income unless they are rolled over into a qualified retirement account. CalSTRS is required to withhold 20% federal income tax on all payments distributed directly to you. We will withhold California state income tax at 2% unless you elect not to have California state income tax withheld or you're not a resident of California. You may have to pay additional federal and state taxes if you take your refund before age 59½ and do not roll over your funds to a qualified retirement plan. Consult a tax professional to determine your tax liability. Also see *Tax Considerations for Rollovers* at [CalSTRS.com/publications](https://www.calstrs.com/publications).

In addition, your Social Security benefit, if you're eligible to receive one from other employment or a spouse, may still be offset by two federal rules—the Windfall Elimination Provision or the Government Pension Offset—even if you take a refund. See "Social Security offsets," page 51.

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

- You will be covered under Coverage B for survivor and disability benefits even if you previously had Coverage A.
- You must earn one year of service credit since your last refund and have at least five years of service credit before being eligible for a CalSTRS retirement benefit, including a disability benefit, unless you meet the exception related to an unlawful act (see "Your disability benefits," page 99).

- You will be under the CalSTRS 2% at 60 benefit structure if you were first hired to perform service that could be credited to the Defined Benefit Program before January 1, 2013.

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

## Taking a refund

### Defined Benefit account

When you terminate your CalSTRS-covered position, you can request to receive a refund of your Defined Benefit member contributions, plus the interest earned on your contributions. Partial refunds are not allowed. In addition, employer and state contributions are not refundable.

### Defined Benefit Supplement account

After you terminate employment and request a refund, if you have not performed creditable service, including substitute teaching, for six months, CalSTRS will provide you with a termination benefit from your Defined Benefit Supplement account. Your termination benefit will include your member contributions and your employer's contributions, plus interest earned on those contributions, that were credited to your Defined Benefit Supplement account.

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

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

## Redepositing to restore service credit

A redeposit allows you to restore the service credit you lost when you took a refund of your Defined Benefit contributions and interest earnings. If you return to CalSTRS-covered employment, or if you're a member of one or more other eligible California public retirement systems, you may restore past Defined Benefit refunded service credit by redepositing your refunded contributions plus interest. The interest rate is equal to the actuarially assumed rate of return on CalSTRS investments, currently 7%.

You may choose to restore a portion rather than all of the service credit you lost when you took a refund. The more time between your refund and redeposit, the higher the cost to redeposit.

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

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

**Note:** Redepositing does not reestablish your earlier membership date for calculating your retirement benefit—or benefits that may have been available to you before you received a

refund. If you were first hired to perform service that could be credited to the Defined Benefit Program before January 1, 2013, you'll still be under the CalSTRS 2% at 60 benefit structure.

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

### **Cost to redeposit**

The cost to redeposit depends on how much service credit you wish to purchase and, because interest must be paid, the length of time between your refund and your request to redeposit the funds.

Many members end up making a redeposit close to retirement, and often the interest that accrues during this time can make a redeposit costly. It costs less to redeposit earlier in your career. You can purchase a portion, rather than all, of the service credit represented by any refund you received. If you choose to redeposit a portion of your contributions, we will provide you with service credit that is proportional to the total amount you refunded.

For example, a teacher who withdrew \$10,000 (representing three years of service credit) on May 1, 1995, and wanted to purchase those years of service credit on January 1, 2020, would be required to redeposit \$47,106.

- See "Purchasing service credit," page 59, and the *Purchase Additional Service Credit* booklet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

### **Former Local Service**

If you have Local Service credit listed on your *Retirement Progress Report* (for example, certain members who worked for districts in San Francisco and Los Angeles), it is not fully funded. Unless you submit additional contributions, your retirement benefit will include only up to \$2.40 per year of Local Service credit. To fully fund this service, contact us.

### **Changing employment to a different public retirement system**

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

### **If you change to a position under another public retirement system**

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

## Social Security

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

The retirement system election:

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

### If you're a CalPERS member

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

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

If you're a CalPERS member taking a position that requires CalSTRS membership and think you're eligible to elect to continue coverage under CalPERS, contact CalPERS to verify your eligibility.

### Dual membership

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

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



## Benefits for part-time educators

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

### Retirement plans and options

If you're performing creditable service in a public school and your time base is less than half time, your employer must offer you either Social Security or an alternate retirement program, in addition to the Defined Benefit Program. Contact your employer for details about the programs it offers.

The CalSTRS Cash Balance Benefit Program is an alternative program to Social Security. Offering the Cash Balance Benefit Program may be bargained. Contact your district, county superintendent of schools or union representative to find out if the Cash Balance Benefit Program is available to you.

### Defined Benefit Program

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

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

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

### Full-time equivalent

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

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

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

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

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

### Minimum full-time equivalent

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

### Part-time community college and adult education instructor service credit example

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

	Percent Time Worked	FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
Community college instructor	45% (270 hours)	600 hours	\$21,600	÷	\$48,000	=	0.450
Adult education instructor	40% (350 hours)	875 hours	\$16,800	÷	\$42,000	=	0.400
Total service credit						=	0.850

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

### Part-time prek–12 teacher service credit example

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

	Percent time worked	FTE	Actual earnings	÷	Full-time rate	=	Service credit earned
PreK–12 instructor	30% (315 hours)	1,050 hours	\$12,600	÷	\$42,000	=	0.300

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

## Calculating your compensation earnable

Your compensation earnable is not the salary you actually were paid, but 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, which is also known as the annualized pay rate, plus any remuneration in addition to salary. To determine your annualized pay rate, take the hourly or daily rate for the position and multiply it by the full-time equivalent for the position. To determine the compensation earnable for a school year, take the total amount of earnings, divide it by the total amount of service credit and add any remuneration in addition to salary.

**CalSTRS 2% at 60 members:** The cap on compensation that can be used to provide a CalSTRS benefit if you became a CalSTRS member or Cash Balance Benefit participant on or after July 1, 1996, is \$280,000 for 2019–20; for 2020–21, the limit is \$285,000 (see page 114).

**CalSTRS 2% at 62 members:** The cap on compensation, even if earned through a combination of employers, is \$148,423 for fiscal year 2019–20. The cap is adjusted each July based on changes in the Consumer Price Index for All Urban Consumers: U.S. City Average. To learn more about the compensation cap, see page 114.

## Calculating your final compensation

Another key component of your service retirement calculation is your final compensation.

**CalSTRS 2% at 60 members:** Your final compensation is equal to the highest average annual compensation earnable for 36 consecutive months, or any 12 consecutive months of your highest average annual compensation earnable if you have earned 25 or more years of service credit.

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

## Increasing your retirement benefit

### Increase service credit with additional assignments

As a part-time educator, you may wish to consider taking on additional assignments to earn more service credit if you are not earning one full year of service credit under your existing assignment. Additional service credit will be included in calculating your total service credit for that school year.

### Consider final compensation if working in multiple positions

When you work in multiple assignments for the same or different employers, your compensation earnable is the sum of all your actual earnings divided by the sum of all the service credit plus any remuneration in addition to salary you earned for the school year.

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

● See also "Your Defined Benefit Program membership," page 21.

## Calculating your service credit

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

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

## Working in multiple positions

### EXAMPLE

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

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

### Working in multiple positions

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

Employer	Earnings	Service credit
A	\$ 3,360	0.100
B	30,250	0.500
C	6,563	0.250
<b>Total</b>	<b>\$ 40,173</b>	<b>0.850</b>

Kali's annual compensation earnable:  $\$40,173 \div 0.850 = \$47,262$

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

Employer	Earnings	Service credit
A	\$ 3,360	0.100
B	30,250	0.500
<b>Total</b>	<b>\$33,610</b>	<b>0.600</b>

Kali's annual compensation earnable:  $\$33,610 \div 0.600 = \$56,017$

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

Employer	Earnings	Service credit
B	\$30,250	0.500
<b>Total</b>	<b>\$30,250</b>	<b>0.500</b>

Kali's annual compensation earnable:  $\$30,250 \div 0.500 = \$60,500$

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

Works all three jobs for all 36 months:

Service credit	Age factor	Monthly final compensation
11.500 x	2.4%	x \$3,938 = <b>\$1,087 per month</b>

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

Service credit	Age factor	Monthly final compensation
10.750 x	2.4%	x \$4,668 = <b>\$1,204 per month</b> or \$117 more per month

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

Service credit	Age factor	Monthly final compensation
10.450 x	2.4%	x \$5,042 = <b>\$1,265 per month</b> or \$178 more per month

## Cash Balance Benefit Program

The Cash Balance Benefit Program is the CalSTRS retirement plan for preK–12 employees who are performing service under 50% of the full-time equivalent, such as substitutes, part-time hourly or daily employees, or community college district employees who are adjunct or temporary educators. Your district may offer the Cash Balance Benefit Program as an alternative to Social Security. Your eligibility to participate in the program is determined by your basis of employment rather than the actual number of hours or days you work, and whether your employer offers the program.

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

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

- Salary must be paid in cash each pay period in which creditable service is performed for compensation to count toward salary for a Cash Balance benefit.
- Salary credited to CalSTRS from all employers is capped at \$148,423 in 2019–20, adjusted annually based on changes to the Consumer Price Index for All Urban Consumers: U.S. City Average.
- The normal retirement age is 62.

The Cash Balance Benefit Program provides:

- **Immediate vesting**  
You're immediately eligible for a benefit equal to the balance of your account, which includes your contributions, employer contributions, compounded interest earned on the contributions and any additional earnings credits.
- **Variable contribution rates that can be bargained**  
Your employer contributes at least 4% of your salary, and generally, you also pay 4%. Alternative rates may be bargained; however, the combined employer and employee contribution must be at least 8%. In addition, the employee contribution rate cannot be less than the employer contribution rate. You can receive a termination benefit equal to the total balance in your member and employer accounts if you terminate public school employment. If you leave your contributions and interest in your accounts, they will continue to earn interest.

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

- **Guaranteed interest rate**  
The interest rate is set annually by the Teachers' Retirement Board based on the average 30-year Treasury rate. The rate through June 30, 2020, is 3.12%.
- **Additional earnings credit**  
At the end of the year, the Teachers' Retirement Board may grant an additional earnings credit to be added to your account if program assets sufficiently exceed the amount needed to meet liabilities.

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

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

- **Portability**

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

- See "Consolidating your Cash Balance and Defined Benefit program coverage," next page.

- **Options if you leave teaching**

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

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

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

- **Flexibility at retirement**

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

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

If you choose to receive your retirement benefit as a lump-sum payment, your benefit will become payable 180 calendar days after the date you terminate employment. If you return to work in a CalSTRS-covered position during this waiting period, your retirement will be canceled, and your funds will remain in your Cash Balance Benefit Program account.

**Note:** This 180 calendar day wait period does not apply if you've reached the federal required minimum distribution age.

## Eligibility

When you're hired to perform creditable service for less than 50% of the full-time equivalent for a position for a preK–12 district, county office of education or participating charter school that offers the Cash Balance Benefit Program, or to perform creditable service on a temporary basis

for a community college district that offers the Cash Balance Benefit Program, and you're not already a Defined Benefit Program member, your service will be covered under the Cash Balance Benefit Program, or you can elect to participate in the Defined Benefit Program or another retirement plan your employer may offer.

When you're hired to perform creditable service for less than 50% of the full time equivalent for a position for a preK-12 district, county office of education or participating charter school that offers the Cash Balance Benefit Program, and you're already a CalSTRS Defined Benefit Program member, you can choose to participate in the Cash Balance Program, otherwise your service will be covered by the Defined Benefit Program.

If you're participating in the Cash Balance Benefit Program and your basis of employment changes to 50% or more of the full-time position or is no longer defined as a temporary position, you'll automatically become a Defined Benefit Program member, and all subsequent service performed for that employer will be credited to your Defined Benefit account.

When you're hired by a preK-12 district, county office of education, participating charter school or community college district, your employer must inform you that as a part-time employee you can elect membership in the Defined Benefit Program at any time while employed to perform creditable service.

### **Working for multiple employers**

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

## **Social Security**

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

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

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

● Also see "Social Security offsets," page 51.

## **Consolidating your Cash Balance and Defined Benefit program coverage**

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

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

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



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

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

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

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

**Advantages of consolidating your benefits:**

- You may increase the amount of service credit that will be used to determine your retirement benefit, which will increase your monthly retirement benefit.
- If you're a CalSTRS 2% at 60 member, service credit for your eligible Cash Balance Benefit service also may be used toward your eligibility for benefit enhancements under the Defined Benefit Program, such as one-year final compensation and the career factor.

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



## Part-time educators: Choosing a plan that works for you

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

### Consider choosing the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to become eligible for a CalSTRS retirement benefit (five years of service credit). This could take up to 10 years of half-time employment.
- Want a monthly benefit that is based on a percentage of your average full-time equivalent salary.
- Are comfortable contributing a higher percentage of your pay toward your retirement. For CalSTRS 2% at 60 members, the 2019–20 contribution rate is 10.25%. For CalSTRS 2% at 62 members, the contribution rate is 10.205%.

### Consider choosing the Cash Balance Benefit Program if you:

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

## Questions to ask

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

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Do you plan to be a career educator?</li><li>• Does teaching provide supplemental income or is it your primary source of income?</li><li>• Before teaching, did you have employment that required you to pay into Social Security?</li><li>• What is the contribution rate for the plan and does your employer also make contributions?</li><li>• Is there a minimum requirement to be eligible for benefits?</li></ul> | <ul style="list-style-type: none"><li>• Does the plan offer a monthly retirement benefit for life, or is it a nonlifetime benefit based on contributions and interest?</li><li>• Does the plan charge administrative fees?</li><li>• Is there a guaranteed annual interest rate?</li><li>• Does the plan have a sound investment record?</li><li>• When does the plan permit distribution of your account?</li></ul> |
|---|--|



## Your retirement income gap worksheet

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

### 1. My retirement goal

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

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

### 2. Calculate my gap

$$\frac{\text{Service credit}}{\text{Age factor}} \times \text{Age factor} = \text{Service credit} \times \text{Age factor} = \text{My goal} \times \text{Age factor} = \text{My gap}$$

$$\frac{\text{My goal}}{\text{Age factor}} = \text{My gap}$$

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

### 3. Bridge my gap

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

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

**What if I add supplemental savings, such as a Pension2 403(b) or 457(b) account?**

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

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

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

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

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

**What if I extend my career or purchase service credit?**

$$\frac{\text{Adjusted service credit}}{\text{Adjusted age factor}} \times \text{Adjusted age factor} = \text{Adjusted service credit} \times \text{Adjusted age factor} = \text{My adjusted gap}$$

$$\frac{\text{My goal}}{\text{Adjusted age factor}} = \text{My adjusted gap}$$

$$\text{My adjusted gap} - \text{My gap filled by my Defined Benefit Supplement and investment annuities} = \text{Any remaining gap}$$

**What is my estimated Social Security benefit, if I will be receiving one from other employment or a spouse?**

Be sure to factor in any offsets (see pages 51–52) \$ \_\_\_\_\_

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

See "Purchasing service credit" on page 59, and the career factor and age factor tables on pages 71–72.

# CalSTRS Pension2

CalSTRS Pension2 is CalSTRS' voluntary defined contribution plan and an important piece of the CalSTRS hybrid retirement system.

Pension2 offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans with low costs and flexible investment options. You can save a little or a lot—and you can change your contribution amount at any time.

The average CalSTRS retirement benefit replaces 50% to 60% of a career educator's salary. You'll need to close any gap between your retirement income goal and your CalSTRS retirement benefit with savings and investments.

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

- **Low and transparent costs**
- **Easy payroll deductions**
- **Investment choices for every type of investor:**
  - » **Easy Choice Portfolios** provide ready-made diversified portfolios that simplify your investment decisions.
  - » **Core investment options** to build your own portfolio.
  - » **Self-Directed Brokerage Account** gives you access to hundreds of mutual funds.
- **Online tools and a team to help you succeed**

Scan this QR code to learn the advantages of Pension2.



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



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

## Open your Pension2 account

1

Complete the CalSTRS Pension2 403(b) or 457(b) enrollment form and return it to CalSTRS, enroll online at Pension2.com or call 888-394-2060.

2

Determine how much you want to invest.



Consider investing the 6.2% of your monthly salary that would have gone to Social Security.

3

Complete your district's salary reduction agreement form, available at your payroll office or online at 403bCompare.com (select Find Employer).

Investing involves risk, including risk of loss of principal.

**403bCompare**<sup>™</sup>

### How to find your salary reduction agreement at 403bCompare.com:

- 1 Go to 403bCompare.com and select My Next Steps.
- 2 Click Find Employer.
- 3 Type in the full name of your employer, with no abbreviations, in the Search Employer by Name box, then select the link.
- 4 Under Initiate or Change Contributions, select Salary Reduction Agreement.

**403bCompare**<sup>™</sup>

### 403bCompare—Find the right 403(b) for you

403bCompare.com is your resource for information on the 403(b) products offered by your employer.

You'll:

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

➤ Check out [403bCompare.com](https://www.403bcompare.com) today.

## The power of time and money

### How a 403(b) or 457(b) can work for you

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

Monthly contribution	Reduces your take-home pay by
\$50	\$32
\$100	\$63
\$150	\$95
\$200	\$126
\$250	\$142
\$300	\$173
\$400	\$252
\$500	\$315

### Have other retirement savings accounts?

#### Bring them all together

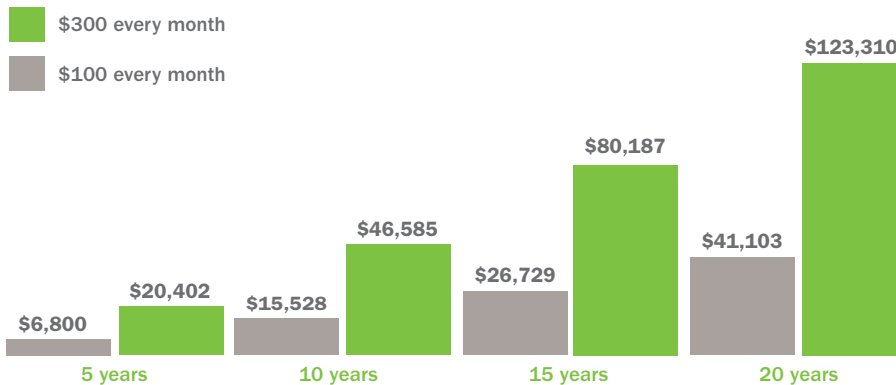
Consider rolling over money currently held in other qualified retirement plans to Pension2. You'll be able to manage your retirement savings in one place and save on fees.

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

### A little now can really add up later

Let's say you contribute \$100 a month to your account directly from your paycheck. If your account averages a 5% rate of return annually, after 20 years you could have \$41,103. If you increase your monthly contribution to \$300 a month, your savings could grow to \$123,310.

**+** An added benefit of tax-deferred contributions: Your \$300 investment may reduce your paycheck by only \$173.



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

# CalSTRS financial awareness workshop series

As your retirement plan, CalSTRS is committed to your secure financial future and helping you get there.

Our three-part financial awareness workshop series takes an in-depth look at financial planning, including saving money leading up to retirement, planning income and expenses in retirement, and protecting the retirement plans you've set in motion.

## Save for your future

### Learn household budgeting tips and how to establish short-term and long-term savings goals

A spending plan gives you control of your money, keeps you focused on your financial goals, and helps you organize your expenses, debt and savings. Learn the strategies financial planners use to get their clients on the right financial path.

In this workshop, you'll learn how to:

- Create a spending plan, considering your “must haves” and “wants.”
- Read and understand your credit report.
- Build and keep good credit.
- Manage your debt.
- Ask the right questions before investing.

You'll also get worksheets and strategies for creating a spending plan.

## Plan for your future

### Start planning for your future—it's not too early

Have you thought about how you'll spend your days in retirement? Picturing specifics will help you prepare the best plan to accomplish your goals.

In this workshop, you'll learn how to:

- Create an action plan for your retirement picture.
- Identify your expenses in retirement and how they'll likely change over time.

You'll learn about Medicare basics and Social Security offsets, if you'll qualify for Social Security from other work or a spouse.

You'll also get worksheets and learn strategies for managing your current and future expenses.

## Protect your future

### Get help protecting your retirement income

Learn ways to project your retirement income and expenses, and strategies to mitigate common retirement savings obstacles, including inflation, rising health care costs, scams and fraud. Learn how these strategies and others can help make your income last for your lifetime.

In this workshop, you'll learn how to:

- Identify your guaranteed and nonguaranteed income sources.
- Learn ways to reduce the risks of underestimating your expenses.
- Understand the strategies for withdrawing your invested dollars.

You'll also receive a guide to choosing a financial professional.

👉 **Register today** Find dates and locations near you at [CalSTRS.com/workshops](https://www.calstrs.com/workshops). Or call 800-228-5453, option 3.

# Planning for retirement

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

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

- See the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications), and "Social Security offsets," page 51.

## Deciding when to retire

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

If you're a **CalSTRS 2% at 62 member**, the earliest age you can retire is 55 with five years of service credit—or fewer if you retire under the special circumstances of concurrent service retirement. See page 46.

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

## Military service

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

- See "Reinstating to active member status," pages 86–88, and the *Uniformed Services Employment and Reemployment Rights Act* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications).

## Choosing your retirement date

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

If you're unable to submit your application before your retirement date, you can backdate your retirement effective date to the day following the last day you earned creditable compensation, but no earlier than January 1, 2012.

## Benefits for qualified uniformed service

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

Your retirement date must be after your last day of work, vacation or compensated approved leave.

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

## Retiring from more than one public retirement system

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

CalSTRS may use the full-time equivalent compensation for your service performed under the other retirement system to calculate your CalSTRS service retirement benefit. However, CalSTRS may only use compensation from the other retirement system for pay periods in which compensation earnable associated with CalSTRS service is not available. The other retirement system may also evaluate the compensation in accordance with the laws for its system.

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

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

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

➤ See the *Concurrent Retirement* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications).

## Reduced Benefit Election

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

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

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

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

**CalSTRS 2% at 62 members** are not eligible for the Reduced Benefit Election.



## Reduced Workload Program

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

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

Because contributions are based on your full-time annualized pay rate, you will receive full-time service credit while working less than full time. At retirement, your benefit will be calculated as if you continued to work full time, provided you complete your contractual agreement.

### Eligibility

To be eligible for the program, you must:

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

After discussing the Reduced Workload Program with your employer and reviewing your qualifications, you must enter into a contractual agreement with your employer to participate in the program for the entire school term. The agreement to reduce your workload must be in effect, and CalSTRS must verify your eligibility, before the beginning of the school term.

### Important considerations

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

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

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

Participation in school strikes may impact your eligibility to participate in the Reduced Workload Program. Please consult with your employer or union.

## Retirement Incentive Program

If your school district offers the CalSTRS Retirement Incentive Program, you can receive two additional years of service credit if you meet the eligibility requirements. Retirement incentives are offered at your employer's discretion, not CalSTRS'.

You must be eligible for service retirement, have at least five years of service credit and retire from active service within the time period specified by your employer to take advantage of the incentive.

The additional service credit given under this CalSTRS incentive program will not count toward eligibility for service retirement or the one-year final compensation and career factor benefit enhancements. Your employer must pay the full two years of service credit—CalSTRS does not grant partial benefits.

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

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

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

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

## Protecting your loved ones before you retire

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

You can also elect an option if you're eligible to service retire concurrently under certain other California public retirement systems and are age 55 or older. **Note:** If you're a concurrent member, age 55 or older with less than five years of CalSTRS service, your retirement eligibility will be determined as of the date of your election. If you're ineligible for concurrent service retirement, your preretirement election will be void.

If you make a preretirement election of an option and die before retirement, the monthly retirement benefit paid to your beneficiaries will be based on the percentage of the reduced benefit that would have been paid if you had retired as of the date of your death. In addition, if you make a preretirement option election, the option factor when you retire will be the option factor in effect when you preselected the option or on the date of retirement, whichever is higher. In most cases, this will result in a higher Modified Benefit than if you wait until retirement to elect an option.

- See "Option choices," page 64, for descriptions of options and their effect on your monthly benefit.

## Advantages and disadvantages of preretirement elections

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

### Advantages

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

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

If you become disabled after making a preretirement election of an option and have a disability retirement benefit under Coverage B, your preretirement option election is void as of your disability retirement benefit effective date. If you wish to elect an option beneficiary and receive a modified disability retirement benefit, you must confirm your preretirement option election or make a new option election on your *Disability Benefits Application*.

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

If you're a **CalSTRS 2% at 62** member, this advantage does not apply because you're not eligible for the longevity bonus or the career factor enhancement to the age factor.

### Disadvantages

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

### Example: Effect of a preretirement option election vs. option election at retirement

#### Choosing a preretirement election of an option

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

Member-Only Benefit		\$ 1,963.89
Option factor	x	.9103
<b>Member's reduced benefit</b>		<b>= \$1,787.73</b>

#### Choosing an option at retirement

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

Member-Only Benefit		\$1,963.89
Option factor	x	.8906
<b>Member's reduced benefit</b>		<b>= \$1,749.04</b>

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

### Electing a preretirement option

To elect a preretirement option:

1. Contact CalSTRS if you would like to receive an estimate of your retirement benefit based on the option you would like to elect or if you'd like to elect a special needs trust.

2. Complete the *Preretirement Election of an Option* form or the *Preretirement Compound Option Election* form, available at CalSTRS.com or myCalSTRS.
3. Your spouse or registered domestic partner must sign your form or you must complete and return the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form with your preretirement election. Your preretirement election will not be accepted and your election will not be effective until this requirement is met.

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

#### **Date of birth verification**

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

- Birth certificate
- State-issued ID
- U.S. passport ID page or passport card
- U.S. military ID
- Court documents (if birthdate noted)
- Marriage certificate (if birthdate noted)

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

#### **Changing or canceling a preretirement election of an option**

If you change or cancel your preretirement election of an option for any reason, an assessment will apply and will be calculated at retirement. The assessment may reduce your monthly retirement benefit for life. If you're thinking of canceling your preretirement election of an option, electing a different option or changing your option beneficiary, meet with a CalSTRS benefits specialist to discuss the possible effects a change would have on your retirement benefit.

A preretirement election of an option is canceled automatically if:

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

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

- The option you elected.
- The amount of time your preretirement option election was in effect.
- Your age at the time of election and cancellation.
- Whether you have Coverage A or Coverage B.
- Whether your option beneficiary is your spouse or registered domestic partner.

Changing your pre-retirement option or option beneficiary elected at retirement may result in a lifetime assessment and a lower option factor.

Your preretirement option election will become irrevocable when you retire except under limited circumstances (see pages 65–67).

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

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

In addition, as of January 1, 2017, you can change an existing option or annuity beneficiary to a special needs trust without penalty, if the trust's sole beneficiary is the same as the previously named option or annuity beneficiary. To make this election, contact us for instructions and the required forms. If the trust qualifies under AB 1875 (Chapter 559, Statutes of 2016), we will update your option election at no cost to you.

## Social Security offsets

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

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

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

Your eligibility for Medicare will not be affected.

## Windfall Elimination Provision

The Windfall Elimination Provision affects your Social Security benefit that is based on your earnings from other employment. The rule may reduce your Social Security benefit, but it will not eliminate it. The reduction to your Social Security benefit cannot be more than half of your monthly CalSTRS benefit. It does not apply if you have 30 or more years of substantial earnings under Social Security. Social Security defines substantial earnings each year.

## Government Pension Offset

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

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

Contact Social Security to determine if these provisions or exceptions apply to your individual situation, or visit [ssa.gov/gpo-wep](https://ssa.gov/gpo-wep).

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

### Important considerations

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

### Steps to take near retirement

- Request an estimate of your Social Security benefit from the Social Security Administration.
- Use the online calculators at [ssa.gov](https://ssa.gov) to estimate any reductions to your Social Security check.
- Contact the Social Security Administration when you're ready to retire.
- See the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com/publications](https://CalSTRS.com/publications).
- See the online calculators at [ssa.gov/gpo-wep](https://ssa.gov/gpo-wep). Or contact the Social Security Administration at [ssa.gov](https://ssa.gov) or 800-772-1213.

### Health insurance

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

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

### Health insurance premium deductions

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

## Medicare Eligibility

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

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

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

## CalSTRS and your Medicare premiums

You will receive a CalSTRS Medicare Premium Payment Program (MPPP)/Medicare Premium Deduction Service (MPDS) enrollment packet near your 65th birthday. If you're eligible to participate in the MPPP, and if you're interested in the MPDS, send the completed authorization form to us with the unpaid bill you receive from the Centers for Medicare and Medicaid Services. The authorization form can be found on [CalSTRS.com/forms](https://www.calstrs.com/forms).

### Medicare Premium Payment Program

The MPPP, which pays Medicare Part A hospital insurance premiums for certain eligible retired members, is offered only to members with a retirement effective date on or before June 30, 2012. Your most recent retirement date is used to determine eligibility.

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

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

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

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

### Medicare Premium Deduction Service

At your request, CalSTRS can deduct Medicare Part B premiums from your monthly retirement benefit and forward the payment to the Centers for Medicare and Medicaid Services, the federal agency that administers Medicare.

The Centers for Medicare and Medicaid Services requires your Medicare Part D premiums to be paid directly to them.



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

## CalPERS Long-Term Care Program

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

## Benefits planning services

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

### Benefits workshops

Make the most of your CalSTRS membership by attending one or all three of our interactive benefits workshops, depending on your career stage:

- **My Retirement System**—Learn about your retirement, survivor and disability benefits; how to calculate your retirement benefit; why it pays to start a 403(b) or 457(b) supplemental savings plan sooner rather than later; and the steps you can take now to increase your retirement benefit.
- **My Retirement Benefits**—Learn how to calculate your CalSTRS monthly retirement benefit, how to calculate your retirement income gap and ways you can bridge it.
- **My Retirement Decisions**—Learn the options you can choose if you want to provide a lifetime monthly benefit to your survivors—and how much each option would affect the amount of your monthly benefit, your choices for receiving any funds you've accumulated in your Defined Benefit Supplement account, how to complete your retirement application and what you need to know if you return to work in the California public school system in retirement.

➤ Register at [CalSTRS.com/workshops](http://CalSTRS.com/workshops).

### Financial awareness workshops

Start making smart financial decisions about your future today by attending our three financial awareness workshops:

- **Save for Your Future**—Learn how to create a spending plan, understand your credit score and credit report, build and keep good credit, and manage debt.
- **Plan for Your Future**—Create an action plan for your retirement, estimate your income and expenses, and more.
- **Protect Your Future**—Learn how to maximize and protect your income and reduce the risk of underestimating your expenses, and how to choose a financial professional.

➤ Visit [CalSTRS.com/financial-awareness](http://CalSTRS.com/financial-awareness) to learn more.

### Schedule a benefits planning session

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



- **CalSTRS and You**—If you're an early to mid-career educator or otherwise not yet eligible to retire, now is a great time to start planning! The CalSTRS and You planning session covers:
  - » The CalSTRS hybrid system and your different accounts.
  - » Your retirement, survivor and disability benefits.
  - » Retirement eligibility and how to estimate your benefit.
  - » What you can do now to increase your income in retirement.
- **CalSTRS and Your Retirement**—If you're currently eligible to retire or considering retirement within the next five years, learn about your retirement decisions and review personalized estimates prepared by a CalSTRS benefits specialist. The CalSTRS and Your Retirement planning session covers:
  - » Your CalSTRS accounts and personalized benefit estimates.
  - » Beneficiary options and how to leave a lifetime benefit to a loved one.
  - » How to purchase service credit and what happens to your unused sick leave.
  - » Concurrent service retirement for those retiring from more than one California public retirement system.
  - » Considerations regarding health benefits, Medicare and Social Security.
  - » How to apply for retirement and when to expect your benefit.
  - » Your relationship with CalSTRS in retirement.
- **Retirement Application Roundtable**—Complete your *Service Retirement Application* with the help of a CalSTRS benefits specialist. This session is typically available in winter and spring.

### Connections newsletter

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

Other sessions include topics such as disability benefits, community property, the Cash Balance Benefit Program and reinstatement. You can also meet with a benefits specialist individually in person or by telephone. For more information on benefits planning sessions, call 800-228-5453.

### Questions you'll need to answer

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

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



# Your retirement formula: How it works

## CalSTRS 2% at 60

Faye is a first-grade teacher with 29 years of service credit. She just turned 58, and though not in a hurry to retire, she's been thinking more about retirement lately. Her monthly pay is \$5,708.

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

If Faye retires with at least 30 years of service credit, a 0.2% career factor will be added to her age factor, up to a maximum age factor of 2.4%.

### EXAMPLE 1

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

29	x	1.76%	x	\$5,708	=	\$2,913
service credit		age factor		final compensation		retirement benefit

### EXAMPLE 2

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

31	x	2.2%	x	\$5,708	=	\$3,893
service credit		age factor + career factor		final compensation		retirement benefit

### EXAMPLE 3

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

33	x	2.4%	x	\$5,708	=	\$4,521
service credit		age factor + career factor		final compensation		retirement benefit

## CalSTRS 2% at 62

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

### EXAMPLE 1

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

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

### EXAMPLE 2

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

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

- Find the career factor and age factor tables on pages 71–72.

# Your retirement benefit

As a Defined Benefit Program member, your retirement benefit is based on the following formula providing a fixed percentage of your final compensation determined as of the age you retire and based on your years of service: **service credit x age factor x final compensation**

## Ways to increase your benefit

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

- See "Benefit enhancements," page 62.

## Service credit

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

- See "Purchasing service credit," page 59.

## How service credit is calculated

Service credit for one school year is earned proportionally, based on your salary earnings, not including compensation for which contributions are credited to your Defined Benefit Supplement account, divided by the full-time annualized pay rate for that position.

- See "Benefits for part-time educators," page 31.

## Outgrowth assignments

If you perform outgrowth assignments, or extra-pay assignments, for school activities related to—and an outgrowth of—your school's instructional or guidance program, you will earn service credit in addition to the service credit you earn for your regular position. These extra-pay assignments may include yearbook or science club adviser, soccer coach or band director. Taking on these extra-pay assignments can result in your earning more than the maximum one year of service credit in a year.

- See "Multiple positions or additional assignments" on the next page.

## Estimating benefits

Estimate your retirement benefit using the benefit estimate worksheet on page 70 or the *Retirement Benefits Calculator* at CalSTRS.com. The calculation for your service retirement benefit is different if you reinstated after receiving a service retirement or a disability benefit. See page 88 or contact us to learn more.

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

If you perform more than a year of service in a fiscal year, any contributions in excess of your Defined Benefit contribution rate will be credited to your Defined Benefit Supplement account. You're eligible for a return of any excess member contributions at the end of the school year.

See "Your Defined Benefit Supplement account," page 24.

If you change employers during your career, be sure to coordinate with your former employer for the transfer of any accumulated unused sick leave to your new employer.

### Multiple positions or additional assignments

If you're employed in multiple positions for one or more CalSTRS employers or if you perform additional assignments during the school year, you may perform more than one year of service in a school year. CalSTRS determines if you performed service in excess of one year at the end of the school year. If you perform service in excess of one year in a school year, your Defined Benefit account will be credited with one year of service credit at the highest full-time annualized pay rates you earned during that year. Your contributions for that service will remain in your Defined Benefit account. Eight percent of the compensation you earn for service in excess of one year (9% if you're a CalSTRS 2% at 62 member) from both you and your employer will be credited to your Defined Benefit Supplement account, up to the compensation cap.

CalSTRS will return any member contributions in excess of your Defined Benefit Supplement contribution rate to your employer in September, and your employer is responsible for returning your excess contributions to you.

- See "Consider final compensation if working in multiple positions," pages 33–34, and "Midyear retirement," page 62.

### Compensation for excess service

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

### Converting unused sick leave to service credit

At service retirement, CalSTRS will convert your unused sick leave to additional service credit based on information your employer provides. As soon as you change employers during your career, coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer. If you cash out your accumulated sick leave, it is not creditable to CalSTRS.

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

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

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

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

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

## Purchasing service credit

There are two main types of service credit you may be eligible to purchase: redeposit and permissive service.

### Redeposit

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

- See “Redepositing to restore service credit,” page 28.

### Permissive service

You may be eligible to purchase permissive service credit for certain types of employer-approved leaves or service not previously credited to CalSTRS, including:

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

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

### Benefits for qualified uniformed service

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

See the *Uniformed Services Employment and Reemployment Rights Act* fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications) to learn more.

### Estimating the cost of permissive service credit

The cost to purchase permissive service credit depends on your age and your highest annual compensation earnable during your last three years of employment. You can estimate the cost to purchase permissive service credit online at [CalSTRS.com/calculators](https://www.calstrs.com/calculators). If you're an inactive member, the online estimates may not be accurate, so call us for assistance.

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

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

- See the *Purchase Additional Service Credit* booklet for additional information at [CalSTRS.com/publications](https://www.calstrs.com/publications).

To manually estimate your cost to purchase service credit:

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

Permissive service credit contribution rates		
Age	CalSTRS 2% at 60	CalSTRS 2% at 62
Under 28	21.0%	18.1%
28	21.3	18.5
29	21.4	18.6
30	21.5	18.7
31	21.6	18.8
32	21.7	18.9
33	21.8	19.0
34	21.9	19.1
35	22.0	19.2
36	22.1	19.3
37	22.2	19.4
38	22.3	19.5
39	22.4	19.6
40	22.5	19.7
41	22.7	19.8
42	22.8	19.9
43	23.0	20.0
44	23.2	20.2
45	23.5	20.4
46	23.9	20.7
47	24.3	21.0
48	24.7	21.3
49	25.2	21.7
50	25.6	22.1
51	26.0	22.6
52	26.7	23.1
53	27.2	23.6
54	27.8	24.1
55	28.3	24.5
56	29.0	25.1
57	29.7	25.8
58	30.4	26.4
59	31.1	26.9
60	31.8	27.6
61	32.5	28.3
62	33.1	29.0
63	33.5	29.8
64	32.9	31.1
65	32.3	31.6
66	31.7	31.0
67	30.9	30.3
68	30.3	29.7
69	29.5	29.0
70	28.7	28.3
71	28.0	27.5
72	27.2	26.8
73 and older	25.2	24.8

Rates are effective as of July 1, 2019, and may be adjusted periodically.

## Age factor

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

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

If you're a **CalSTRS 2% at 62 member**, the basic age factor is set at 2% at age 62. The age factor starts at 1.16% if you retire at age 55 and increases to a maximum of 2.4% at age 65. There is no career factor benefit enhancement.

- See the age factor tables, pages 71–72.

## Final compensation

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

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

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

Nonconsecutive final compensation is available if your salary was reduced due to a reduction in school funds. Upon certification from your employer, we will exclude the period of the reduction in school funds for purposes of determining your highest 36 consecutive months of compensation earnable if doing so would result in a higher amount.

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

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

In addition, there is a cap on compensation that counts toward your CalSTRS retirement benefit.

- See "Compensation cap or limit," page 121.

## 2% age factor

The 2% refers to the percentage of your final compensation you'll receive as a retirement benefit for every year of service credit, also known as the age factor. For example, if you're a CalSTRS 2% at 60 member retiring at age 60 or a CalSTRS 2% at 62 member retiring at age 62, your age factor is 2%—you'll receive a benefit equal to 2% of your final compensation for every year you work. Therefore, if you work 25 years, you'll receive an annual benefit of 50 percent (2% X 25) of your final compensation.

The age factor is less if you retire at an earlier age and is more if you retire at a later age, up to 2.4%. For CalSTRS 2% at 60 members, the age factor is increased by 0.2% if you earn 30 years of service, up to 2.4%.



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

### Compensation earnable

Your annual compensation earnable for a school year is the weighted average of the amount that you would have been paid if you had worked in each of your assignments on a full-time basis, which is 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.

If you plan to retire before the end of the school year, your compensation earnable for the year will be prorated to your retirement date. See page 34 if you're working in multiple positions.

### Midyear retirement

If you retire in the middle of the school year, your final compensation may be lower than expected if your highest average annual compensation earnable includes your last year of service. When calculating a midyear retirement, if your highest earnings occurred at the end of your career, your highest average annual compensation earnable may span two years, which could make the final compensation amount lower than if you had worked a full year during your last year of employment. The calculation will have more of an effect if you're under the CalSTRS 2% at 60 benefit structure and have at least 25 years of service since your final compensation would be based on a 12-month period.

### Multiple assignments

Additional assignments at a lower annualized pay rate may lower your benefit if you perform less than 90% of a full year of service credit at your highest annualized pay rate in any of the school years used to calculate your final compensation. This is because when you earn salary at multiple pay rates and don't earn at least 0.900 years of service at the highest pay rate, your annual compensation earnable is calculated based on the salary paid in that year divided by the service credit for that year.

#### Example

If you earned \$57,000 during the 2018–19 school year and would have earned \$60,000 during the 2019–20 school year, and you have more than 25 years of service credit under CalSTRS 2% at 60, your one-year final compensation for a retirement date of January 1, 2020, would be:

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

**Your final compensation for your last 12 months would be \$4,875 per month. Had you worked the full year and retired in June of 2020, your final compensation would have been \$5,000 per month (\$60,000/12 = \$5,000 per month).**

A midyear retirement while working under the Reduced Workload Program will result in ineligibility for the program and may negatively affect your service credit and final compensation. See page 47 for more on the Reduced Workload Program.

### Benefit enhancements

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



## Career factor

**CalSTRS 2% at 60 members:** A 0.2% career factor will be added to your age factor if you retire with at least 30 years of earned service credit, up to the maximum combined age and career factor of 2.4% (at age 61 and six months).

**CalSTRS 2% at 62 members:** You are not eligible for the career factor enhancement.

## One-year final compensation

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

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

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

## Longevity bonus

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

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

The longevity bonus is:

- Included in the 2% annual benefit adjustment but not in the quarterly supplemental purchasing power protection benefit.
- Partially reduced if you elect an option.
- Partially reduced if you cancel a preretirement election of an option, or if your option beneficiary predeceases you.
- Not available for CalSTRS 2% at 62 members.

## Member-Only Benefit

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

- See "Protecting your survivors with a lifetime benefit," page 64, and "Protecting your loved ones before you retire," page 48.

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

To find out how each option would affect your retirement benefit, use the *Retirement Benefits Calculator* at [CalSTRS.com/calculators](https://www.calstrs.com/calculators) or make an appointment with a benefits specialist. Contact CalSTRS if you have questions about electing a special needs trust.

## Protecting your survivors with a lifetime benefit (Modified Benefit)

To provide a lifetime monthly benefit to someone after you die, you can elect an option benefit either when you're eligible, but not yet ready, to retire (called a preretirement option election and discussed more fully on pages 48–51) or at retirement. An option election is different from the one-time death benefit recipient designation. An option allows you to distribute your retirement benefit over your life and the life of your option beneficiaries. The deadline to change or cancel an option election made on your *Service Retirement Application* is 30 days from the date your first benefit payment is issued. Once this deadline passes, your option election is irrevocable, except under certain limited circumstances, see pages 65–67.

You can also elect an option if you're eligible to service retire concurrently under one or more eligible California public retirement systems and are age 55 or older. See page 46 to learn more.

## Option choices

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

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

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

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

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

- Name one option beneficiary and retain a portion of your benefit as a Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each, and retain a portion of your benefit as a Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each, and not retain any of your benefit as a Member-Only Benefit.

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

- See the option worksheets on pages 74–75 to estimate how an option would affect your benefit.

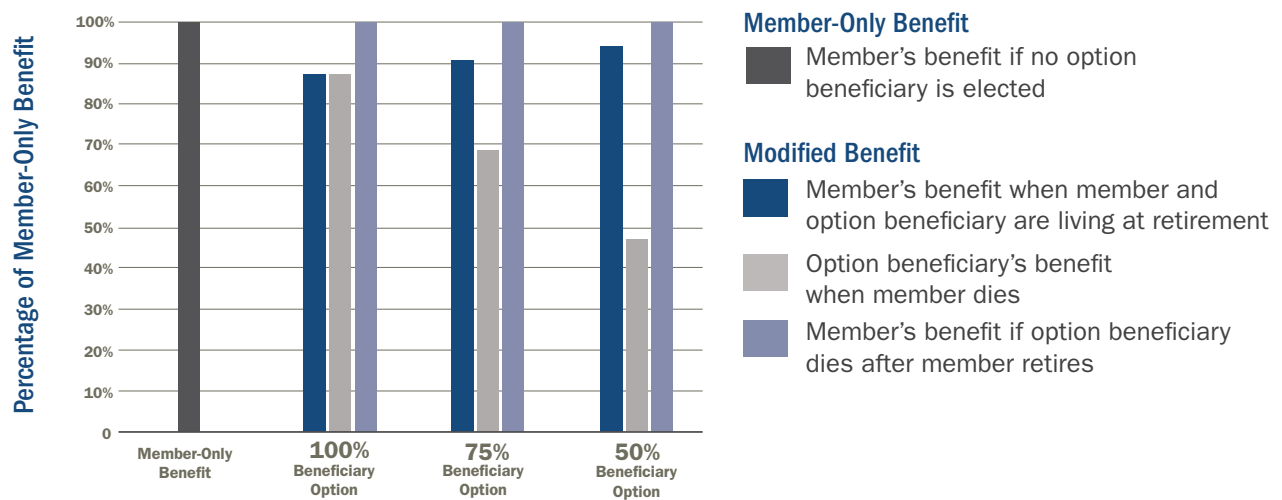


## How choosing an option changes your benefit

When you choose to provide a lifetime monthly benefit for someone else, your retirement benefit will be reduced by a percentage, called an option factor. The option factor is based on your age and the age of your option beneficiary on the effective date of your retirement or when you make a preretirement election of an option, and the option you elect.

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

### Option comparison example



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

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

## Electing a nonspouse option beneficiary

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

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

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

## Adding, changing or canceling your option election after retirement

After the deadline to make changes to or cancel your retirement application has passed (30 days from the date your first benefit payment is issued), you can change your option beneficiary only under the specific circumstances described in the following pages. Contact CalSTRS for the appropriate postretirement option change form.

In general, once you retire, you can only change your option beneficiary under certain circumstances. You can name a new beneficiary if your original beneficiary dies, you divorce or terminate a registered domestic partnership, get married or register in a domestic partnership, or your previous beneficiary was someone other than your current or former spouse or partner.

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

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

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

**Death of beneficiary:** If your original option beneficiary dies after the effective date of your retirement, you may elect a new option beneficiary. Before you elect a new option beneficiary, you should request a cost estimate. If you decide to go ahead and elect a new option beneficiary, complete the required form and we will make the appropriate reduction to your benefit. Even if you choose not to elect a new beneficiary, you must notify us if your beneficiary dies after your retirement effective date and send us a copy of the death certificate.

If you elect a new option beneficiary, the election will not be effective until six months after we receive your new designation, provided you and your new option beneficiary are living at that time. If you previously elected Option 2, 3, 4 or 5, you must choose either the 50%, 75% or 100% Beneficiary Option, or the Compound Option.

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

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

If you elect the Member-Only Benefit and later remarry or enter into a registered domestic partnership, you may elect your new spouse or partner as your option beneficiary. You can choose the 100% Beneficiary Option, the 75% Beneficiary Option or the 50% Beneficiary Option, but not the Compound Option. The change will become effective six months after your election, provided you and your new option beneficiary are living at that time, and will result in a modification to your retirement benefit based on your age and the age of your new option beneficiary.

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

**Spouse or partner:** If you had previously designated a person other than your current or former spouse or registered domestic partner as your option beneficiary, you may cancel your option beneficiary election and designate your spouse or partner as your new option beneficiary. You can choose the 100% Beneficiary Option, the 75% Beneficiary Option or the 50% Beneficiary Option, but not the Compound Option. You may elect a new option but may

not name additional beneficiaries other than your spouse or partner.

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

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

## Your Defined Benefit Supplement account distribution

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

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

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

### Choices for a Member-Only Benefit

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

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

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

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

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

**Special needs trust:** If your option beneficiary is a disabled individual and has a qualifying special needs trust, you may change your election to the individual's qualifying trust at any time. This election may help protect the disabled individual's eligibility for other public benefits by shielding this income. To make this election, contact CalSTRS for additional information and the required forms. If the trust qualifies, we will place the option election on your account immediately with no modification or reduction to your retirement benefit.

Your Defined Benefit Supplement lifetime annuity beneficiary is the same person you designated as your Defined Benefit option beneficiary. Your period-certain annuity beneficiary is your one-time death benefit recipient.

**Note:** If you elect the Compound Option for your Defined Benefit retirement benefit and elect to receive your Defined Benefit Supplement benefit as a lifetime annuity, the allotment will mirror your Compound Option elections.

### Choices for a modified benefit

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

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

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

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

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

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

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

### Nonspouse lifetime annuity beneficiary

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

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

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

## Worksheets and tables

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## Benefit estimate worksheet

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

Your Member-Only Benefit estimate	
You plan to retire at age _____	
<b>Step 1: Determine service credit and age factor</b>	
Service credit (years of service)	= _____
Age factor (See the age factor tables on pages 71–72. If applicable, include career factor.)	= _____
<b>Step 2: Determine final compensation</b>	
Enter your highest average annual compensation earnable for 36 consecutive months (or 12 consecutive months, if eligible for one-year final compensation). See “Final compensation” on page 61.	
	\$ _____
	\$ _____
	\$ _____
Total compensation earnable	= \$ _____
(If eligible, use one-year final compensation ÷ 12 months.)	÷ 36 months
Monthly final compensation	= \$ _____
<b>Step 3: Calculate benefit</b>	
Service credit	_____
x Age factor	x _____
x Final compensation	x _____
+ Longevity bonus (if eligible)	+ _____
<b>Your Member-Only monthly benefit</b>	<b>= \$ _____</b>

Example	
Mary is retiring at age 60 with 24.250 years of service.	
<b>Step 1: Determine service credit and age factor</b>	
Service credit (years of service)	= 24.250
Age factor (Based on Mary's age at retirement, see the age factor tables on pages 71–72.)	= 2%
<b>Step 2: Determine final compensation</b>	
Mary's highest average annual compensation earnable for 36 consecutive months	
2019–20	\$ 48,000
2018–19	\$ 47,000
2017–18	\$ 45,000
Total compensation earnable	= \$ 140,000
	+ 36 months
Monthly final compensation	= \$ 3,888.89
<b>Step 3: Calculate benefit</b>	
Service credit	24.250
x Age factor	x .02
x Final compensation	x \$3,888.89
+ Longevity bonus (if eligible)	0
<b>Mary's Member-Only monthly benefit</b>	<b>= \$ 1,886.11</b>



## Age factor tables

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

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

### Career factor

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

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

#### Career factor: CalSTRS 2% at 60 example

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

Age	Without career factor	With career factor
61 and 3 mos.	2.167%	2.367%
61 and 9 mos.	2.233%	2.400%

#### Age factor: CalSTRS 2% at 60 (expressed as percentages)

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

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

### Age factor: CalSTRS 2% at 62 (expressed as percentages)

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

For CalSTRS 2% at 62 members, the age factor is 2% at age 62. The maximum age factor is 2.4% at age 65. The age factor for early retirement at age 55 with five years of service credit is 1.16%.

## Defined Benefit Supplement period-certain annuity estimates

This annuity provides a monthly annuity payable from three to 10 years. A period-certain annuity of three to nine years may be rolled over to another qualified plan each month.

Defined Benefit Supplement account balance	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year
\$3,500	\$108	\$83	\$69	\$59	\$52	\$47	\$43	\$40
\$5,000	\$154	\$119	\$99	\$85	\$75	\$68	\$62	\$58
\$7,500	\$231	\$179	\$148	\$127	\$112	\$101	\$93	\$86
\$10,000	\$308	\$238	\$197	\$169	\$150	\$135	\$124	\$115
\$15,000	\$462	\$358	\$296	\$254	\$225	\$203	\$186	\$173
\$20,000	\$616	\$477	\$394	\$339	\$300	\$271	\$248	\$230
\$25,000	\$769	\$596	\$493	\$424	\$375	\$338	\$310	\$288
\$30,000	\$923	\$715	\$591	\$508	\$450	\$406	\$372	\$345
\$40,000	\$1,231	\$954	\$788	\$678	\$600	\$541	\$496	\$460
\$50,000	\$1,539	\$1,192	\$985	\$847	\$749	\$676	\$620	\$575

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

Period	Factor	Combination 3-Year Period-Certain Annuity and lump-sum payment	
3 years	32.4898	Defined Benefit Supplement account balance	\$30,000
4 years	41.9347	Lump-sum payment	-\$10,000
5 years	50.7617	Remaining balance	\$20,000
6 years	59.0112	<hr/>	
7 years	66.7210	Period-Certain 3-Year Annuity factor =	32.4898
8 years	73.9264	<b>Calculation for annuity:</b>	
9 years	80.6605	\$20,000 ÷ 32.4898 =	\$615.58
10 years	86.9540	<b>Monthly annuity: \$615.58</b>	

## Option worksheets

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

These examples are based on factors taken from the option factor tables later in this section and applied to the Member-Only Benefit calculated on page 70. Minor differences may occur when actual calculations are performed as your age and the age of your option beneficiary are based on the nearest quarter year of age.

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

To find the option factor, find your age, your option beneficiary's age and option starting on page 78. Option factors are adjusted periodically.

### 100% Beneficiary Option

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

Example	Your Estimate	
\$1,886.11 Member-Only Benefit <i>(payable to you upon the death of your option beneficiary)</i>		\$
x Option factor .8906	\$1,679.77	x
= 100% Beneficiary Option Benefit to you or your option beneficiary	\$1,679.77	\$

### 75% Beneficiary Option

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

Example	Your Estimate	
\$1,886.11 Member-Only Benefit <i>(payable to you upon the death of your option beneficiary)</i>		\$
x Option Factor .9232		x
= 75% Beneficiary Option Benefit to you	\$1,741.26	\$
75% to your option beneficiary	\$1,305.94	\$

### 50% Beneficiary Option

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

Example	Your Estimate	
\$1,886.11 Member-Only Benefit <i>(payable to you upon the death of your option beneficiary)</i>		\$
x Option Factor .9513		x
= 50% Beneficiary Option Benefit to you	\$1,794.26	\$
50% to your option beneficiary	\$ 897.13	\$

**Note:** After retirement, you may elect a new option and option beneficiary only under limited circumstances. See pages 64–67.

## Compound Option worksheet

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

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

Use additional worksheets if electing more than two option beneficiaries.

Compound Option example			
	Member	Beneficiary 1	Beneficiary 2
1. Your Member-Only Benefit	\$1,886.11		
2. Percentages of Member-Only Benefit allotted as Member-Only to you (if any) and to each beneficiary	40%	40%	20%
3. Amount of Member-Only Benefit allotted to you and each beneficiary (multiply #1 by #2)	\$754.44	\$754.44	\$377.22
4. Option selected for each beneficiary		50% Beneficiary Option	75% Beneficiary Option
5. Age	60	60	45
6. Option factor (using the option factor tables, locate factor based on your age, your beneficiary's age and option)		.9513	.8755
7. Reduced benefit to member (multiply amounts in #3, columns 2 and 3, by #6, columns 2 and 3, respectively)		\$717.70	\$330.26
8. Benefit to each option beneficiary upon your death (multiply #7 by #4)		\$358.85	\$247.70
9. Your reduced benefit (add amounts in #7 to column 1 of #3)		\$754.44 + \$717.70 + \$330.26 = <b>\$1,802.40</b>	

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

**Note:** Percentages assigned to all option beneficiaries and the percentage, if any, retained as Member-Only must equal 100%. See page 65 for age restrictions for nonspouse option beneficiaries. To find the option factor, find your age, your option beneficiary's age and option election on pages 78-79.

## Defined Benefit Supplement annuity calculation estimates

### Member-Only Annuity

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

Defined Benefit Supplement account balance	Your age at retirement			
	50	55	60	65
\$3,500	\$22	\$22	\$23	\$25
\$5,000	\$31	\$32	\$33	\$35
\$7,500	\$47	\$48	\$50	\$53
\$10,000	\$62	\$64	\$67	\$71
\$15,000	\$93	\$96	\$100	\$106
\$20,000	\$125	\$128	\$134	\$141
\$25,000	\$156	\$161	\$167	\$177
\$30,000	\$187	\$193	\$201	\$212
\$40,000	\$249	\$257	\$268	\$283
\$50,000	\$311	\$321	\$335	\$354

### Defined Benefit Supplement 100% Beneficiary Annuity estimates

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

Defined Benefit Supplement account balance	Your age at retirement															
	50				55				60				65			
	Age of annuity beneficiary at retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$22	\$21	\$21	\$22	\$22	\$21	\$21	\$22	\$22
\$5,000	30	30	30	30	30	30	31	31	30	30	31	32	30	31	31	32
\$7,500	44	45	45	45	45	45	46	46	45	46	46	47	45	46	47	48
\$10,000	59	60	60	61	60	60	61	62	60	61	62	63	60	61	63	64
\$15,000	89	90	90	91	89	90	92	93	90	91	93	95	90	92	94	96
\$20,000	118	119	120	121	119	121	122	123	120	122	124	126	120	123	125	128
\$25,000	148	149	151	152	149	151	153	154	150	152	155	158	150	153	157	161
\$30,000	178	179	181	182	179	181	183	185	180	183	186	189	180	184	188	193
\$40,000	237	239	241	243	238	241	244	247	239	243	248	252	240	245	251	257
\$50,000	296	299	301	303	298	302	305	309	299	304	310	315	300	306	313	321

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

## Defined Benefit Supplement 75% Beneficiary Annuity estimates

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

Defined Benefit Supplement account balance	Your age at retirement															
	50				55				60				65			
	Age of annuity beneficiary at retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$21	\$21	\$21	\$22	\$21	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$23	\$22	\$23	\$23
\$5,000	30	30	31	31	31	31	31	31	31	31	32	32	32	32	33	33
\$7,500	45	46	46	46	46	46	47	47	47	47	47	48	49	48	48	49
\$10,000	60	61	61	61	61	62	62	63	62	63	64	65	64	65	66	67
\$15,000	91	91	92	92	92	93	94	94	93	95	96	97	95	97	99	100
\$20,000	121	122	122	123	122	124	125	126	125	126	128	129	127	129	131	134
\$25,000	151	152	153	154	153	155	156	157	156	158	160	162	159	161	164	167
\$30,000	181	182	183	184	184	185	187	189	187	189	192	194	191	194	197	201
\$40,000	241	243	244	246	245	247	250	252	249	252	256	259	254	258	263	268
\$50,000	302	304	306	307	306	309	312	315	311	315	320	324	318	323	328	335

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

## Defined Benefit Supplement 50% Beneficiary Annuity estimates

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

Defined Benefit Supplement account balance	Your age at retirement															
	50				55				60				65			
	Age of annuity beneficiary at retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$21	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$23	\$23	\$23	\$23	\$23	\$24	\$24	\$24
\$5,000	31	31	31	31	31	32	32	32	32	32	33	33	33	34	34	35
\$7,500	46	46	46	47	47	47	48	48	48	49	49	50	50	51	51	52
\$10,000	61	62	62	62	63	63	63	64	64	65	66	66	67	67	68	69
\$15,000	92	92	93	93	94	95	95	96	97	97	98	99	100	101	102	104
\$20,000	123	123	124	124	125	126	127	128	129	130	131	132	133	135	136	138
\$25,000	153	154	155	155	157	158	159	159	161	162	164	165	167	168	171	173
\$30,000	184	185	185	186	188	189	190	191	193	195	197	198	200	202	205	207
\$40,000	245	246	247	248	251	252	254	255	258	260	262	264	267	270	273	276
\$50,000	307	308	309	310	313	315	317	319	322	325	328	330	333	337	341	345

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

## Service retirement option factor tables

MBR Age	BEN Age	100% Option	75% Option	50% Option
55	5	0.8157	0.8607	0.9060
55	10	0.8188	0.8633	0.9079
55	15	0.8227	0.8667	0.9104
55	20	0.8278	0.8708	0.9135
55	25	0.8342	0.8761	0.9174
55	30	0.8423	0.8828	0.9223
55	35	0.8523	0.8909	0.9283
55	40	0.8644	0.9008	0.9353
55	45	0.8785	0.9121	0.9433
55	50	0.8941	0.9245	0.9519
55	55	0.9103	0.9371	0.9604
55	60	0.9258	0.9491	0.9683
55	65	0.9397	0.9597	0.9751
55	70	0.9516	0.9686	0.9808

56	5	0.8066	0.8535	0.9008
56	10	0.8098	0.8562	0.9028
56	15	0.8137	0.8595	0.9053
56	20	0.8187	0.8637	0.9084
56	25	0.8252	0.8690	0.9124
56	30	0.8333	0.8757	0.9173
56	35	0.8434	0.8840	0.9234
56	40	0.8557	0.8940	0.9306
56	45	0.8701	0.9057	0.9389
56	50	0.8863	0.9186	0.9479
56	55	0.9033	0.9319	0.9570
56	60	0.9199	0.9448	0.9655
56	65	0.9350	0.9563	0.9730
56	70	0.9479	0.9661	0.9792

57	5	0.7972	0.8460	0.8953
57	10	0.8003	0.8486	0.8973
57	15	0.8043	0.8519	0.8998
57	20	0.8093	0.8561	0.9030
57	25	0.8157	0.8615	0.9070
57	30	0.8238	0.8682	0.9120
57	35	0.8340	0.8766	0.9182
57	40	0.8465	0.8868	0.9256
57	45	0.8612	0.8988	0.9342
57	50	0.8780	0.9122	0.9436
57	55	0.8958	0.9263	0.9533
57	60	0.9135	0.9401	0.9625
57	65	0.9298	0.9526	0.9706
57	70	0.9439	0.9633	0.9774

58	5	0.7874	0.8380	0.8895
58	10	0.7905	0.8407	0.8915
58	15	0.7944	0.8440	0.8941
58	20	0.7994	0.8482	0.8973
58	25	0.8058	0.8536	0.9013
58	30	0.8140	0.8604	0.9064
58	35	0.8242	0.8689	0.9127
58	40	0.8367	0.8792	0.9203
58	45	0.8518	0.8915	0.9291
58	50	0.8690	0.9054	0.9389
58	55	0.8877	0.9203	0.9492
58	60	0.9065	0.9350	0.9591
58	65	0.9241	0.9486	0.9680
58	70	0.9394	0.9602	0.9755

MBR Age	BEN Age	100% Option	75% Option	50% Option
59	5	0.7771	0.8297	0.8834
59	10	0.7801	0.8323	0.8854
59	15	0.7840	0.8356	0.8880
59	20	0.7890	0.8399	0.8912
59	25	0.7954	0.8453	0.8953
59	30	0.8036	0.8521	0.9005
59	35	0.8138	0.8607	0.9068
59	40	0.8265	0.8712	0.9146
59	45	0.8418	0.8837	0.9237
59	50	0.8595	0.8981	0.9339
59	55	0.8789	0.9137	0.9447
59	60	0.8989	0.9294	0.9554
59	65	0.9178	0.9440	0.9651
59	70	0.9344	0.9568	0.9733

60	5	0.7663	0.8209	0.8769
60	10	0.7693	0.8235	0.8790
60	15	0.7732	0.8269	0.8815
60	20	0.7782	0.8311	0.8848
60	25	0.7845	0.8365	0.8889
60	30	0.7927	0.8434	0.8941
60	35	0.8029	0.8520	0.9006
60	40	0.8157	0.8627	0.9085
60	45	0.8312	0.8755	0.9179
60	50	0.8493	0.8903	0.9285
60	55	0.8695	0.9065	0.9399
60	60	0.8906	0.9232	0.9513
60	65	0.9108	0.9390	0.9618
60	70	0.9289	0.9529	0.9708

61	5	0.7550	0.8117	0.8701
61	10	0.7580	0.8143	0.8721
61	15	0.7619	0.8177	0.8747
61	20	0.7668	0.8219	0.8780
61	25	0.7731	0.8273	0.8822
61	30	0.7813	0.8342	0.8874
61	35	0.7915	0.8429	0.8940
61	40	0.8043	0.8537	0.9021
61	45	0.8200	0.8667	0.9117
61	50	0.8385	0.8819	0.9227
61	55	0.8594	0.8988	0.9346
61	60	0.8815	0.9165	0.9468
61	65	0.9032	0.9335	0.9582
61	70	0.9228	0.9486	0.9680

62	5	0.7432	0.8021	0.8629
62	10	0.7462	0.8047	0.8649
62	15	0.7500	0.8080	0.8675
62	20	0.7549	0.8122	0.8708
62	25	0.7612	0.8177	0.8750
62	30	0.7693	0.8246	0.8804
62	35	0.7796	0.8333	0.8870
62	40	0.7924	0.8442	0.8952
62	45	0.8082	0.8574	0.9050
62	50	0.8270	0.8730	0.9164
62	55	0.8485	0.8906	0.9289
62	60	0.8717	0.9092	0.9419
62	65	0.8948	0.9274	0.9541
62	70	0.9160	0.9438	0.9649

**Note:** Option factors are adjusted periodically. This listing is an extract of option factors for selected member and beneficiary ages.



## Service retirement option factor tables

MBR Age	BEN Age	100% Option	75% Option	50% Option
63	5	0.7309	0.7920	0.8552
63	10	0.7339	0.7946	0.8573
63	15	0.7377	0.7979	0.8599
63	20	0.7425	0.8021	0.8632
63	25	0.7488	0.8075	0.8675
63	30	0.7568	0.8145	0.8729
63	35	0.7670	0.8232	0.8796
63	40	0.7799	0.8342	0.8879
63	45	0.7957	0.8476	0.8980
63	50	0.8148	0.8635	0.9097
63	55	0.8370	0.8817	0.9228
63	60	0.8611	0.9013	0.9365
63	65	0.8856	0.9207	0.9497
63	70	0.9084	0.9385	0.9615

MBR Age	BEN Age	100% Option	75% Option	50% Option
67	5	0.6762	0.7464	0.8202
67	10	0.6790	0.7490	0.8223
67	15	0.6826	0.7522	0.8249
67	20	0.6872	0.7564	0.8283
67	25	0.6932	0.7618	0.8326
67	30	0.7009	0.7687	0.8382
67	35	0.7109	0.7775	0.8453
67	40	0.7235	0.7887	0.8540
67	45	0.7394	0.8025	0.8648
67	50	0.7590	0.8195	0.8778
67	55	0.7827	0.8397	0.8929
67	60	0.8102	0.8627	0.9097
67	65	0.8400	0.8871	0.9269
67	70	0.8698	0.9110	0.9433

64	5	0.7181	0.7813	0.8472
64	10	0.7211	0.7839	0.8492
64	15	0.7248	0.7872	0.8519
64	20	0.7296	0.7914	0.8552
64	25	0.7358	0.7969	0.8595
64	30	0.7438	0.8038	0.8649
64	35	0.7540	0.8126	0.8717
64	40	0.7668	0.8237	0.8802
64	45	0.7827	0.8372	0.8904
64	50	0.8020	0.8534	0.9025
64	55	0.8246	0.8722	0.9161
64	60	0.8498	0.8927	0.9306
64	65	0.8756	0.9134	0.9448
64	70	0.9002	0.9326	0.9576

68	5	0.6612	0.7338	0.8102
68	10	0.6640	0.7363	0.8123
68	15	0.6675	0.7395	0.8150
68	20	0.6720	0.7436	0.8183
68	25	0.6779	0.7490	0.8227
68	30	0.6855	0.7559	0.8283
68	35	0.6954	0.7647	0.8354
68	40	0.7079	0.7758	0.8443
68	45	0.7237	0.7898	0.8552
68	50	0.7433	0.8069	0.8685
68	55	0.7672	0.8275	0.8840
68	60	0.7953	0.8512	0.9015
68	65	0.8263	0.8768	0.9198
68	70	0.8578	0.9023	0.9375

65	5	0.7046	0.7702	0.8386
65	10	0.7075	0.7728	0.8407
65	15	0.7112	0.7761	0.8433
65	20	0.7160	0.7803	0.8467
65	25	0.7221	0.7857	0.8510
65	30	0.7300	0.7926	0.8565
65	35	0.7401	0.8015	0.8634
65	40	0.7529	0.8125	0.8720
65	45	0.7689	0.8262	0.8824
65	50	0.7883	0.8427	0.8948
65	55	0.8114	0.8620	0.9089
65	60	0.8374	0.8834	0.9241
65	65	0.8646	0.9053	0.9394
65	70	0.8909	0.9261	0.9533

69	5	0.6456	0.7205	0.7997
69	10	0.6483	0.7230	0.8018
69	15	0.6518	0.7262	0.8045
69	20	0.6562	0.7303	0.8078
69	25	0.6620	0.7356	0.8122
69	30	0.6696	0.7425	0.8179
69	35	0.6793	0.7513	0.8250
69	40	0.6916	0.7624	0.8340
69	45	0.7073	0.7764	0.8451
69	50	0.7269	0.7936	0.8585
69	55	0.7509	0.8145	0.8745
69	60	0.7795	0.8389	0.8927
69	65	0.8115	0.8657	0.9121
69	70	0.8447	0.8928	0.9310

66	5	0.6907	0.7586	0.8296
66	10	0.6935	0.7612	0.8317
66	15	0.6972	0.7644	0.8344
66	20	0.7018	0.7686	0.8377
66	25	0.7079	0.7740	0.8421
66	30	0.7158	0.7809	0.8476
66	35	0.7258	0.7898	0.8546
66	40	0.7385	0.8009	0.8632
66	45	0.7544	0.8147	0.8739
66	50	0.7740	0.8314	0.8865
66	55	0.7974	0.8512	0.9012
66	60	0.8242	0.8734	0.9172
66	65	0.8527	0.8966	0.9334
66	70	0.8808	0.9189	0.9486

70	5	0.6294	0.7067	0.7886
70	10	0.6321	0.7092	0.7907
70	15	0.6355	0.7124	0.7934
70	20	0.6398	0.7164	0.7968
70	25	0.6455	0.7216	0.8011
70	30	0.6529	0.7285	0.8068
70	35	0.6625	0.7372	0.8140
70	40	0.6747	0.7483	0.8231
70	45	0.6902	0.7623	0.8343
70	50	0.7096	0.7796	0.8480
70	55	0.7338	0.8008	0.8644
70	60	0.7627	0.8258	0.8832
70	65	0.7957	0.8537	0.9036
70	70	0.8305	0.8824	0.9239

**Note:** Option factors are adjusted periodically. This listing is an extract of option factors for selected member and beneficiary ages.

## Your CalSTRS retirement timeline

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

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

### Step 1

#### What to do

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

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

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

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

#### When

10–12 months before your retirement date.

### Step 2

#### What to do

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

Or complete and submit the paper version. Find the forms you'll need at [CalSTRS.com/forms](https://CalSTRS.com/forms).

#### When

No earlier than six months before your requested retirement date.

#### What to do

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

#### When

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

### Step 3

#### What to do

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

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

Look for your first benefit payment.

#### When

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

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

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

# Applying for service retirement

Ready to retire? Complete and submit your *Service Retirement Application* and other forms online using *myCalSTRS*. Get prepared by reading the *Your Retirement Guide* booklet.

## Complete and submit your forms online

You must submit your *Service Retirement Application* to CalSTRS before you'll receive a CalSTRS retirement benefit. Complete and submit your *Service Retirement Application* online using *myCalSTRS*. It's easy, fast and secure.

When you complete your application online using *myCalSTRS*:

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

## Service retirement benefit effective date

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

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

Be sure to complete Section 1 of the *Express Benefit Report* form, then give it to your employer to complete and submit to CalSTRS.



## Deadline for service retirement application changes

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



## Retirement planning checklist

To help you plan for your CalSTRS retirement.

- Read *Your Retirement Guide* and the retirement planning sections of this handbook.**
- Go online to [myCalSTRS.com](https://myCalSTRS.com)** to activate your myCalSTRS account, if you haven't already.
- Estimate your monthly benefit using the online calculator** at [CalSTRS.com/calculators](https://CalSTRS.com/calculators) or the benefit estimate worksheet on page 70.
- Attend a CalSTRS and Your Retirement benefits planning session.** Go to [CalSTRS.com/benefits-planning](https://CalSTRS.com/benefits-planning) to learn more.
- Consider purchasing permissive service credit or redepositing service credit** to increase your benefit if you did not do so earlier in your career. See the booklet, *Purchase Additional Service Credit*, at [CalSTRS.com](https://CalSTRS.com). You must complete your service credit purchase before your retirement date.
- Consider making a preretirement election of an option** to provide a lifetime monthly benefit to one or more persons if you should die before retirement. Find the *Preretirement Election of an Option* form on myCalSTRS and at [CalSTRS.com/forms](https://CalSTRS.com/forms).
- Consider rolling over your Defined Benefit Supplement funds to CalSTRS Pension2.** See page 41.
- Check to see if pending or new legislation may affect your benefits** or influence the timing of your retirement. Sources include your legislative representative, your union representative and [CalSTRS.com/legislation](https://CalSTRS.com/legislation).

- Gather clear, unaltered photocopies of the necessary documents.**

If you're electing an option beneficiary:

- Birth certificate or other acceptable verification of birthdate, such as a birth record, state-issued ID, passport photo ID page or certain military IDs, for each option beneficiary.
- A copy of a marriage certificate or declaration of domestic partnership from the Secretary of State if you're naming a spouse or registered domestic partner.
- Marriage certificate or other proof of a name change, if your option beneficiary's name is different from the name on the birth certificate.

If you elected an option beneficiary before retirement, you may need to submit the items above.

If a portion of your CalSTRS benefit was awarded to another party:

- A complete court-filed copy of your community property settlement documents. For more information, see the *Community Property Guide* at [CalSTRS.com/publications](https://CalSTRS.com/publications).

- Notify your employer that you intend to retire** and ask about forms your employer may require for you to resign from your position. Also let your employer know if you plan to set up a health insurance deduction from your benefit payments.

Give your employer the *Express Benefit Report* form after you complete Section 1 to confirm your last day of employment and any unused sick leave.

- Submit your Service Retirement Application** using myCalSTRS or go to [CalSTRS.com/forms](https://CalSTRS.com/forms) to print the application, complete it and mail it to CalSTRS. You must submit the application to us to receive a retirement benefit.

## What to expect from CalSTRS

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

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

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

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

## Direct deposit

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

When you sign up for direct deposit, you:

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

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

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

**Note:** You cannot sign up for direct deposit online until your retirement application is processed.

## How the separation-from-service requirement and annual earnings limit work together

If you return to work after retirement in the California public school system as an employee, an independent contractor, or an employee of a third party, and perform retired member activities, including substitute teaching, 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. The 180-day separation-from-service requirement also applies to all Cash Balance Benefit Program annuitants.

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



### Example

If you retire on June 30, 2020, with an annual retirement benefit of \$34,000 and return to perform retired member activities earning a total of \$26,000 in the first 180 calendar days following your retirement date, your benefit would be reduced dollar for dollar up to your retirement benefit amount payable during that same period, approximately \$17,000. CalSTRS would collect the excess earnings by withholding all of your gross monthly retirement benefit until the entire amount owed is collected in full. If you continue to work for the remainder of the school year and earn an additional \$24,000, your total earnings for the year of \$50,000 would exceed the 2020–21 annual postretirement earnings limit of \$47,713 by \$2,287. We would collect these excess earnings from you up to the amount of your annual retirement benefit of \$34,000 minus the previous \$17,000 reduction due to the separation-from-service requirement. In this case, we would collect an additional \$2,287, for a total of \$19,287 of your \$34,000 annual retirement benefit.

If, however, you continued to work for the remainder of the school year and earned an additional \$44,000 instead of \$24,000, your total earnings for the year would be \$70,000 and exceed the postretirement earnings limit of \$47,713 by \$22,287. We would then collect excess earnings from you up to the amount of your annual retirement benefit of \$34,000—\$34,000 minus the initial \$17,000 due to the separation-from-service requirement. In this case, we would collect an additional \$17,000, for a total of \$34,000—the full amount of your annual retirement benefit.

## After you retire

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

### Annual benefit adjustment

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

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

Under the CalSTRS Funding Plan, the Legislature cannot reduce the 2% annual benefit adjustment for members who retire on or after January 1, 2014. The annual benefit adjustment for members who retired before January 1, 2014, is not contractually guaranteed—it can be reduced or eliminated by the Legislature if economic conditions dictate. However, the Legislature has yet to reduce the annual benefit adjustment since first providing this adjustment in 1972.

### Purchasing power protection

Your retirement benefit has additional purchasing power protection. Purchasing power is a measurement of how your retirement benefit keeps pace with inflation. For example, if your benefit stays the same but prices double, your purchasing power is only 50% of its original value.

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

### Working after retirement restrictions

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

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

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

When you retire, you'll be subject to the separation-from-service retirement and the annual postretirement earnings limit, see next page.



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

### Separation-from-service requirement

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

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

This requirement and narrow exemption also apply to Cash Balance Benefit annuitants. For Cash Balance Benefit participants who receive their retirement benefit as a lump-sum payment, their benefit payment will not be payable until 180 calendar days after the date they terminated employment. The 180 calendar day wait period does not apply to participants who are subject to the federal required minimum distribution.

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

### Postretirement earnings limit

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

The earnings limit for fiscal year 2019–20 is \$46,451; for 2020–21, the limit is \$47,713. The Teachers' Retirement Board adjusts the earnings limit annually. If your earnings from performing retired member activities, including employer contributions to tax-sheltered annuities and other tax-favored products, exceed the postretirement earnings limit, CalSTRS will withhold all of your gross monthly retirement benefits—both your monthly retirement and Defined Benefit Supplement benefits—until we collect your excess earnings in full, up to the amount of your annual retirement benefit minus any previous reduction due to the separation-from-service requirement. For example, if you earn \$50,000 in the 2020–21 fiscal year, you will have exceeded the earnings limit of \$47,713 by \$2,287. CalSTRS will withhold \$2,287 from your benefit payments, if your annual retirement benefit is \$2,287 or more. If your annual retirement benefit is less than \$2,287, CalSTRS will withhold the entire amount.

### Volunteering in retirement

About half of CalSTRS retirees volunteer their time during retirement. If you do this, be aware that an employment arrangement that involves volunteering in a position that would otherwise be creditable to CalSTRS—such as volunteering to serve as a school principal—may be in violation of the postretirement earnings limitations.

### Reinstating to active member status

You may choose to terminate retirement and reinstate to active membership at any time. If you re-retire within one year of reinstating, you may not make changes to your retirement option or beneficiaries. If you re-retire after one year of reinstating, you may change or cancel

### Certain third-party employees exclusion

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



your election before or at retirement, but your benefit will be subject to an assessment that may reduce your benefit for your lifetime. You may rerehire as early as one day after your reinstatement date.

## Reinstatement process

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

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

## Other important considerations

If you're thinking about reinstatement, consider:

- **Disability and survivor benefits:** You must earn at least one year of service credit after the date you reinstate from service retirement before you qualify for disability or survivor benefits.
- **Retirement incentive:** If you reinstate, you'll lose any additional service credit you may have acquired by participating in the CalSTRS Retirement Incentive Program.
- **Preretirement election of an option:** You are not eligible to file a preretirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired with an option, that option will automatically become a preretirement election when you reinstate.
- **Coverage A or B:** For most members, if you retire and then reinstate, you'll keep the coverage you had before retirement. Under certain circumstances, if you retired under Coverage A, your coverage may change to Coverage B for survivor and disability benefits: If you retired on or after January 1, 1996, you'll remain under Coverage A when you reinstate; if you retired before January 1, 1996, you'll be under Coverage B. You must earn at least one year of service credit after you reinstate before you qualify for disability and survivor benefits. Contact us for information about your specific situation.
- **Separation-from-service requirement:** You'll be subject to the separation-from-service requirement during the first 180 calendar days after your most recent retirement.
- **Discontinuing deductions for health insurance premiums:** If CalSTRS is deducting health insurance premiums from your benefit and you decide to reinstate, you'll need to make premium payment arrangements with your health insurance carrier.
- **Discontinuing payment or deduction of Medicare premiums:** If CalSTRS is paying your Medicare Part A premiums or deducting your Medicare Part B premiums, you'll have to pay these premiums yourself when you reinstate. To arrange payment, contact the Social

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

Security Administration at 800-772-1213. When you retire again, the CalSTRS Medicare Premium Payment Program will no longer be available to you, unless the Teachers' Retirement Board takes action in the future to extend the program. Currently, CalSTRS is not offering the program to members with retirement effective dates on or after July 1, 2012. Your most recent retirement date is used to determine eligibility. See also "CalSTRS and your Medicare premiums," page 53.

## How your benefit will be calculated if you reinstate

### Reinstate for fewer than two years

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

- An amount equal to the monthly benefit you were eligible to receive immediately before reinstatement, increased by the 2% annual benefit adjustment that would have been applied to the benefit if you had not reinstated, **plus**
- An amount based on service credit earned since your last reinstatement, your age at the subsequent retirement and your final compensation.

For example, Ricardo first retired three years ago at age 57. At age 59, he reinstated from retirement, earned one year of service credit, and retired again at age 60. His new service retirement calculation will include his original service retirement benefit, plus three years of annual benefit adjustments:

$\$2,500$  (original retirement benefit) +  $\$150$  (annual benefit adjustments) =  $\$2,650$

**Plus** an amount based on his service since reinstatement:

1 year service credit x 2% age factor x  $\$6,000$  final compensation =  $\$120$  monthly increase

His total monthly benefit will be  $\$2,770$ .

For **CalSTRS 2% at 60 members**: If your total service credit is 30 or more years, you may be eligible for the career factor on the service credit earned following reinstatement. If you retired with 30 years of service credit on or before December 31, 2010, and reinstate, you may be eligible for the longevity bonus upon subsequent retirement.

### Reinstate for two years or more

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

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

For example, Michelle first retired five years ago at age 58 with 20 years of service credit. At age 60, she reinstated and worked an additional three years. When she retires again at age 63, her benefit will be calculated as follows:

20 years service credit x 2.133% adjusted age factor (2.4% at age 63, minus two years of service retirement) x  $\$6,000$  new final compensation =  $\$2,560$

**Plus:**

3 years service credit x 2.4% age factor x  $\$6,000$  final compensation =  $\$432$

Her total monthly benefit will be  $\$2,992$ .

### For more information

You'll find two benefit calculation scenarios if you reinstate under "How will my new service credit be calculated?" at [CalSTRS.com/general-information/retirement-after-reinstatement](http://CalSTRS.com/general-information/retirement-after-reinstatement).

For CalSTRS 2% at 60 members with less than 25 years of service credit, final compensation is calculated using 36 consecutive months of compensation earnable. CalSTRS 2% at 62 members' final compensation is calculated using 36 consecutive months regardless of years of service credit.

## Your survivor benefits

The Defined Benefit Program may provide benefits to your survivors whether your death occurs before or after retirement. The type and amount of benefits depend on whether you're an active or retired member, you have Coverage A or Coverage B, you choose to elect an option and how many years of service credit you have.

Depending on your membership status at the time of your death, your beneficiaries may be eligible for the following benefits:

- One-time death benefit
- Defined Benefit Program account distribution
- Defined Benefit Supplement Program account distribution

### One-time death benefit

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

The one-time death benefit is a separate designation from the election of an option beneficiary (see page 64). If you elect an option, your option beneficiary receives a monthly lifetime benefit when you die, while your one-time death benefit recipient receives a one-time, lump-sum payment after your death.

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

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

If you die before retirement while performing creditable service or if you're receiving a Coverage A disability benefit at the time of death, without a preretirement election of an option in place, your survivors may be eligible for a monthly benefit. If you have no eligible survivors, CalSTRS will distribute any Defined Benefit Program contributions and interest in your member account to your one-time death benefit recipient. If you did not name a one-time death benefit recipient, we will make the payment to your estate.

### Coverage A or Coverage B

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

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

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

Your *Retirement Progress Report* lists your one-time death benefit recipient, if you designated one.

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

All survivor benefits are considered taxable income.

If you die after retirement, without an election of option in place, CalSTRS will distribute any Defined Benefit Program contributions and interest in your member account to your one-time death benefit recipient. If you did not name a one-time death benefit recipient, we will make the payment to your estate.

If you have less than one year of service credit under Coverage A, your one-time death benefit recipient will receive a refund of your accumulated Defined Benefit Program contributions and interest and a distribution of any balance in your Defined Benefit Supplement account. If you did not name a one-time death benefit recipient, we will pay to your estate.

If you have less than one year of service credit under Coverage B, your surviving spouse will receive a refund of your accumulated Defined Benefit Program contributions and interest. If you have no surviving spouse, we will make the payment to your one-time benefit recipient. Your one-time death benefit recipient will receive a distribution of any balance in your Defined Benefit Supplement account. If you did not name a one-time death benefit recipient, we will make the payment to your estate.

➤ Designate your one-time death benefit recipient using your *myCalSTRS* account or the *Recipient Designation* form, available at [CalSTRS.com/forms](https://www.calstrs.com/forms).

### **Marriage dissolution or domestic partner termination may affect designation**

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

### **Refund of account invalidates your designation**

If you refund your account and then later reinstate to CalSTRS membership, your previous one-time death benefit recipient designation will be invalid. If you wish to designate someone to receive your death benefit, you must submit a new form. The benefit can be paid only if you have subsequently earned or accumulated one year of service credit.

### **Reporting a death**

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

We will need the following information: the deceased person's name and Social Security number or Client ID; the date of death; and the name, address and telephone number of a contact person.

### **Survivor benefit processing**

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

To process an application for benefits, including the initiation of ongoing option benefits, CalSTRS must receive a copy of the certified death certificate and any additional information or documentation requested.

## Payment of benefits

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

- Receive required documentation, such as certified marriage or death certificate.
- Have a current *Recipient Designation* form on file that identifies the name and address of your recipients.

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



## Coverage A survivor benefits—if you die before retirement

### One-time death benefit

Under Coverage A, if you die before retirement and while performing creditable service, CalSTRS pays a one-time death benefit to your designated recipient. The current one-time death benefit is \$6,372. This amount may be adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specify other percentages of distribution. If you do not name a one-time death benefit recipient, we will make the payment to your estate.

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

- While performing creditable service or receiving a disability benefit.
- Within four months after termination of employment or you last performed creditable service, whichever comes first.
- Within four months after you terminated a disability benefit if no service was performed after the termination.
- Within 12 months of the last day for which compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability.
- While on a leave of absence to perform qualified military service, if the death occurred on or after January 1, 2007.

### Coverage A survivor benefit

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

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

Your survivor benefit final compensation is usually based on your compensation earned, rather than earnable.

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

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

For a child to be an eligible dependent, the child must be all of the following:

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

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

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

**Benefit reductions**

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

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

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

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

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

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

- A return of your accumulated Defined Benefit contributions and interest at the time of your death, less all monthly benefits paid, OR
- A lifetime monthly benefit. The benefit calculation is based on a factor using your and your spouse's or partner's birthdates, the projected service credit and final compensation you would have accrued if you had lived to retire at age 60, and the service credit for your unused sick leave. Your spouse or partner is eligible for 50% of your benefit based on these factors when they reach age 60. Your spouse or partner may choose to receive the benefit sooner at an actuarially reduced rate. Neither the longevity bonus nor career factor is part of the calculation.

● See also "Your retirement benefit," page 57.

**4. Your dependent parents, but no surviving spouse or partner and no eligible dependent children**

Your dependent parents may receive a benefit if you have no surviving spouse or registered domestic partner, or eligible children. Your parents, or parent, will be paid a monthly payment for life beginning at normal retirement age. If they are under normal retirement age, they may elect to receive an actuarially reduced benefit for life.

### 5. No surviving spouse or partner, eligible dependent children or dependent parents

If you have no eligible survivors and no preretirement election of an option, CalSTRS will distribute your accumulated Defined Benefit contributions and interest at the time of your death, less all monthly benefits paid. If we do not have a *Recipient Designation* form on file, this distribution will be made to your estate.

A survivor benefit is not an option beneficiary payment. Only a member or, in limited circumstances, an agent acting under a specific power of attorney can elect an option.

#### Coverage A survivor benefit example

Rob dies at age 50. His survivors include his wife, Linda, and three eligible dependent children. His final compensation is \$4,220.

Linda will receive a monthly survivor benefit (family allowance) of \$2,954 as long as her children are eligible. As each child becomes ineligible, that child's increment will no longer be included in the basic benefit, which will reduce Linda's monthly survivor benefit. In addition, an annual benefit adjustment increase of 2% of the basic benefit will be added to the monthly payment each September, beginning a year after Rob's death.

When her youngest child reaches age 22 or is no longer eligible, Linda can choose one of these three options:

- Take the remaining Defined Benefit contributions and interest in Rob's account, less all previously paid benefits.
- Receive the surviving spouse/registered domestic partner benefit payable for her lifetime once she reaches age 60. She will receive a monthly payment based on Rob's projected service credit and projected final compensation.
- Receive a reduced surviving spouse/registered domestic partner benefit for her lifetime before normal retirement age, based on her age at that time.

#### Coverage A survivor benefit example

##### Coverage A

Member:	Rob, age 50
Spouse:	Linda, age 50
Children:	Mike, 17; Mark, 15; and Sandy, 13
Service credit:	10 years

Final compensation			\$4,220
a. Spouse's benefit	40% x \$4,220	=	\$1,688
b. Children's increment	3 x 10% x \$4,220	+	\$1,266
Coverage A survivor benefit with eligible children	(a+b)	=	\$2,954
<b>Monthly CalSTRS survivor benefit to Linda</b>		<b>=</b>	<b>\$2,954</b>



## Coverage B survivor benefits—if you die before retirement

### One-time death benefit

Under Coverage B, if you die before retirement and while performing creditable service, CalSTRS pays a one-time death benefit to your designated recipient. The one-time death benefit is \$25,488. This amount may be adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, we will make the payment to your estate.

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

- While performing creditable service.
- Within four months after termination of employment, or last performed creditable service, whichever comes first.
- Within 12 months of the last day for which creditable compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

In addition, if you had taken a refund of contributions or had reinstated after retirement:

- You must have earned at least one year of service credit after your refund or reinstatement.

OR

- Six months must have elapsed since your reinstatement from disability retirement.

### Coverage B survivor benefit

For your survivors to be eligible for a monthly survivor benefit, your death must occur in any one of the following periods:

- While employed for creditable compensation.
- Within four months after reinstatement from disability retirement.
- Within four months after terminating CalSTRS employment.
- Within 12 months following the last day of creditable compensation if on an approved leave other than disability.
- While on approved leave for military service.

In addition, you:

- Cannot have made a preretirement election of an option.
- Must have earned at least one-half year of service credit if you had a break in service of more than one year.
- Must have performed at least one year of service credit since most recent reinstatement from service retirement.

### No benefit reduction

The Coverage B monthly survivor benefit will not be reduced if your survivors receive survivor benefits from another public system, such as Social Security.



Under Coverage B, a monthly survivor benefit may be paid to:

### **1. Your surviving spouse or registered domestic partner**

Your surviving spouse or partner has the choice of receiving either a lifetime monthly benefit or a return of your Defined Benefit contributions and interest, whether or not you have eligible dependent children. Your surviving spouse or registered domestic partner can begin receiving a survivor benefit either:

- Immediately as of the date of your death. The benefit is actuarially reduced if you were under normal retirement age at the time of death.

OR

- When you would have reached normal retirement age.

The monthly benefit is calculated using your actual service credit and actual final compensation at the time of your death. If you die at or before normal retirement age, your age and your spouse's or partner's age as of the date you would have reached normal retirement age are used in the calculation. The benefit your spouse or partner would receive would be one-half of the modified survivor benefit.

If you die after reaching normal retirement age, your age and your spouse's or partner's age as of the date of death will be used in the calculation. The survivor benefit calculation will also include service credit for your unused sick leave.

Neither the longevity bonus nor the career factor is part of the calculation for a monthly Coverage B survivor benefit.

● See "Your retirement benefit," page 57.

### **2. Your eligible dependent children**

If you have eligible dependent children and your spouse or partner decides to take a monthly survivor benefit, each child will also receive a monthly benefit. The payments are made to the parent until the children are age 18, when the children can request the payment be made to them.

If you have no surviving spouse or partner, but have eligible dependent children, each child will be eligible to receive a monthly benefit.

A benefit is not payable to your eligible dependent children if your surviving spouse or partner decides to receive a return of your Defined Benefit contributions and interest.

In order to be eligible, your child must be all of the following:

- Your natural child, adopted child or stepchild and not adopted by anyone other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 21.
- Financially dependent on you at the time of your death.

Each child's benefit is 10% of your final earned compensation, up to 50% for five or more children.

Your child's monthly survivor benefit begins on the day following the date of your death, even if your spouse elects to wait to receive a monthly survivor benefit until you would have reached

## Coverage A and B Defined Benefit Supplement distribution

If you die before retirement, your one-time death benefit recipient will receive a benefit based on the balance in your Defined Benefit Supplement account. If you have \$3,500 or more for each designated recipient, each will have a choice of a lump-sum payment or a period-certain annuity. If you have less than \$3,500 for each designated recipient, each will receive a lump-sum payment.

If you did not name a one-time death benefit recipient, we will make a lump-sum payment to your estate.

normal retirement age. The benefit is payable until the day before your eligible dependent child reaches age 21 or dies, whichever occurs first, regardless of when your spouse elects to receive a monthly survivor benefit.

If your surviving spouse or partner dies before your eligible dependent children become ineligible, each eligible child will still be paid a monthly benefit until the day before they are age 21 or die, whichever occurs first. Once your children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

### 3. Your eligible dependent children, but no surviving spouse or registered domestic partner

If you have dependent children, but no surviving spouse or registered domestic partner, each child is eligible for 10% of your final earned compensation, up to 50%. If you have more than five eligible dependent children, they will share equally in the total 50% of final compensation. Benefits end on the day before each child reaches age 21 or dies, whichever occurs first.

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

### 4. If you have no surviving spouse, registered domestic partner or eligible dependent children

No monthly benefit is payable to your survivors if you have no surviving spouse or registered domestic partner, or eligible dependent children. If you don't have a valid preretirement election of an option, your Defined Benefit contributions and interest will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

## Coverage B survivor benefit example

Sharon dies at age 40. Her survivors include a spouse, David, and three children eligible for benefits. Her final compensation is \$3,220.

David's choices: David can choose the monthly surviving spouse option benefit or he can choose to take a refund of Sharon's Defined Benefit contributions and interest. However, if he does not elect the monthly survivor benefit, their children are not entitled to a monthly benefit.

If David elects the survivor benefit, he will immediately receive 10% of final earned compensation for each child (\$322 each) as of the date of Sharon's death, until each eligible dependent child reaches age 21. These payments will go to David until his children reach age 18, when the children can request the payments be made directly to them.

The surviving spouse benefit is calculated based on the amount of service credit at death, as if Sharon had lived to normal retirement age and had retired naming her spouse as a 50% Option Beneficiary, which provides half of the modified retirement benefit.

David can choose to defer his monthly spouse's survivor benefit until Sharon would have reached normal retirement age and receive the full benefit, or start the benefit as of the date of her death and receive a reduced benefit.

## Coverage B survivor benefit example (continued)

### Survivor benefit example

Member: Sharon, age 40  
 Spouse: David, age 40  
 Children: Joe, 12; Sam, 9; and Jake, 7  
 Service credit: 10 years  
 Final compensation: \$3,220

Sharon's Member-Only Benefit, as if she were normal retirement age  
 $2\% \times 10 \text{ years of service credit} \times \$3,220$   
 Member-Only Benefit = \$644.00

Reduced benefit, based on option factor of .9517  
 (member and spouse normal retirement age)  
 $0.9517 \times \$644 = \$612.89$

David would receive, when Sharon would have reached normal retirement age, one-half of Sharon's reduced benefit  
 $\$612.89 \div 2 = \$306.45$

David could begin receiving, as of the date of Sharon's death, an actuarially reduced benefit  
 $\$306.45 \times .1745 = \$53.48$

Here are the choices David must make for the spouse's monthly benefit:

#### Defers survivor benefit

If David chooses to defer receiving his surviving spouse benefit, their children will receive the following benefit immediately as of the date of Sharon's death:

**10% of final earned compensation for each child: \$322 x 3 children = \$966**

David would receive no surviving spouse benefit until Sharon would have reached normal retirement age, which would be in 20 years. He would then receive a surviving spouse benefit of \$306.45 for the rest of his life.

#### Starts survivor benefit immediately

If David elects to take his surviving spouse benefit immediately, the family will receive the following survivor benefit:

**David's reduced spouse benefit = \$53.48**

**\$306.45 (50% Beneficiary Option) x .1745 (age 40 age factor) = \$53.48**

**10% of final earned compensation for each child (\$322 x 3 children) \$966**

**Total \$1,019.48**

When they reach age 21, each dependent child's benefit will stop. After David's last child is no longer eligible, he will continue to receive his spouse's benefit, \$53.48 a month, for his lifetime. In addition, an annual benefit adjustment increase of 2% of the basic benefit will be added each September, beginning a year after Sharon's death.

## Coverage A and B—When you die after retirement

### One-time death benefit

If you die after retirement, the one-time death benefit is the same under both Coverage A and Coverage B. CalSTRS pays a one-time death benefit to your named recipients if you're a retired member. The current one-time death benefit is \$6,372. The amount may be adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the benefit is divided equally, unless you specified other percentages of distribution. If you did not name a one-time death benefit recipient, we will make the payment to your estate.

Once you have retired, no monthly benefit is payable to your survivors unless you elected an option beneficiary for your retirement benefit.

### Monthly benefit with an option

If you elected an option, your option beneficiary will receive the monthly benefit payable under the option you elected. No one may elect an option for you after your death. Your option beneficiary may name their own recipient to receive any remaining accrued balance after their death.

### Monthly benefit without an option

If you elected the Member-Only Benefit for your Defined Benefit pension, you'll receive it for your lifetime. No continuing monthly benefit will be payable after your death.

Your one-time death benefit recipient, however, will receive the monthly retirement benefit that accrued but was not paid during the month of your death, plus any remaining contributions and interest in your Defined Benefit account not already paid to you in benefit payments.

### Member death after retirement example

Sanjay had been retired for 10 years at the time of his death on the 15th of the month. His monthly benefit was \$950. He had \$35,000 in contributions and interest when he retired and received \$115,000 in retirement benefits, so there was no remaining balance to distribute to his beneficiaries. The amount payable to Sanjay's recipient is calculated as follows:

Accrued monthly benefit during the month of death (½ month x \$950)	\$ 475
Current one-time death benefit	\$ 6,372
<b>Total payable</b>	<b>\$6,372 + \$475</b>
	<b>\$ 6,847</b>

### Defined Benefit Supplement distribution

If you die after retirement, you will have already made your Defined Benefit Supplement election. An ongoing monthly annuity may be paid depending on your election at retirement.

### Defined Benefit Supplement distribution

If you elected a 100%, 75% or 50% Beneficiary Annuity for your Defined Benefit Supplement account, your option beneficiary will receive a lifetime monthly annuity after your death, plus any monthly annuity payment that accrued but was not paid during the month you died.

If you elected a period-certain annuity of three to 10 years for your Defined Benefit Supplement Account, any remaining annuity will be paid to your one-time death benefit recipient, plus any monthly annuity payment that accrued but was not paid during the month you died. If you did not name a one-time death benefit recipient, any benefits payable from this account will be paid as a lump-sum distribution to your estate.

If you did not elect an annuity for your Defined Benefit Supplement account, any remaining balance in this account will be paid as lump-sum distributions to your one-time death benefit recipient. If you did not name a one-time death benefit recipient, we will make the payments to your estate.

# Your disability benefits

As a member of the Defined Benefit Program, you have disability benefits under one of the CalSTRS disability programs: Coverage A (disability allowance) or Coverage B (disability retirement).

## Eligibility for a disability benefit

You may be eligible for a disability benefit if you meet:

- The eligibility requirements, including age, service credit, timelines for application and medical documentation.
- The definition of disabled as defined by the California Education Code. You're disabled if you have any medically determined physical or mental impairment that is permanent or expected to last continuously for at least 12 months from the onset of the disability, but no earlier than the day following the last day of actual performance of service. The impairment must prevent you from performing all of the following job duties:
  - » Your usual duties with or without reasonable modifications from your employer.
  - » Duties of a comparable level position, which you're qualified for or can become qualified for in a reasonable period of time with education, training or experience. A comparable level position is employment at which you can earn at least two-thirds of your final compensation.

You can apply for service retirement and disability at the same time if you're otherwise eligible to service retire. This will enable you to receive a monthly service retirement benefit while your disability application is being evaluated. See page 102.

➤ You'll find *Your Disability Benefits Guide* at [CalSTRS.com/publications](https://www.calstrs.com/publications).

## Reasonable accommodation

Sometimes modifications in your work environment can enable you to continue working. Making such adjustments is known as reasonable accommodation. Federal and state laws require employers to make reasonable accommodations for employees. CalSTRS may require you to request reasonable accommodation from your employer as a condition for processing your application for a disability benefit. If you have questions about reasonable accommodation, contact your employer.

## Applying for a disability benefit

If you're considering applying for a disability benefit, learn about your choices and important considerations. For instance: If you return to work and later retire, your benefit will be calculated differently than if you had not received a disability benefit. In addition, if you're age 55 or older and have 25 years or more of service credit, you may want to consider a service retirement instead of a disability benefit.

A CalSTRS benefits specialist can help you make an informed decision. You can schedule an appointment by calling 800-228-5453. Let the scheduling coordinator know you want to discuss a disability application.

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

## Coverage A or Coverage B

You have disability benefits under Coverage A or Coverage B. If you became a CalSTRS member on or after October 16, 1992, you're covered under Coverage B. If you were a CalSTRS member on or before October 15, 1992, you remain under Coverage A unless you elected Coverage B before April 1993. Find your coverage on your *Retirement Progress Report*.

If you were disabled while on active military duty and are unable to return to CalSTRS-covered employment, you may apply for a CalSTRS disability benefit if you meet the other eligibility requirements.

## Steps in the disability application process

**Before beginning the disability application process, talk with a CalSTRS benefits specialist. If you cannot talk with a specialist right away or if you prefer not to talk to a benefits specialist, do not delay submitting your application. The date CalSTRS receives your application can affect your eligibility, the effective date of your benefit, or both. You may talk to a benefits specialist any time during the application process.**

### Steps in the disability application process include:

1. Request *Your Disability Benefits Guide*, which includes the *Disability Benefits Application* or find the booklet and application online at [CalSTRS.com/publications](http://CalSTRS.com/publications).
2. Submit your completed application and any pertinent documents to CalSTRS in person, by fax or by mail. The date we receive your application affects your benefit effective date and may also affect your eligibility for a disability benefit. If approved, your disability benefit will go into effect on whichever date occurs later:
  - » The first day of the month CalSTRS receives your completed application.
  - » The day after your last day of compensation, including sick leave and subdifferential pay.
3. We receive your *Disability Benefits Application* and acknowledge receiving it within one week.
4. We review your application and eligibility and mail you a request for medical documents and any other required documents.
5. You submit requested documents and respond to any follow-up requests for missing or additional documents.
6. We verify the employment information you provided in your completed application.
7. We notify you if an independent medical examination or an independent vocational evaluation must be scheduled.
8. We review all the information submitted and determine if you qualify for a disability benefit.
9. You will receive written notification when we reach a decision on your application.

You should apply for a disability benefit as soon as possible and before you exhaust any other benefits available to you.

Don't delay submitting your application while waiting for your medical documents. You may submit medical documents after CalSTRS receives your application.

## When to apply

Your disability benefit effective date cannot be earlier than the first day of the month we receive your application, but it must be after the last day of service for which you earn compensation. You should apply for a disability benefit as soon as possible and before you exhaust other benefits available to you.

Your *Disability Benefits Application* must be submitted during one of the following time frames:

- While you're employed and have performed creditable service within the four months before submitting your application.
- While you're on a compensated leave of absence.
- While you're on an unpaid leave of absence granted for reasons other than mental or physical impairment if you performed creditable service within the four months before submitting your application.
- While you're on an employer-approved leave to study at an approved college or university if you performed creditable service within 12 months before submitting your application.
- Within four months after you resign or are terminated from employment and not more than four months after your last day of actual performance of service for which you earned compensation.
- While you're physically or mentally incapacitated and the incapacity has been continuous from your last day of actual performance of service for which you received compensation.

If your *Disability Benefits Application* is not submitted within one of the time frames listed above, you will not be eligible for a disability benefit.

For more information, visit [CalSTRS.com](http://CalSTRS.com) or contact us to request a disability session with a benefits specialist. Conservators, guardians or others caring for a physically or mentally incapacitated CalSTRS member are also encouraged to contact us to determine if the member qualifies for disability benefits.

## The application review process

Processing times vary depending on individual cases. To avoid processing delays, submit a complete and properly signed application. You'll need to provide additional information such as medical records, hospital reports and employer-related information. You're responsible for submitting the medical documents and paying any fees charged for providing information to us.

If additional medical information is necessary, CalSTRS may require you to attend an independent medical examination with one or more independent physicians, depending on your stated impairments. We will notify you if this is necessary and pay for the examination and any reasonable related costs.

## Independent vocational evaluation

An independent vocational evaluation may be required to determine if you can perform your essential core duties at a comparable level. Duties of a comparable level are defined as any job you may be qualified to perform that will provide earnings of two-thirds or more of your indexed final compensation.

## Notification

CalSTRS will notify you in writing after we reach a decision on your disability application.

You can apply for service retirement and disability at the same time if you're eligible to retire, so you may receive a monthly service retirement benefit while your disability application is being evaluated. See next page.

## CalSTRS' right to recover benefits

If a third party causes you injury or death for which you receive disability benefits or your family receives survivor benefits and you or your family pursues civil litigation, CalSTRS must be informed because we have the right of subrogation. See page 115 for further details.



## Application approval

If we approve your disability application and you're still working, you must stop working before we can begin paying your benefits. If you do not stop working within 90 days of being notified of the approval, CalSTRS will reverse the approval and reject your application.

You should receive your first disability benefit payment within 45 days after we receive all necessary information. The payment will include any retroactive disability payments due. After receiving your first payment, you'll receive a regular disability payment on or about the first day of each month. We will notify your employer that your application was approved.

### Service retirement during evaluation of a disability application

If you're eligible to retire, you may wish to receive a service retirement benefit while your application for disability benefits is being evaluated. To learn more, visit [CalSTRS.com](http://CalSTRS.com) or contact us for the booklet, *Your Disability Benefits Guide*, which includes the *Disability Benefits Application* and important considerations.

If your application for disability is approved, your service retirement benefit will be canceled. Your disability benefit effective date will be the first day of the month in which we received your completed application or the day after your last day of compensation, whichever is later.

#### Important considerations

Before you apply for a service retirement benefit while your disability benefit application is being evaluated, consider the following:

- CalSTRS may require you to request a reasonable accommodation from your employer as a condition of your application. If you have already retired, you won't be able to meet this requirement, and your disability application may be rejected.
- You'll remain in service retirement if your application for disability is rejected.
- The election that you make for your service retirement benefit will remain in effect if your application for disability is not approved. For example, if you elect a Member-Only Benefit and begin receiving a service retirement benefit, your Member-Only Benefit will continue.
- Your Defined Benefit Supplement distribution under either service retirement or disability will be paid according to your disbursement election on your application. If you elected a lump-sum distribution under service retirement, you cannot make a different election for a Defined Benefit Supplement distribution under disability.
- If you receive a service retirement benefit while your disability application is being evaluated, you will:
  - » Not be eligible to participate in the Reduced Benefit Election.
  - » Not receive credit for unused sick leave before an evaluation is made regarding your application for disability. If your application for disability is rejected, your service retirement benefit will be recalculated to include your eligible unused sick leave, adjusted to the effective date of your service retirement.
- If you receive a service retirement benefit during evaluation of your application and you die before a determination is made, any subsequent benefits payable will be based on your service retirement elections.
- If your disability application is rejected and you remain on service retirement, you will not be eligible to reapply for a disability benefit unless you terminate your service retirement, return to CalSTRS-covered employment and earn one year of service credit. In that case, any physical or mental conditions known to exist when you return to active membership may be considered preexisting conditions, and you would not be able to apply for a disability benefit for those conditions if they remain substantially unchanged.
- If your application for a disability benefit is rejected, you may still be eligible to request an administrative appeal.



## Prescribed treatment program

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a prescribed treatment program developed by your attending physician.

## Limited-term disability benefits

If your condition is expected to improve with mental, physical or vocational rehabilitation, you may be approved for limited-term disability benefits. These benefits are granted for a specific time period and can be renewed if your condition does not improve.

## Benefits to survivors

If you're approved for a disability benefit and die before CalSTRS mails the notification of your approval, any subsequent benefits will be paid as if you had died while receiving a disability benefit.

## Application rejection

If your disability application is rejected, CalSTRS will send you a letter explaining the reason and your right to reapply or request an Executive Review.

## Reapply

If you have additional or new information you did not submit in your original application, you may be able to reapply. Your benefit effective date will be based on the date we receive your new application or your last day of compensation, whichever is later.

If you receive a service retirement benefit during evaluation of your disability application, you will not be eligible to reapply. Once you are retired, you're no longer eligible to apply for a disability benefit.

## Executive Review and right to appeal

An Executive Review is an internal review of your application and the Decision by the CalSTRS program director. If you disagree with the outcome of the Executive Review, you may request an administrative appeal.

- See "Your rights—The appeals process," page 115.

## Coverage A disability benefit

The Coverage A disability benefit is generally 50% of your final earned compensation and is not based on the balance of your Defined Benefit account. (Alternate Formula: If you have Coverage A, are between 45 and 60 years of age and have less than 10 years of service credit, your benefit will be 5% of final compensation for each year of service credit.) At age 60, your disability benefit will end, and you must apply for service retirement to receive a monthly benefit. Your disability benefit may continue beyond age 60 only if you have eligible dependent children and remain disabled.

To qualify for a disability benefit under Coverage A, you must meet the following requirements:

- You must be under age 60 and not receiving a service retirement benefit.
- You must not have enough sick leave days to use to allow you to receive creditable compensation to age 60 unless you have a dependent child.

Your final compensation for a Coverage A disability benefit is usually based on your compensation earned, rather than earnable. See page 107.

If you think you qualify for a disability benefit now but plan to reinstate to active member status in the future, make an appointment with a CalSTRS benefits specialist to discuss important considerations, including how your future retirement benefits may be affected.

- You must have five or more years of service credit and meet the following conditions:
  - » Your last five years of service credit must have been performed in California.
  - » Four of the five years of service credit must be for actual performance of creditable service.
  - » You must have earned at least one year of service credit following a service retirement termination, or following the most recent refund of your accumulated contributions.

If your disability is the direct result of an unlawful act of bodily injury that occurred while on the job, you may qualify for a disability benefit with as little as one year of service credit. You must provide an official police report or official employer incident report documenting the unlawful act. For more information, contact CalSTRS.

### **Benefit increase for eligible dependent children**

If you have eligible dependent children, you'll receive an additional 10% of final earned compensation for each child, up to an additional 40%.

For a child to be an eligible dependent, the child must be all of the following:

- Not married or registered as a domestic partner.
- Your natural, adopted or stepchild, and not adopted by anyone other than your spouse or registered domestic partner.
- Born prior to the end of the 10-month period beginning on the benefit effective date of your disability benefit.
- Under age 22.
- Financially dependent on you on your disability benefit effective date.

When your child reaches age 22, marries, registers as a domestic partner or dies, your monthly benefit will be reduced by that child's portion.

### **Defined Benefit Supplement distribution**

If you're approved to receive a disability benefit under Coverage A, you will receive the balance of your Defined Benefit Supplement account. If your balance is \$3,500 or more, you can choose to take a lump-sum distribution, an annuity or a combination of the two.

- See "Your Defined Benefit Supplement account distribution," page 67.

### **Reductions to your disability benefit**

Your monthly Coverage A disability benefit, including the amount received for eligible dependent children, will be reduced by payments from other sources, including:

- Workers' compensation.
- Social Security disability.
- Federal military disability.
- Employer-paid income protection plans.
- Other disability programs financed with public funds.
- Judgments against or settlements with the third party that caused your injury.

- See "CalSTRS' right to recover costs of disability and survivor benefits," page 115.

## Periodic review

CalSTRS will periodically review your medical and work status for continuing eligibility for disability benefits. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry about other disability benefits.

As part of the review, we may ask you to verify your earnings with documentation from the Employment Development Department, your employer and your tax returns.

Notify us if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in benefits from another public agency or the benefits end.
- Have a child who reaches age 22, marries or becomes a registered domestic partner, or dies.

## Preretirement election of an option

If you're eligible to service retire, you can make a preretirement election of an option if you want to ensure a monthly lifetime income to someone if you should die before retirement. If you're approved for a disability benefit under Coverage A after making a preretirement election, you may maintain the preretirement election you made for service retirement. If you're not eligible to elect a preretirement option at the time you apply for disability benefits, you may make a preretirement election of an option while receiving a disability benefit after reaching age 55.

- See "Protecting your loved ones before you retire," page 48.

A survivor benefit under Coverage A will not be payable if you made a preretirement election of an option. Instead, your option beneficiary will receive a lifetime benefit based on your preretirement election of an option.

- See "Your survivor benefits," page 89.

## Transitioning to service retirement at normal retirement age

Approximately six months before your 60th birthday, we will notify you of the pending termination of your Coverage A disability benefit and your eligibility to apply for service retirement. The notification includes an estimate of your service retirement benefit and the *Disability Allowance to Service Retirement Application*. If you still have eligible dependent children, you'll continue to be eligible for a disability benefit. When you service retire, you will be subject to the earnings limit and other working after retirement restrictions. See page 85 to learn more.

To calculate your service retirement benefit, we'll project your service credit through the duration of your disability. Your service retirement final compensation will be the final compensation used for your disability benefit projected forward at the rate of 2% per year. Your retirement benefit will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement benefit or the disability benefit you were receiving before your 60th birthday, whichever is less.

You also may elect the Modified Benefit for your service retirement benefit by naming an option beneficiary. If you have a preretirement election of an option on file, you may change your option election when you transition to service retirement. However, if you do make a change, your service retirement benefit will be subject to an assessment. See "Adding, changing or canceling your option election after retirement," page 65.

Be sure to keep CalSTRS informed of events that may affect your eligibility.

## Coverage A earnings limit

You can earn a limited amount of income while you're receiving a Coverage A disability benefit without affecting your benefit. You can earn income from any source, including the performance of creditable service, but you cannot earn CalSTRS service credit or contribute to CalSTRS while receiving a disability benefit. The amount you can earn is based on your indexed final compensation. In the first year that you receive disability benefits, your indexed final compensation is the final compensation on which your disability benefit is based. In subsequent years, your indexed final compensation is calculated as the final compensation on which your disability benefit is based adjusted annually by an index factor. The index factor is based on the average salary increase of all CalSTRS active members.

Two earnings limits apply:

**Single-month earnings limit** The single-month earnings limit is 100% of your indexed final compensation. Your disability benefit, including cost of living adjustments but not including any child's portion or restrictions for another public benefit, plus your earnings from all employment, is compared to your indexed final compensation. If your earnings exceed 100% of your indexed final compensation, the excess amount is considered an overpayment, and CalSTRS will recover the amount by deducting 15% of future benefit payments until paid in full.

**Six-month earnings limit** The six-month earnings limit is an average of two-thirds of your indexed final compensation over a continuous six-month period. Your earnings (not including your disability benefits) from all employment is averaged over a six-month period and is compared to your indexed final compensation. If your average earnings over a continuous six-month period exceed two-thirds percent of your indexed final compensation, you are no longer considered disabled. Your disability benefit will be terminated, effective on the first day of the month following the six-month period. Any benefit payments made after this termination date will be recovered by CalSTRS.

You must provide CalSTRS with an annual report of your gross earnings from all employment.

### Single-month earnings limit

Margaret has a disability benefit of \$1,500 and employment earnings of \$2,075 in a single month. Her employment earnings plus her disability benefit exceed 100% of her indexed final compensation (\$3,100), resulting in a \$475 overpayment, which CalSTRS will collect back from her future benefits.

\$1,500	Disability benefit and annual benefit adjustments
+ \$2,075	Monthly employment earnings
= \$3,575	Total monthly income
- \$3,100	Indexed final compensation
= \$475	Overpayment, which CalSTRS will recover

### Six-month earnings limit

This year, Carmela's indexed final compensation is \$3,100 per month. Carmela earns \$2,075 monthly from employment earnings over a continuous six-month period. Her employment earnings exceed the six-month earnings limit, and as a result, her disability benefit will be terminated.

\$3,100.00	Indexed final compensation
x .66667	66%
x 6	Months
= \$12,400.06	6-month earnings limit
\$2,075.00	Monthly employment earnings
x 6	Months
= \$12,450.00	6 months of employment earnings
- \$12,400.06	6-month earnings limit
= \$49.94	Earnings in excess of 6-month earnings limit, which CalSTRS will recover

## Coverage A disability benefit examples

Your final compensation is based on your compensation earned and must be determined before your monthly disability benefit can be calculated. When you have fewer than 10 years of service credit and you're between the ages of 45 and 60, your final compensation is based on your compensation earnable and service credit is used to determine your monthly benefit.

### Disability benefit

#### More than 10 years of service, with children

Charles is granted disability benefits with a benefit effective date of July 1. He has one child eligible for benefits, and receives \$300 a month from workers' compensation.

### Alternative formula

#### Fewer than 10 years of service, with children

Maria is granted disability benefits with a benefit effective date of January 1. She has 8.072 years of service credit and is between age 45 and 60. She has two eligible children and receives \$300 a month from workers' compensation.

Charles: Coverage A disability benefit—More than 10 years				Maria: Coverage A disability benefit—Fewer than 10 years			
<b>Step A: Final compensation</b>				<b>Step A: Final compensation</b>			
Highest 36 consecutive months average annual compensation earned				Highest 36 consecutive months average annual compensation earnable			
7/1/18 to 6/30/19 (12 months)	\$52,430			7/1/19 to 12/31/19 (6 months)		\$25,950	
7/1/17 to 6/30/18 (12 months)	\$49,850			7/1/18 to 6/30/19 (12 months)		\$49,256	
7/1/16 to 6/30/17 (12 months)	\$47,700			7/1/17 to 6/30/18 (12 months)		\$46,624	
<b>Final compensation</b>				1/1/17 to 6/30/17 (6 months)		\$17,265	
\$149,980 (36 months total) ÷ 36 months		= \$4,166.11		<b>Final compensation</b>			= \$3,863.75
				\$139,095 (36 months total) ÷ 36 months			
<b>Step B: 50% formula</b>				<b>Step B: Alternate formula</b>			
1. Final compensation x 50%	\$4,166.11 x 50%	\$2,083.06		Number of years of service credit	8.072		
2. Eligible dependent children (1 child @ 10%)	10% x \$4,166.11	+ \$416.61		1. Service Credit x 5% x Final Compensation	8.072 x 5% x \$3,863.75	\$1,559.41	
3. Monthly benefit before offset for other public benefit	\$2,083.06 + 416.61	= \$2,499.67		2. Eligible dependent children	2 x 10% x \$3,863.75	+ \$772.75	
4. Less benefit payable from another public system (workers' compensation)		- \$300.00		3. Monthly benefit before offset for other public benefit	\$1,559.41 + \$772.75	= \$2,332.16	
5. Adjusted monthly benefit		= \$2,199.67		4. Less benefit payable from other public system (workers' compensation)		- \$300.00	
				5. Adjusted monthly benefit		= \$2,032.16	

Your final compensation for a Coverage B disability benefit is based on your compensation earned, rather than earnable.

### Benefit reduction

If you receive both a Coverage B disability benefit and a disability benefit under a workers' compensation program for the same impairment, your CalSTRS benefit will be reduced by an amount equal to your workers' compensation benefit.

Your benefit will also be reduced if you receive a judgment against or a settlement with the third party who caused your disability. See page 115 for additional details.

## Coverage B disability benefit

The Coverage B disability benefit (disability retirement) is 50% of your final compensation earned. Service credit is not a factor in determining your disability retirement benefit.

You will not receive service credit while you receive a disability retirement benefit. Your benefit will continue to be paid as long as you remain disabled, without respect to age. If we determine you're no longer disabled, your disability benefit will be terminated.

If you think you qualify for a disability retirement now but plan to reinstate to active member status, make an appointment with a CalSTRS benefits specialist to discuss important considerations, including how your future benefits may be affected.

To qualify for a disability benefit under Coverage B, you must meet the following requirements:

- You must have five or more years of service credit and meet the following conditions:
  - » Your last five years of service credit must have been performed in California.
  - » Four of the five years of service credit must be for actual performance of creditable service.
  - » You must have earned at least one year of service credit following the most recent service retirement or disability retirement termination, or following the most recent refund of your accumulated contributions.

If your disability is the direct result of an unlawful act of bodily injury that occurred while on the job, you may qualify for a disability benefit with as little as one year of service credit. You must provide an official police report or official employer incident report documenting the unlawful act. For more information, contact CalSTRS.

There are no age restrictions.

### Option beneficiary

An option is a plan feature that allows you to distribute your Coverage B disability benefit over your lifetime and the lifetime of your beneficiary or beneficiaries after your death. An option provides a reduced disability benefit based on a percentage of the Member-Only Benefit. Your Member-Only Benefit will be adjusted depending on the option you elect, your age and the age of your beneficiaries.

A Member-Only Benefit is usually the highest monthly CalSTRS benefit you can receive. Upon your death, your Member-Only Benefit will stop. It does not provide for a monthly benefit to a survivor after your death.

Option factor tables for disability are not included in this handbook. Contact a CalSTRS benefits specialist for an estimate of your benefit and the benefit of your beneficiaries under each of the options.

## Increased benefit for eligible dependent children

If you have eligible dependent children, each child's portion will be 10% of your earned final compensation up to an additional 40%. If you have more than four children, each child will share equally in the maximum benefit of 40%. The maximum benefit you can receive, including portions for eligible dependent children, is 90% of your final compensation.

For a child to be an eligible dependent, the child must be all of the following:

- Your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born no later than 10 months after the effective date of your disability benefit.
- Under age 21.
- Financially dependent on you on the effective date of your Coverage B disability benefit.

Your children's benefits are paid separately to each eligible child. When your child reaches age 21, your monthly benefit will be reduced by that child's portion.

### Coverage B Disability Benefit calculation

Jack is granted a Coverage B disability benefit with an effective date of September 1. He has three eligible dependent children and elected to receive a Member-Only Benefit. He is not receiving workers' compensation.

#### Step A: Final compensation

Highest 36 consecutive months average annual compensation earned

7/1/19 to 8/31/19 (2 months)	\$5,727.30
7/1/18 to 6/30/19 (12 months)	\$33,099.00
7/1/17 to 6/30/18 (12 months)	\$30,375.60
9/1/16 to 6/30/17 (10 months)	\$24,908.30

**Final compensation**  
\$94,110.20 (36 months total) ÷ 36 months = **\$2,614.17**

#### Step B: Calculate disability benefit

1. Final compensation x 50%	= \$1,307.09
= Member-Only Benefit (\$2,614.17 x 50%)	
2. Benefit payable from workers' compensation	- \$0.00
3. Number of eligible children (3 x 10% x \$2,614.17)	+ \$784.25
4. <b>Adjusted monthly benefit</b>	<b>= \$2,091.34</b>

Keep us informed of events that may affect your benefit eligibility. If you do not respond to requests for information, we may terminate your benefits.

## Defined Benefit Supplement distribution

If you're approved to receive a Coverage B disability benefit, you will receive the balance of your Defined Benefit Supplement account. If your balance is \$3,500 or more, you may choose to receive your benefit as an annuity.

- See "Your Defined Benefit Supplement account distribution," page 67.

## Preretirement election of an option

If you made a preretirement election of an option before being eligible for a disability benefit under Coverage B, your preretirement election will be voided as of the effective date of your approved disability benefit and the Member-Only Benefit or Modified Benefit you elected on your disability application will become effective.

To help you understand your disability coverage, make an appointment with a benefits specialist at [CalSTRS.com/benefits-planning](https://www.calstrs.com/benefits-planning).

## Earnings limit

You can earn income after you begin receiving a disability Coverage B benefit. You can teach under certain employer conditions, but you are not allowed to earn CalSTRS service credit or contribute to CalSTRS while receiving a disability retirement benefit. Your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are participating in an approved CalSTRS rehabilitation plan.

CalSTRS retirement benefits will be reduced dollar for dollar by the total amount of earnings from all employment in excess of the 12-month calendar year limit. You will be required to provide CalSTRS with an annual report of your gross earnings from all employment. The Employment Development Department and your employer will verify your reported earnings.

The 2020 calendar year earnings limit is \$32,400. The limit is determined early each calendar year. This amount is different from the service retirement earnings limit.

## Periodic review

CalSTRS will periodically review your medical and vocational status to determine your continuing eligibility. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry about other disability benefits.

As part of the review, CalSTRS may ask you to verify your earnings with documentation from your employer's W-2 forms and your tax returns.

Notify CalSTRS if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in workers' compensation benefits.



# Governance, tax information and legal matters

This section covers tax information and legal matters that affect your benefits.

## History and governance

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school educators from prekindergarten through community college. CalSTRS is the largest educator-only pension fund in the world and the second largest pension fund in the U.S.

### Teachers' Retirement Board

The Teachers' Retirement Board administers CalSTRS and sets policies and rules to ensure benefits are paid according to the law. The 12-member board is composed of:

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

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

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

➤ Read about recent board activities at [CalSTRS.com/board-highlights](https://CalSTRS.com/board-highlights).

### Teachers' Retirement Fund

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

➤ Visit [CalSTRS.com/investments](https://CalSTRS.com/investments) to learn about CalSTRS' investment philosophy and portfolio.

CalSTRS serves more than 965,000 public school educators and their beneficiaries. Our dedicated and professional staff work hard to tailor our services to meet your needs.

Your tax withholding election will take effect within 60 days after CalSTRS receives your updated form. Tax withholding preferences made using your *myCalSTRS* account will be effective sooner.

## CalSTRS Ombudsman

The Office of the Ombudsman was created by the California Legislature to serve as an advocate for our members and other entities regarding the actions of our employees. The duties of the Ombudsman include reviewing and making recommendations regarding complaints by school employees, members, employee organizations, the California Legislature or the public regarding actions by CalSTRS employees.

## Income tax withholding

Under federal law, CalSTRS will withhold income tax from the taxable portion of your benefit unless you choose not to have taxes withheld. This requirement also applies to California state income tax for California residents. Nonresidents are not subject to California state income tax, unless they elect to have taxes withheld. To elect tax withholding, you must complete an *Income Tax Withholding Preference Certificate* (also included in the *Service Retirement, Refund and Disability Benefits* applications).

View and update your tax withholding preferences on *myCalSTRS*. You may also change your income tax withholding by completing the *Income Tax Withholding Preference Certificate*. Your election will take effect within 60 days after we receive your form.

If you do not have taxes withheld or if you don't withhold enough taxes, you may need to make estimated tax payments. Generally, your withholding or estimated tax payments, or the total of both, must cover at least 90% of your total tax liability for the current year. If you fail to meet the 90% threshold, you may have to pay penalties.

A portion of your benefit may not be taxable if you made previously taxed contributions to CalSTRS during your career. We use the Simplified Method established by the IRS to determine the taxable portion of your benefit. You may use any acceptable method when reporting to the IRS.

CalSTRS does not provide tax advice. Consult a tax professional for assistance.

- See *Pension and Annuity Income*, IRS publication 575, available at [irs.gov](https://www.irs.gov) or *Pension and Annuity Guidelines*, FTB publication 1005, from the California Franchise Tax Board at [ftb.ca.gov](https://ftb.ca.gov).

## Periodic payments

Generally, unless you choose not to withhold taxes or specify different income tax withholdings, CalSTRS will withhold income tax on your periodic payments—those payments you receive in installments at regular intervals—as if you were married with three allowances. However, if you're a nonresident of California, no state income tax will be withheld unless you elect to have state tax withholding.

## Eligible rollover distributions

CalSTRS withholds income tax from eligible rollover distributions made to you, including a one-time lump-sum distribution, a one-time death benefit, or a benefit accrued and unpaid on the date of death of a CalSTRS benefit recipient (nonperiodic payments). Federal tax withholding from eligible rollover distributions made directly to you is mandatory and set at 20%. CalSTRS will withhold state income tax at 2% on these distributions unless you elect not to have state income tax withheld or you're a nonresident of California.

- See the *Tax Considerations for Rollovers* booklet, available at [CalSTRS.com](https://www.calstrs.com).

## Tax withholding for out-of-state residents

Under federal law, if you're not a California resident, you are not subject to California state tax. However, your CalSTRS benefits may be subject to taxes in the state where you live. CalSTRS cannot withhold taxes for another state.

If you move from California to another state and want to discontinue your California tax withholding, you can make the change online using your *myCalSTRS* account or by completing the *Income Tax Withholding Preference Certificate* form, available on [CalSTRS.com/forms](https://www.calstrs.com/forms) under *Most Requested Forms*.

If you or your beneficiaries reside outside the U.S. or its possessions, CalSTRS must withhold federal income tax from your payments.

Contact the IRS, the California Franchise Tax Board or a qualified tax adviser for information relevant to your individual situation. For general information on withholding tax from CalSTRS benefits, go to [CalSTRS.com](https://www.calstrs.com).

## Employer pick-up of contributions

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

## Internal Revenue Codes affecting benefits

CalSTRS and its members are subject to many Internal Revenue Code provisions and other sources of federal law. Here are three IRC provisions that may affect your benefits.

### Section 401(a)(9)—Required minimum distribution

If you're no longer working, Internal Revenue Code section 401(a)(9) and California Education Code require CalSTRS to begin the required minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 70½ or age 72. If you reached age 70½ on or before December 31, 2019, you're subject to the age 70½ required minimum distribution. If you turn age 70½ on or after January 1, 2020, you're subject to the age 72 required minimum distribution.

For example, if you reached age 70½ on or before December 31, 2019, you have until April 1, 2020, to take your first required minimum distribution. If you turn age 70½ on or after January 1, 2020, you will have until April 1 of the year after which you turn age 72 to take your first required minimum distribution.

If you're within the calendar year in which you'll turn age 70½ or 72 or older, as described above, and are no longer working in a CalSTRS-covered position and request a 100% rollover of your account balance based on IRC section 401(a)(9), CalSTRS will calculate and pay your required minimum distribution directly to you and rollover any remaining funds. The rollover will be considered a complete rollover, even though 100% of your account balance was not rolled over.

We are not required to begin distribution of your account if:

- You're currently employed in a CalSTRS-covered position.
- Your current employment is covered by another public retirement system.
- See “Retiring from more than one public retirement system,” page 46.

We send courtesy notification letters to both active and inactive members regarding the required minimum distribution. The first letter is sent approximately two years prior to you reaching the required minimum distribution age; the second letter is sent approximately one year prior to that date. Be sure we always have your current mailing address.

If you're rolling over your payments from your Defined Benefit Supplement or Cash Balance Benefit Program period-certain annuity of three to nine years and you reach the required minimum distribution age before the annuity payments end, your annuity rollover payments will end with the December payment the year prior to you reaching age 70½, if you reached this age on or before December 31, 2019, or age 72.

You are not eligible to roll over funds once you reach your required minimum distribution age, even if there are remaining years for your period-certain annuity. Any remaining annuity payments will automatically become direct payments.

The IRS may impose a penalty of 50% of the difference between the distribution amount you did take and the one you should have taken. Contact the IRS or your tax professional for more information.

### **Compensation cap under IRC and Education Code**

Internal Revenue Code Section 401(a)(17) limits the compensation that can be used to provide a CalSTRS benefit. The compensation limit applies if you became a Defined Benefit member or Cash Balance Benefit participant on or after July 1, 1996.

For 2019–20, the compensation limit is \$280,000; for 2020–21, the limit is \$285,000. Any compensation in excess of this limit is not creditable compensation, and neither your employer's nor your contributions to the Defined Benefit Program, the Defined Benefit Supplement Program or the Cash Balance Benefit Program should be paid to CalSTRS on the excess amount.

Employers may offer their employees a defined contribution plan, such as CalSTRS Pension<sup>2</sup>, for contributions on compensation in excess of the Section 401(a)(17) limit.

For **CalSTRS 2% at 62** members, the limit on creditable compensation that may be counted toward your CalSTRS retirement benefit is lower than that required by IRC Section 401(a)(17). The limit is adjusted annually by changes to the Consumer Price Index for All Urban Consumers: U.S. City Average. For 2019–20, the compensation cap is \$148,423.

### **Section 415(b) limit**

Internal Revenue Code Section 415(b) limits the benefits that can be paid by CalSTRS. Benefits are limited to an absolute dollar amount that is indexed for inflation. For calendar year 2020, the Internal Revenue Code dollar limit is \$167,079 at age 60. The limit is lower below age 60 and higher above it. However, this limit serves as a general guideline. There are other considerations that could make you subject to the provisions of Section 415.

Currently, few CalSTRS members have been, or are likely to be, affected by the Section 415 limits. Once we receive your *Service Retirement Application*, we will notify you if your benefit will be affected by the Section 415 benefit limit. Consistent with federal law, CalSTRS has established the Replacement Benefits Program to pay the full amount of vested benefits owed to members in excess of the Section 415 limits. If your benefit is limited by Section 415, you will receive an additional separate payment from the Replacement Benefits Program.

For **CalSTRS 2% at 62** members, the Replacement Benefits Program is not available.

## **CalSTRS' right to recover costs of disability and survivor benefits**

When a third party causes you injury or death and you receive disability benefits or your family receives survivor benefits as a result, CalSTRS has the right of subrogation. This means that if you or your family pursue civil litigation, CalSTRS must be informed. CalSTRS has the right to recover an amount equal to the actuarial equivalent of benefits paid and payable under the plan because of your injury or death. If you recover costs from the third party without giving CalSTRS the opportunity to participate in the litigation, we may recover the actuarial equivalent of benefits paid and payable from you directly.

## **Power of attorney**

You can arrange to have a third party manage your CalSTRS account and benefits if or when you become incapacitated and can no longer manage your financial affairs. That authority could extend to changing your mailing address, instituting or changing direct deposit authorizations, and changing tax withholding preferences.

A durable power of attorney is the most common method used to delegate authority to act on your behalf. This document permits you to act as a principal and appoint an agent. The document also identifies the extent of authority granted to your agent as well as when that authority becomes effective. A durable power of attorney can be drafted by an attorney or purchased as a commercially available fill-in-the-blank form. We do not provide this form. In addition, we may require an agent to execute an affidavit affirming the agent's authority under the durable power of attorney. For the agent's convenience, a CalSTRS *Declaration of Attorney in Fact* form can be completed by the agent for each request.

An agent does not have the right to use your myCalSTRS account or to set up access to it under the agent's name. Agents are authorized to act only by submitting paper forms.

## **Your rights—The appeals process**

Any qualified applicant who disagrees with a Decision by the director of a CalSTRS program area may request a review of that Decision by the program's executive. If you disagree with the program executive's Determination, you may request an administrative hearing, and an administrative law judge will issue a proposed decision. The Teachers' Retirement Board considers the proposed decision and makes the final decision. A brief description of the appeals process follows. It is not intended to take the place of the law, regulations or the written procedures for the appeals process.

### **Requesting an executive review**

If you disagree with a Decision by the director of a CalSTRS program area, you may request a review by the program's executive (Executive Review) within 45 days of the date of the letter informing you of the CalSTRS Decision. According to state regulations, your request for an Executive Review must include a statement of all facts, any basis in the Education Code or other law that you believe is relevant, and any other pertinent information to dispute the Decision.

### **Requesting a hearing**

Once the program's executive issues a Determination, or you're informed there will be no Executive Review, you may request a hearing before an administrative law judge at the Office of Administrative Hearings within 90 days of the date of the letter informing you of the CalSTRS Determination.

The Office of Administrative Hearings will schedule the hearing and notify all parties regarding the time, date and location. The hearing is a full evidentiary hearing, meaning witnesses may be called. CalSTRS may be represented by the state attorney general or in-house counsel. You may be represented by an attorney at your own cost, or you may represent yourself. Following the hearing, the administrative law judge will submit a proposed decision to the board. CalSTRS will provide all parties with a copy of the proposed decision within 30 days.

### **Proposed decision and further action**

The proposed decision of the administrative law judge is not the final decision. The Teachers' Retirement Board must decide whether or not to adopt the proposed decision within 100 days of receiving it. If the board takes no action, the proposed decision automatically becomes CalSTRS' final decision.

When you receive your copy of the proposed decision, you'll be given the date that the board's Appeals Committee will act on your case, staff recommendations regarding your case and procedures for submitting written statements.

If the Appeals Committee adopts the proposed decision, then that becomes CalSTRS' final decision. If the Appeals Committee does not adopt the proposed decision, it must either send it back to the administrative law judge or decide the matter itself at a future meeting of the committee.

If you're dissatisfied with the Appeals Committee's final decision, you may ask the committee to reconsider its decision or you may appeal to Superior Court. You'll be notified of this right when you receive your copy of the Appeals Committee's final decision shortly after the hearing takes place.

### **Community property considerations**

If you have been or are currently going through a divorce, legal separation or termination of a registered domestic partnership, your current or former spouse or partner may have a community property interest in your CalSTRS benefits. You may need to refer to your settlement agreement or contact an attorney for legal advice.

Your court order may address CalSTRS benefits and might specify that your former spouse or partner is entitled to a share of each of your accounts and benefits, including death benefits. If you think your former spouse may be entitled to a community property share of your benefits, you can submit your judgment of dissolution and marital settlement agreement to the CalSTRS Community Property office for review. However, CalSTRS cannot provide you with legal advice.

It is important to know that a dissolution of marriage, legal separation or termination of a registered domestic partnership can invalidate the one-time death benefit designation of a former spouse or partner. However, your one-time death benefit recipient designation may remain valid. Be sure to update your designation and ensure your current election wishes are on file with CalSTRS using *myCalSTRS* or the *Recipient Designation* form.

If you choose to have your former spouse as your one-time death benefit recipient, and your dissolution or termination occurred after December 31, 2001, you must submit a new *Recipient Designation* form after your marital termination date and indicate the proper relationship status.

➤ See the CalSTRS *Community Property Guide* at [CalSTRS.com](https://www.calstrs.com).

## Overpayment of benefits

If you—or a benefit recipient on your account—receive an overpayment, you will receive a letter from CalSTRS with the amount of the overpayment and how we will recover the money. Early in retirement, the most common reasons for an overpayment are benefits that were based on an incorrect last day of employment.

CalSTRS will typically deduct overpayments from your monthly benefit at a rate of 5% of your gross benefit amount until the entire amount is paid in full. However, if the overpayment was made because you provided inaccurate information or failed to provide information affecting your benefit status, we will deduct the overpayment at a rate of 15% of your gross benefit amount until the entire amount is paid in full. When an overpayment of benefits occurs, you may request alternative payment arrangements if you can demonstrate that these recovery guidelines would constitute a financial hardship for you.

When an overpayment is due to intentional misrepresentation of facts or fraud, these collection methods do not apply, and CalSTRS will recover the amounts due by any means authorized under the law.

## Benefit forfeiture for felony convictions

If you are convicted by a state or federal trial court of any felony under state or federal law for conduct arising out of or in the performance of your official duties in pursuit of the office or appointment; or in connection with obtaining salary, disability retirement, service retirement or other benefits, you will forfeit all accrued retirement rights and benefits from the earliest date of the commission of the felony to the date of conviction. You will not accrue further CalSTRS benefits, effective on the date of the conviction. However, you will not forfeit rights and benefits attributable to service performed before the earliest date of the commission of the felony.

In addition, if you have contact with children as part of your official duties and are convicted of a felony that was committed within the scope of your official duties against or involving a child who you had contact with as part of your official duties, you **will** forfeit all accrued rights and benefits.

CalSTRS may return any contributions you made after the earliest date of the commission of the felony, without interest. CalSTRS will recover any overpayment of benefits accrued and paid after the earliest date of the commission of the felony.

Within 60 days of your conviction, you're required by law to notify your employer at the time of the commission of the felony, of the date of conviction, and the date of the first known commission of the felony. In addition, within 90 days of your conviction, you're required by law to notify CalSTRS of the date of conviction.

If your conviction is reversed and that decision is final, you can recover the forfeited rights and benefits adjusted for the contributions returned to you, or you may choose to redeposit the returned contributions and interest that would have accrued during the forfeiture period, as determined by the CalSTRS actuary, and then recover the full amount of the forfeited rights and benefits.



## Confirmation for address and direct deposit updates

We will send you a letter and an email confirming any updates or changes you make to your mailing address as well as your bank account or direct deposit information. You can make mailing address changes only through your *myCalSTRS* account or by submitting the *Address Change Request* form—or by calling us at 800-228-5453 if you have a valid email address.

You can update bank account or direct deposit information only by using *myCalSTRS* or the *Direct Deposit* form. Forms are available at [CalSTRS.com](https://www.calstrs.com) or by calling us at 800-228-5453 to have the form mailed to you.

## Keeping your CalSTRS account secure

Protecting your information is among our highest priorities. We have strict policies and procedures in place to ensure your personal information remains private and secure. Here are a few of our security measures along with steps you can take to help protect the security of your CalSTRS information:

- Review your account regularly and make sure your contact information, including your phone number, is accurate.
- We do not send representatives to meet you at any location. You can schedule an appointment with a CalSTRS benefits specialist by calling 800-228-5453 or online at [CalSTRS.com/benefits-planning](https://www.calstrs.com/benefits-planning) or from your *myCalSTRS* account. We have member service centers and benefits planning offices across the state (see page 17).
- We will not request confidential or personal information via email. If you receive a suspicious email that looks like it came from CalSTRS and request confidential data, do not click on any links within the message. Call us immediately at 800-228-5453.
- Protect your *myCalSTRS* login information—do not share or make information available. As part of good security practices, choose a strong password and change it regularly. Never walk away from your computer if you're in the middle of a session.
- When you log in to *myCalSTRS*, always check your Personal Security Icon and Personal Security Message to ensure they are the ones you chose. These are known only to you and CalSTRS and would not appear on an imposter site. If these items do not appear or are not the ones you chose, contact CalSTRS for assistance. Never enter your password without verifying that these security items are valid.
- Do not divulge security question answers online. For example, if a social media quiz asks about your favorite teacher, avoid putting this information online if it is an answer to a security question because it could be used to access your accounts.

## Password security tips

Here are some tips to keep your password secure:

- Change your password immediately if you know or suspect it has been compromised or is known by others.
- Use a long pass phrase to make your password easier to remember.
- Do not use the same password for multiple logins.
- Avoid passwords that include:
  - » Family, friends or pets names.
  - » Your User ID or other variations of your name.
  - » Your birthday, telephone number or driver's license number.

Here are some suggestions and methods to consider, but do not use these examples—these are just ideas.

- A song: TmO2tBg! (take me out to the ball game!)
- Sayings: 1wAyORaN0th3r (one way or another)
- If you forgot your *myCalSTRS* password, go to [myCalSTRS.com](https://www.calstrs.com) and select the *Forgot Your Username or Password?* link. Check out [CalSTRS.com/myCalSTRS-help-videos](https://www.calstrs.com/myCalSTRS-help-videos) for easy instructions on resetting your *myCalSTRS* password.



# Glossary

## 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 your final compensation that you will receive as a retirement benefit for every year of service credit. The age factor is based on your age on the last day of the month in which your retirement is effective. To receive an age factor of 2%, you must retire at age 62 if you're under CalSTRS 2% at 62. The basic age factor for members under CalSTRS 2% at 60 is 2% at age 60.

#### CalSTRS 2% at 60:

The age factor at age 60 is 2%. The age factor gradually decreases to 1.10% at age 50 if you retire before age 60 and increases to the maximum 2.4% at age 63 if you retire after age 60.

For example, if you retire at age 60 and have 20 years of service, you will receive 2% (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 percent x 20).

#### CalSTRS 2% at 62:

The age factor at age 62 is 2%. The age factor gradually decreases to 1.16% at age 55 if you retire before age 62 and increases to the maximum 2.4% at age 65 if you retire after age 62.

### Air time

See nonqualified service credit.

### Annual benefit adjustment

An automatic annual increase to your monthly benefit provided by 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 and 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.

### Annuity

For the 100%, 75% and 50% beneficiary annuities, your annuity beneficiary must be the same as your option beneficiary. If your beneficiary dies before you, your annuity payment will rise to the Member-Only amount.

#### Member-Only Defined Benefit Supplement or Participant-Only Cash Balance Annuity:

A monthly payment equal to the balance of your Defined Benefit Supplement account or Cash Balance Benefit account spread over your lifetime. Any balance remaining upon your death will be paid to your one-time death benefit 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.

## 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.

## 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 because of the disability or death 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 upon your death.

### Benefit

A monthly or lump-sum amount payable to a retired member, disabled member, retired participant, disabled participant or beneficiary.

### Benefit formula (Service Retirement)

For the Member-Only Benefit the formula is service credit x age factor x final compensation. If 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.

## C

### 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 CalSTRS 2% at 60.
- Members and participants first hired on or after January 1, 2013, are under CalSTRS 2% at 62.

In addition, educators who were members of a concurrent retirement system on or before December 31, 2012, and performed service in that system within six months of becoming a CalSTRS member are under the CalSTRS 2% at 60 benefit structure, as are those who performed service that could be credited to the Defined Benefit Program that was subject to coverage under a different retirement system, including Social Security, on or before December 31, 2012.

The 2% 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 CalSTRS 2% at 60 benefit structure. An increase in the percentage of final compensation on which your Defined Benefit service retirement benefit 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 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.

## 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](http://myCalSTRS.com).

## 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.

For CalSTRS 2% at 60 members who started in a CalSTRS-covered position on or after July 1, 1996, the compensation cap for 2019–20 is \$280,000; for 2020–21, the limit is \$285,000. For CalSTRS 2% at 62 members, the cap is \$148,423 for fiscal year 2019–20.

## 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.

## County Employees Retirement Law of 1937

The following counties provide retirement benefits under this law: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura.

## Coverage A

The disability and survivor benefit programs available to those who became members on or before October 15, 1992. Coverage A is mandatory for all members of the Defined Benefit Program who were receiving a disability benefit or a service retirement benefit with an effective date on or before October 15, 1992. Members who were not receiving a benefit on or before that date could 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 are 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.

## Coverage B

The disability and survivor benefit programs for new 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

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 is paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position, subject to certain exceptions. Also see page 21.

#### CalSTRS 2% at 62:

Only compensation paid in cash each pay period in which creditable service is performed under a publicly available written contractual agreement is considered creditable compensation. Creditable compensation for service in excess of one year in a school year is creditable to the member’s Defined Benefit Supplement account, up to the compensation cap. Limited-term payments or compensation determined to have been paid for the purpose of enhancing a benefit are not creditable to any CalSTRS benefit program.

The limit on creditable compensation counted toward the CalSTRS retirement benefit formula is adjusted annually by changes to the Consumer Price Index for All Urban Consumers: U.S. City Average. For 2019–20, the compensation cap is \$148,423. Employers may offer their employees a defined contribution plan, such as CalSTRS Pension2, for contributions on compensation in excess of the limit.

### Creditable service

Specific employment activities, such as teaching, vocational or guidance counseling, mentoring, services related to school curriculum and certain administrative duties, performed for an employer in a position that requires certification qualifications adopted by the Commission on Teacher Credentialing or under minimum standards adopted by the Board of Governors of the California Community Colleges, or under the provisions of an approved charter for a charter school eligible to receive a state apportionment. Includes service performed by school health professionals, school librarians, superintendents and others as defined in California Education Code Section 22119.5.

### Credited interest

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

### Defined Benefit plan

A retirement plan in which your retirement benefit is based on a formula, not on how much you contribute or how well investments perform.

### Defined Benefit Program

A traditional defined benefit plan within the State Teachers’ Retirement Plan that provides a lifetime retirement benefit (based on a formula set by law: age factor x service credit x final compensation) and disability and survivor benefits.

### Defined Benefit Supplement Program

The Defined Benefit Supplement Program is a cash balance plan for Defined Benefit members that provides an additional retirement benefit. For every dollar you and your employer contribute to the program, your account is credited accordingly. In addition, your account earns guaranteed interest and any additional earnings credits declared by the Teachers’ Retirement Board. Your benefits are paid as either a lump sum or an annuity equal to the total balance of your account. You and your employer make contributions on compensation

earned from service in excess of one year of service credit, 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 member or Cash Balance Benefit 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 a 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. The 2020 calendar year earnings limit is \$32,400. 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

### Eligible dependent children

**Coverage A:** Your unmarried children or children not in a registered domestic partnership, or adopted children or stepchildren, under age 22 who are financially dependent on you on the effective date of your disability benefit or the date of your death.

**Coverage B:** Your children, adopted children or stepchildren under age 21, if financially dependent on you on the effective date of your disability retirement or the date of your death.

### Excess contributions

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 on myCalSTRS in mid-September. If you service retire on or before the Friday before Labor Day, we will return excess contributions to your employer. You will not receive a *Retirement Progress Report* in the fall—instead, you'll find a report of your excess member contributions 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.

### Full time

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement to 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 plans (CalSTRS Pension2). 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.

## L

### Longevity bonus

For CalSTRS 2% at 60 members, 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 and 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 from service or has retired for disability and receives a retirement benefit.

### Member-Only Benefit

The highest monthly benefit you can receive when you retire for service or disability before any reduction to provide for an option beneficiary.

### Modified Benefit

A reduction in your Member-Only Benefit to provide an ongoing lifetime benefit to one or more option beneficiaries after your death. The reduction 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.

### 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 benefit paid to your death benefit recipient after you die.

### Option

A plan feature that allows you to distribute your retirement benefit over your lifetime and the lifetime of one or more persons or a special needs trust.

**100% Beneficiary Option:** Upon your death, the 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.

### Option factor

An actuarially determined factor used to calculate the reduction to your 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 retired Defined Benefit 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 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 member 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. The postretirement earnings limit for 2019–20 is \$46,451; for 2020–21, the earnings limit is \$47,713.

### **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 are qualified to perform through modification of your work site or other measures.

### **Recipient**

The beneficiary you name to receive your one-time death benefit.

### **Redeposit**

The 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 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 a member's accumulated retirement contributions and interest earned under the Defined Benefit Program. A refund does not include the balance of funds credited to the member's Defined Benefit Supplement account. (If you refund, you'll receive the total balance of your Defined Benefit Supplement account as a termination benefit. You cannot redeposit the Defined Benefit Supplement distribution.)

### **Registered domestic partner**

A registered domestic partner has many of the same rights and responsibilities as a spouse under California law, including laws concerning community property, child custody and support, and access to family court for the dissolution of a partnership. To register a domestic partnership with the California Secretary of State's office, you and your partner must be of the same sex, or if you and your partner are opposite sexes, one of you must be at least 62 years old.



## Reinstatement

Returning to employment in a position requiring CalSTRS membership and terminating a CalSTRS benefit, such as a retired educator returning as an active member to the classroom in a credentialed position.

## 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 Incentive Program

An optional CalSTRS program offered by some employers that allows Defined Benefit members who are eligible to retire to receive two additional years of service credit. If you return to work in any job, including substitute teaching, with the same employer that offered the incentive within five years of retirement, or if you reinstate, you will lose the ongoing increase in your benefit.

## 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

### 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 CalSTRS members will receive after retiring from service. The formula is: service credit x age factor x final compensation = your retirement benefit.

### School year

Effective January 1, 2019, the definition of school year in the California Education Code was refined to refer exclusively to the fiscal year: July 1 of one calendar year to June 30 of the following calendar year.

### School term

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

### 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 value is 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 with your child.
- Continuously married to you or registered as your domestic partner for fewer than 12 months before your accidental death or for the period beginning before the occurrence of the injury or diagnosis of the illness that resulted in your death.

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