

3. Benefits for Part-Time Educators

This section is for the part-time educator. As a part-time educator, you have access to all the benefits that CalSTRS offers. However, your part-time status presents you with special considerations in retirement planning. You also have additional decisions about which retirement plan coverage to choose, as well as issues to consider that are unique to part-time employment.

Retirement Plans for Part-Time Public School Educators

Federal law requires all employees to be covered under a retirement plan. California state law requires all public school employers except for charter schools to provide the CalSTRS Defined Benefit Program. If you are in a certificated position in a public school and your time base is less than half time, your employer must offer either Social Security or another retirement program as an alternative to Social Security. The CalSTRS Cash Balance Benefit Program, described later in this section, is one example of an alternative to Social Security. Your employer may offer other alternative retirement plans. Contact your employer for details about the specific programs it offers.

Choosing the Plan That Is Right for You

If you are a part-time educator, here are some questions that may help you decide which retirement plan coverage is best for you:

- Do you plan to be a career teacher?
- Does teaching provide you supplemental income or is it your primary source of income?
- Before teaching, did you have employment that required you to pay into Social Security?

- What is the contribution rate for the plan and does your employer also make contributions?
- Is there a minimum requirement to be eligible for benefits?
- Does the plan charge administrative fees?
- Is there a guaranteed annual interest rate?
- Does the plan have a record of sound investment experience?
- When does the plan permit distribution of your account?

Retirement Options for Part-Time Public School Educators

Defined Benefit Program

Members of the CalSTRS Defined Benefit Program who are employed on a part-time, temporary, substitute or adjunct basis are a distinctive group within CalSTRS. Your retirement benefit calculation uses the same components as a member who works full time: age factor, final compensation and service credit, as described earlier in [Section 2, Your Membership and Benefits](#).

Your final compensation and service credit depend on the amount you would have earned if you were working full time in your position. This amount of work is called full-time equivalent and the amount of compensation for the full-time equivalent is called earnable compensation.

Full-Time Equivalent

The full-time equivalent is the time that a member who is employed part time would be required to work in one school year if he or she were employed full time in that position. For members employed part time in a

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community college or as an adult education instructor, the FTE (full-time equivalent) must be identified specifically in either the collective bargaining agreement or in the employment agreement. The FTE stated in the agreement must be at least the minimum number of days or hours specified by law.

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

The FTEs listed here 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.

Calculating Your Earnable Compensation

Your earnable compensation (also known as compensation earnable) is not the salary you actually were paid, but what you would have been paid if you worked full time in that position. To determine your earnable compensation, take the hourly or daily rate for the position and multiply it by the FTE for the position.

Calculating Your Final Compensation

Another key component of your retirement calculation is your final compensation. Your final compensation is equal to the highest average annual earnable compensation for three consecutive years, or 12 consecutive months if you have earned 25 years of service credit.

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

Minimum Full-Time Equivalent	
If you are a:	Then the <i>minimum</i> FTE is:
Part-time community college instructor	525 instructional hours, plus mandatory office hours, if paid
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

In one school year, Juanita teaches as a community college instructor for 262.5 hours, which is half of the FTE in her district. She also works as an adult education instructor for 350 hours or 40 percent of the FTE for that position.

	Percent Time Worked	Minimum FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
Community College Instructor	50% (262.5 hours)	525 hours	\$15,000	÷	\$30,000	=	.500
Adult Education Instructor	40% (350 hours)	875 hours	\$10,800	÷	\$27,000	=	.400
Total Service Credit						=	.900

Juanita would earn .900 of service credit for the year.

Part-Time PreK-12 Teacher Service Credit

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

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

Janet would receive .300 of service credit for the year.

in an assignment divided by your earnable compensation for that assignment. If you work multiple assignments, your service credit is the sum of the service credit earned in each individual assignment, up to one year of service credit in a school year.

Increasing Your Defined Benefit Retirement Amount

Increase Service Credit with Additional Assignments

If you work on a part-time, temporary, substitute or adjunct basis, 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. Service credit can now be earned for activities such as teaching summer school and intersession, working paid office hours, attending staff development days, and serving as a coach, band director, yearbook editor or department chair. Extra service will count as additional service credit and will be included in calculating your total service credit for that school year. When you near retirement, be sure to consider another factor: final compensation.

Consider Final Compensation If Working for Multiple Employers

As a part-time educator, when you have more than one employer, your earnable compensation is the sum of all your actual salaries divided by the sum of all your service credit earned for the school year. Your final compensation is the average annual earnable compensation during your final compensation period, which is generally your last three years of employment. When your salary rates and service credit vary within a school year, your final compensation may be lower, which can lower your retirement benefit. This means it is possible to earn a larger retirement benefit if you reduce the number of employers you work for during your final compensation period.

The example in the box shows how the calculation can affect the retirement benefit of a part-time educator.

Working for Multiple Employers

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

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

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

To increase his retirement benefit, Kali could terminate the employment where he receives the lowest annual pay rate and his retirement benefit would be higher.

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

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

However, if Kali also terminates the position with the next lowest annual pay rate, his annual earnable compensation would be even higher.

Employer	Earnings	Service Credit
B	\$30,250	.500
Total	\$30,250	.500

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

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

Works all three jobs:

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

Terminates job with Employer C at the lowest annual pay rate:

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

Terminates all jobs except one with Employer B at the highest annual pay rate:

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

In the example, Kali decided that the increase of \$178 per month in his retirement benefit was significant enough to terminate employment at two of his part-time jobs. Over the lifetime of his retirement, the difference in income would likely be about \$53,000, not including the 2 percent annual benefit adjustment and any ad hoc or purchasing power increases.

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

Keep in mind that each person's situation is different. You should meet with a CalSTRS benefits counselor before making decisions that may affect your retirement benefit.

Social Security

Your district will offer Social Security to its part-time employees if it does not offer an alternative retirement program. Be aware that under federal law if you qualify for Social Security from any employment, including your spouse's, your Social Security benefit may be reduced if you receive a retirement or disability benefit from the Defined Benefit or Cash Balance Benefit programs or any alternative to Social Security offered by your employer. However, your benefits from the Defined Benefit Program or the Cash Balance Benefit Program, described in the following text, will not be reduced if you receive Social Security benefits.

Because the provisions of Social Security are complex, call 800-772-1213 or go to www.ssa.gov for publications on the Windfall Elimination Provision (reduction in employee's Social Security benefits) and Government Pension Offset (reduction in employee's Social Security benefits from spouse's employment).

In addition, CalSTRS has compiled information for CalSTRS members and Cash Balance Benefit Program participants that you can find online at www.CalSTRS.com (select *Members, then Social Security, CalSTRS and You*). You can also request a copy of the fact sheet, *Social Security, CalSTRS and You*, or view it at www.CalSTRS.com (select *Forms and Publications* under *Tools*).

CalSTRS Cash Balance Benefit Program

CalSTRS offers the Cash Balance Benefit Program designed specifically for part-time, substitute, adjunct or temporary educators, which your district may provide 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.

Your Cash Balance Benefit contributions are made in pre-taxed dollars through payroll deduction. There are no fees or charges for participation. In addition to a retirement benefit, you are also eligible for disability and death benefits.

The Cash Balance Benefit Program provides:

- **Immediate vesting**
You are immediately eligible for a benefit equal to the sum of the balance of contributions, including compounded interest earned on your and your employer's accounts.
- **Variable contribution rates that can be bargained**
Your employer must contribute at least 4 percent of the salary you earn, and, generally, you also pay 4 percent. However, employers may bargain alternative rates. You will receive all contributions—both your own and your employer's—and interest, if you terminate public school employment.
- **Secure investments**
The Cash Balance Benefit Program investment portfolio is managed by CalSTRS investment professionals, who have a long and successful record of achievement.
- **Guaranteed interest rate**
The interest rate is set by the Teachers' Retirement Board for each plan year based on the average 30-year Treasury rate. For 2008-2009, the rate is 5 percent.
- **Additional earnings credit**
The Teachers' Retirement Board may, on an annual basis, grant an additional earnings credit to be added to your account.
- **Portability**
In most cases, you can continue participation in the Cash Balance Benefit Program if you move to another employer that offers

the program. 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 credit in the Defined Benefit Program for eligible Cash Balance service.

- **Options**

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

- » Leave your funds on deposit with CalSTRS. The contributions in your Cash Balance account will continue to accrue interest.
- » Withdraw your funds or roll them over to another eligible retirement plan or IRA. If you decide to withdraw your funds, you will have to wait six months after you terminate employment. If you withdraw your funds and return to CalSTRS-covered work, you will not be able to withdraw funds again for five years.

- **Flexibility at retirement**

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

For more information on the CalSTRS Cash Balance Benefit Program, go to www.CalSTRS.com or call 800-228-5453.

Eligibility Requirement

When you are hired by a prekindergarten-12 district, county office of education or a community college district, your employer is required to inform you that you can elect membership in the CalSTRS Defined Benefit Program, even though you are a part-time employee. You have the option to participate in the Cash Balance Benefit Program, the Defined Benefit Program or another retirement plan your employer offers. If you choose the Cash Balance Benefit Program and your basis of employment changes to half time or more, you will automatically become a member of the Defined Benefit Program.

As long as your basis of employment remains part time, substitute, adjunct or temporary, you can choose to participate either in the

CalSTRS Cash Balance Benefit Program or the CalSTRS Defined Benefit Program—if you are employed by a district that offers the Cash Balance Benefit Program.

Participating School Districts Can Offer the Cash Balance Benefit Program

School districts and community colleges can offer their part-time employees the Cash Balance Benefit Program. Offering the 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.

Working for Multiple Employers

If you are hired to perform credible service for more than one employer, you may participate simultaneously in more than one retirement program with different employers, unless you are hired to a full-time position with one employer.

Alternatives to the Defined Benefit Retirement Program

As a part-time, substitute, adjunct or temporary employee, you may have a choice of retirement programs. Employers must offer the Defined Benefit Program and an alternative program to all adjunct employees or part-time educators hired to work less than 50 percent of the full-time equivalent for a specific position. Districts can offer one or more of the following programs:

- CalSTRS Cash Balance Benefit Program
- Another program chosen by the district
- Social Security

Full-time employees are automatically enrolled in the CalSTRS Defined Benefit Program. As a part-time employee, you may choose the Defined Benefit Program anytime during your career.

You may want to choose the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to become vested (five years of service credit). This could take up to 10 years of half-time employment.

- Want a monthly benefit that provides a specific amount that is known in advance and payable for life, and that is not based on the funds in your account.
- Are comfortable contributing 8 percent of your pay toward your retirement.

You may want to choose the Cash Balance Benefit Program if you work in a district where it is offered and you:

- Want a program that provides immediate vesting.
- Want a lump sum or lifetime monthly benefit based on contributions credited to your account with a guaranteed interest rate.
- Are comfortable with the contribution rate, which is typically 4 percent of your salary, depending on your local bargaining agreement. The employer and member contribution must equal at least 8 percent—and employers must contribute at least 4 percent. But after that, the rate is determined by bargaining agreements. For example, in some school districts, members pay 3 percent and districts pay 5 percent.

Consolidating Your Cash Balance and Defined Benefit Coverages

You may have benefit coverage under both the Defined Benefit and the Cash Balance Benefit programs. If you meet the eligibility requirements, you may elect to have CalSTRS 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 account.
- Have eligible Cash Balance service to convert.
- Have funds in your Cash Balance account.

When you elect to consolidate your benefits, CalSTRS will transfer the contributions and interest from your Cash Balance Benefit account to your Defined Benefit Program balance and close your Cash Balance account. CalSTRS will determine the service credit that could be added to your Defined Benefit account based on your work performed as a Cash Balance participant and will apply those funds toward

the cost of converting 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 you performed because the contribution rate to buy permissive service credit is significantly higher than the Cash Balance Benefit Program contribution rate. You may contribute personal funds toward covering the remaining cost of your eligible Cash Balance service.

You may, however, have more funds in your Cash Balance account than are required to cover the cost of your eligible service. This could occur if your account includes funds that were rolled over from another retirement plan or you had past overtime service that was covered by the Cash Balance Benefit Program. If this occurs, you must specify how you would like CalSTRS to allocate the residual amount in your Cash Balance account after funds are transferred to cover the cost of consolidating benefits.

You may apply the residual amount to redeposit previously withdrawn contributions in the Defined Benefit Program or use it to pay for additional service that you are eligible to purchase. The types of service you may purchase are outlined in our *Purchase Additional Service Credit* brochure. Any funds remaining in your account that are not used for these purposes will be transferred to your Defined Benefit Supplement account and your Cash Balance account will be closed as part of the benefit consolidation process.

Consolidating benefits provides several advantages, including:

- You may increase the amount of service credit that will be used to determine your retirement benefit, which may increase your monthly retirement benefit.
- Credit for your eligible Cash Balance Benefit Program service may also be used toward your eligibility for benefit enhancements, such as the one-year final compensation, the career factor and the longevity bonus.

For more information about the Cash Balance Benefit Program, visit www.CalSTRS.com (select *Members*, then *Cash Balance Benefit Program Summary*) or call 800-228-5453.