

6. Your Retirement Benefit

As you consider the decision to retire, you will need to address several questions. To help you find answers, we highly recommend that you attend the CalSTRS Retirement Check-Up Workshop. Then, before you submit your application for retirement, make an appointment with a CalSTRS benefits counselor in your area or with a telephone counselor to discuss your plans and receive an estimate of your retirement benefit. If you are considering filing for a disability benefit, [see Section 8, Disability Benefits](#).

Deciding When to Retire

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. In addition, either at least one year of your credited service must have been performed after your most recent refund and you must have at least five years of service credit, or your retirement must be concurrent if you also plan to retire under the California Public Employees' Retirement System, University of California Retirement System, San Francisco Employees' Retirement System, Legislators' Retirement System or a system covered by the County Employees' Retirement Law of 1937 (for a list of counties, [see the glossary, County Employees' Retirement Law of 1937](#)).

Early Retirement Limited Term Reduction Program

If you are at least age 55, but under age 60, and have at least five years of credited service, you can apply for retirement under this special program. You will receive one-half 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.

Although annual benefit adjustments will accrue for the Early Retirement Limited Term Reduction Program, increases are not payable under this alternative until the normal service retirement benefit is paid. For more information about the annual benefit adjustment, [see Section 7, After You Retire](#).

NOTE

Retirement Incentive Program

School districts can offer the Retirement Incentive Program, which increases the monthly benefit for eligible members. Under this program, Defined Benefit members who are eligible to retire could receive two years of service credit.

The Retirement Incentive Program became effective January 1, 2004. Employers may decide to offer the program at any point in the future.



Eligibility

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

Restrictions

The additional service credit given in the incentive program will not count toward eligibility for service retirement or the credit necessary for other CalSTRS benefit enhancements, such as the one-year final compensation, the career factor and the longevity bonus. Also, you cannot pay the cost of the benefit in lieu of your employer. CalSTRS will not grant partial benefits; your employer must fund a full two years of service credit.

Post-Retirement Employment

You will lose the ongoing increase in your benefit provided by the incentive if you do any of the following:

- Become an active member again by returning to CalSTRS-covered employment (reinstatement).
- Receive unemployment within one year of the effective date of retirement.
- Return within five years to CalSTRS-covered employment, including substitute teaching, with the school district that granted you the benefit.

For More Information

Visit www.CalSTRS.com/calculators or call 800-225-5453 to help you determine the potential retirement incentive boost to your retirement benefit.

Retiring From More Than One Public Retirement System

Defined Benefit Program members who are at least age 55 and eligible to retire from certain other California public retirement systems in California may retire with fewer than five years of CalSTRS service credit if they retire concurrently from both systems.

Additionally, CalSTRS may use the salaries for your service performed under the other retirement system to calculate your CalSTRS retirement benefit. However, if you perform creditable service with both retirement systems during the same pay period, CalSTRS is required by law to use the CalSTRS salaries in the retirement benefit calculation.

The other public retirement systems in California are the:

- California Public Employees' Retirement System.
- San Francisco Employees' Retirement System.
- University of California Retirement System.
- Legislators' Retirement System.
- Systems established under the County Employees' Retirement Law of 1937 (for a list of counties covered by this law, [see the glossary](#), County Employees' Retirement Law of 1937).

You should also check the eligibility requirements for the other public systems, if you were employed by one.

How to Calculate Your Defined Benefit Retirement

The formula for calculating a Member-Only Defined Benefit retirement includes three elements:

$$\text{Service Credit} \times \text{Age Factor} \times \text{Final Compensation} \\ = \text{Member-Only Retirement Benefit}$$

You will find a step-by-step guide for estimating your Defined Benefit service retirement benefit [on page 51](#).

The calculation of your service retirement benefit is different if you reinstate to active member status after receiving a service retirement or a disability benefit and then later take a service retirement. Please contact us for details on retirement after reinstatement to active membership.

Ways to Increase Your Benefit

You can increase your retirement benefit by increasing one or more of the elements in the benefit calculation formula. For instance, you can raise the amount of your service credit by working longer or by purchasing additional service credit. See [Purchasing Additional Service Credit](#) later in this section. In addition, by working longer and, therefore retiring when you are older, you might increase your age factor, up to a maximum of 2.4 percent. For details, see [Benefit Enhancements](#) on page 42.

Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation for service as a member of the Defined Benefit Program. See your most recent *Retirement Progress Report* for your service credit reported through the end of the last fiscal year. In addition to credit for actual service, you may receive service credit for creditable compensation received for certain employer-approved leaves of absence.

Service credit may also be purchased under certain circumstances. For more information, request the *Purchase Additional Service Credit* brochure by calling 800-228-5453 or find it online at www.CalSTRS.com.

Your service credit is one of the factors used to determine your eligibility for benefits payable under the Defined Benefit Program. For example, you must have a minimum of five years of service credit to be eligible for a service retirement benefit.

Service credit is used to calculate your service retirement benefit, as well as the surviving spouse or registered domestic partner benefit payable under both Coverage A and Coverage B. For details, see [Section 9](#), Survivor Benefits.

How Service Credit is Calculated

For full-time educators, one year of service credit is earned for teaching one school year.

For part-time educators, service credit for one school year is the hours or days actually taught compared to the full-time equivalent, or what would be required if employed full time in that position. To see how service

credit is calculated for part-time educators, see [Section 3](#), Benefits for Part-Time Educators. You cannot receive more than one year of service credit for any one school year.

Additional Duties

If you perform additional duties during the year, you will receive service credit in addition to the service credit earned for your normal full-time or part-time position. Additional duties include summer school and intersession, and activities such as yearbook editor, science club advisor and band director. You can also earn extra service credit for attending staff development days. Your contributions and most of your employer's contributions for service that exceed one full year will be transferred into your Defined Benefit Supplement account at the close of the fiscal year.

Multiple Positions

Some members are employed in multiple part-time or substitute positions for more than one CalSTRS employer during the school year and may earn more than one year of service credit in a school year. At the end of the school year, CalSTRS will determine if you have service credit in excess of one year. If you do, we will retain one year of service in your Defined Benefit account—earned at the highest pay rates—and credit your and your employer's contributions for service in excess of one year to your Defined Benefit Supplement account.

Compensation for Excess Service

The compensation for service in excess of one year is not used in the calculation of your earnable compensation for the school year for final compensation purposes. If your employer adjusts the reported earnings after the school year ends, your Defined Benefit and Defined Benefit Supplement account balances may be adjusted in the following year.

You can increase your retirement benefit by increasing one or more of the elements in the benefit calculation formula.

Calculating Sick Leave Credit

Additional service credit for unused sick leave will be granted at retirement. If you are employed full time, it is determined by dividing the number of accumulated unused sick leave days, as certified by your last employer, by the number of base service days, excluding school and legal holidays, required to complete the last school year.

The formula for determining unused sick leave is:

$$\begin{aligned} & \text{Accumulated days of unused sick leave} \\ & \div \text{Number of base days for full-time service} \\ & = \text{Service credit amount granted} \end{aligned}$$

If you are employed part time, the base service days are calculated in proportion to the full-time equivalent.

Sick leave service credit cannot be used to meet eligibility requirements for service retirement. However, up to two-tenths of one year of unused sick leave may be used to qualify for the career factor and the longevity bonus, which are given for 30 or more years of service; and for the 25-year threshold for one-year final compensation.

Purchasing Additional Service Credit

You may be eligible to purchase service credit for past employment or an approved leave of absence for which CalSTRS retirement contributions were not made. For example, you may be able to purchase service credit for part-time or substitute service in the California public school system before you became a CalSTRS Defined Benefit Program member. It is a good idea to compare the cost of additional service credit with the increase it would provide to your lifetime retirement income. To get more information or the necessary forms, request the *Purchase Additional Service Credit* brochure by calling 800-228-5453 or view it online at www.CalSTRS.com.

Permissive Service Credit

You may choose to purchase service credit for retirement purposes for specific service performed in the past, if the service has not been previously credited. Examples of permissive service include:

- Creditable service before becoming a CalSTRS Defined Benefit Program member.
- Employer-approved sabbatical leave.
- Certain active military leave before 1994.
- University of California or California State University teaching service not credited or purchasable under another retirement system.
- Employer-approved maternity or paternity leave.
- Out-of-state or foreign school education services performed in a public education position.
- Employer-approved leave covered under the California Family Rights Act of 1993.

You may purchase a portion, rather than all, of any 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. If you plan to purchase additional service credit just before retirement, you must complete payment for the service credit before the effective date of your retirement. Any purchase of permissive service credit must be paid in full by December 31, 2010, if that service is to be used for longevity bonus eligibility.

Estimating the Cost of Permissive Service Credit

The cost for permissive service credit depends on your age and your highest annual earnable compensation during the last three years.

To estimate the cost to purchase permissive service credit, go to www.CalSTRS.com/calculators or manually calculate your cost:

1. Multiply the number of years you want to purchase by the contribution rate for your age group.
2. Multiply the result by your highest earnable compensation during the last three years.

Age Group	Contribution Rate 7/1/08-6/30/09
20 - 29	17.1%
30 - 39	17.7%
40 - 49	20.5%
50 - 59	25.2%
60 - 69	28.4%
70 and over	23.1%

Nonqualified Service Credit

Active or inactive members who have participated in CalSTRS for at least five years may purchase up to five years of nonqualified service credit, also known as “air time.” Nonqualified service is not connected to any specific prior employment. Nonqualified service credit cannot be used to qualify for the career factor, the longevity bonus or the 25-year threshold for one-year final compensation. However, nonqualified service credit can be used to qualify for the 30-year service credit requirement for retirement between ages 50 and 55. The purchase of nonqualified service credit is calculated differently from the purchase of other service credit. To estimate the cost of nonqualified service credit, visit www.CalSTRS.com/calculators. The cost to purchase nonqualified service credit will increase the closer you are to retirement and the higher your earnable compensation.

Age Factor

The age factor is the percent of final compensation to which you are entitled for each year of service credit. This percentage is determined by your age on the last day of the month in which your retirement is effective. The age factor is set at 2 percent at age 60. The age factor is decreased if you retire before age 60 and increased to a maximum of 2.4 percent if you retire later than age 60. See the [Age Factor Table](#) on page 52.

Final Compensation

If you retire with 25 or more years of service credit, CalSTRS uses your highest one-year earnable compensation as the final compensation component in your retirement calculation. 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 necessary 25 years.

If you have fewer than 25 years of service credit, your final compensation is based on your highest average earnable compensation during any period of 36 consecutive months of paid employment covered by CalSTRS.

NOTE

Nonconsecutive final compensation is available if you received a salary reduction due to a reduction in school funds. Upon certification from your employer, CalSTRS will use any three nonconsecutive school years to determine final compensation.

Use of one-year final compensation is available for eligible classroom teachers with fewer than 25 years of service credit provided it has been included in a written collective bargaining agreement and all costs are paid by the employer, the employee or a combination of the two.

The annual earnable compensation for a school year is based on the gross monthly pay rates that could have been earned for creditable service performed on a full-time basis. Your gross earnable monthly pay rate per pay period is multiplied by the number of months in which you received compensation. If you plan to retire before the end of the school year, the annual earnable compensation for that year is prorated to your retirement date. To see how earnable compensation is calculated for part-time educators, see [Section 3, Benefits for Part-Time Educators](#).

CalSTRS will automatically determine your final compensation by searching your past 15 years of records.

If you work part time at more than one pay rate, your final compensation is equal to the sum of your earnings divided by the sum of your service credit earned during the final compensation period. In some cases, it may be more advantageous for you to designate an earlier period of time as the final compensation period. A benefits counselor can help you find the strategy that is best for you.

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

The longevity bonus is:

- Subject to the annual CalSTRS 2 percent simple benefit adjustment but not to the quarterly supplemental purchasing power protection benefit.
- Partially reduced if you select an option.
- Partially reduced if you cancel a preretirement election of an option.

Ways to Receive Your Benefit

Partial Lump Sum

If you retire before January 1, 2011, you may receive part of your retirement benefit as a lump-sum payment. In exchange, your retirement benefit will be permanently reduced.

Your lump-sum payment can be up to the lesser of:

- 15 percent of the lifetime value of your retirement benefit, or
- The lifetime value of your benefit in excess of an amount equal to 2 percent of your final compensation multiplied by your years of service credit and divided by 12.

The amount will differ from person to person, depending on age, earnings and years of service credit at retirement.

If you choose to take a partial lump-sum payment, you can either have it paid to you or rolled over to another retirement plan. You cannot do both. A rollover must be done through a trustee-to-trustee transfer to a qualified plan, such as a 403(b). If you choose a rollover, the minimum partial lump sum must be at least twice the amount of your new monthly retirement benefit. You may not use a partial lump sum to purchase previously refunded service credit.

Tax Implications

If you transfer your partial lump sum to a qualified plan through a direct trustee-to-trustee transfer, you will not owe any taxes until you start taking payments, called distributions, from that plan. Partial lump-sum distributions paid to you are subject to federal and state income tax withholding immediately.

If you choose a distribution payable to you, CalSTRS must withhold 20 percent of the distribution for federal income tax and 6 percent for state income tax. On your *Service Retirement Application*, you can request to have no state income taxes withheld.

If you choose to take a partial lump-sum payment, you must submit your election before your retirement effective date. Please note that you cannot cancel or change this election after your retirement effective date.

If you choose to receive a lump-sum payment, your service retirement benefit will no longer qualify as a joint and survivor annuity under Internal Revenue Code section 415 and the payment you receive may exceed the code's benefit limit. CalSTRS will notify you if your benefit will be affected by the code section limit. If so, you will receive a separate payment from the CalSTRS Replacement Benefits Program.

For more information, call 800-228-5453 or go to www.CalSTRS.com/calculators to estimate the partial lump-sum amount you could receive.

Member-Only Benefit

The Member-Only Benefit is usually the highest monthly benefit available when you retire; however, it does not provide for a monthly income to your survivor.

The Member-Only Benefit provides you with a monthly benefit for your lifetime, but the benefit will stop after you die. Any contributions and interest credited to your account at the time of your death, minus the total amount already paid to you, will be returned to your designated death benefit recipient or recipients.

To provide a monthly CalSTRS benefit to a beneficiary or beneficiaries after your death, you must elect an option. For details, see Option Choices on the next page.

Protecting Your Survivors with a Lifetime Benefit

To provide a lifetime monthly benefit to another person when you die, you can select an option. An option is a plan feature that allows you to distribute your retirement benefit over your life and the life of your option beneficiary. Once you retire, your option election is irrevocable, except under certain limited circumstances. For more information, [see page 45](#).

You can elect an option if you are eligible to retire, but not yet ready to retire. Making a preretirement election of an option provides a lifetime monthly benefit to one or more individuals if you should die before retirement. For information on the preretirement election of an option, see Section 5, [Protecting Your Loved Ones Before You Retire](#).

NOTE

You cannot designate a trust or an organization as your option beneficiary.

Option Choices

You can provide a monthly benefit for one option beneficiary by electing from 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.

To find out how each option would affect your retirement benefit, make an appointment with a benefits counselor or use the *Retirement Benefit Calculator* at www.CalSTRS.com/calculators.

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

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

50% Beneficiary Option: Provides your option beneficiary with 50 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit.

Compound Option: Allows various choices. You may:

- Name one option beneficiary if you 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.

How Choosing an Option Changes Your Benefit

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

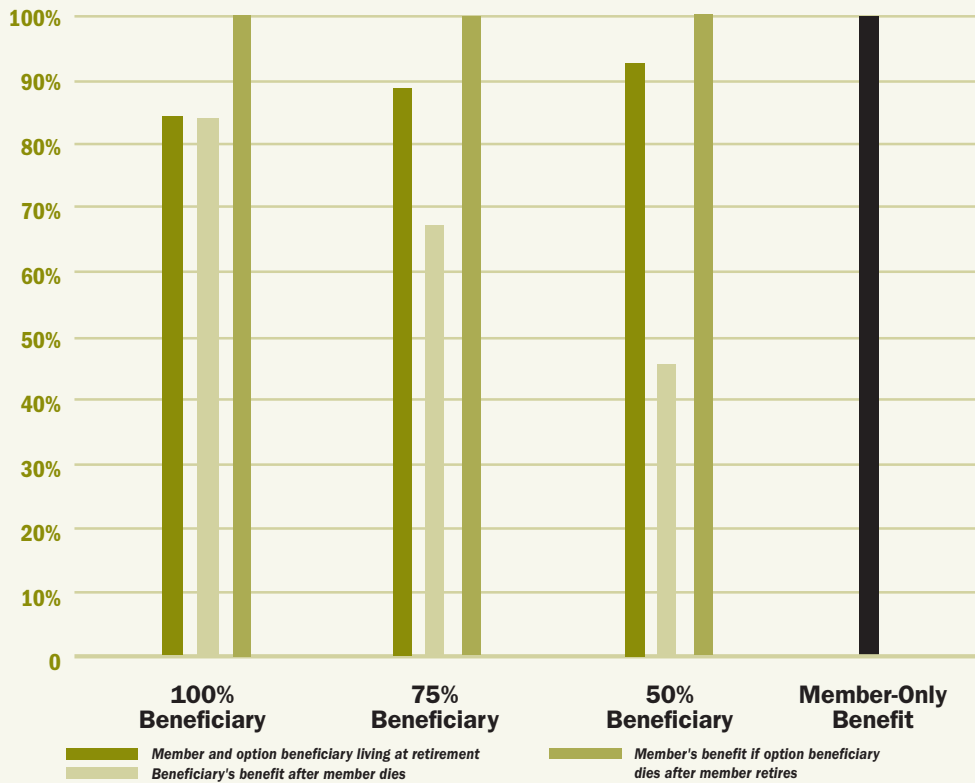
For a sample range of option percentages, [see the Option Factor Tables](#) on pages 56-57. These percentages will change effective January 1, 2010.

If you choose an option at the time you retire, the option factor is determined by your age and the age of your option beneficiaries as of your effective date of retirement.

If you elect an option before retirement, the option factor when you retire will be the higher of the option factor in effect when the option was chosen or on the date of retirement. For more details on preretirement election of an option, [see Section 5](#), [Protecting Your Loved Ones Before You Retire](#).

The option you elect determines the benefit your option beneficiary or beneficiaries receive following your death or the benefit you receive following your option beneficiary's death.

Options Comparison Example



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

For sample percentages of reduced benefits for each option, see the Options Comparison Example above. Also see [Option Worksheets](#) later in this section.

Adding, Changing or Canceling Your Option Selection

Once you retire, your option election can be changed only under the following four circumstances:

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

Divorce: You may cancel your option election if your option beneficiary is your spouse or registered domestic partner, or former spouse or partner, and a final decree of dissolution of marriage or a judgment of nullity has been entered, or an order of separate maintenance has been made on or after January 1, 1978—and you are not required to keep your former spouse or partner as your option beneficiary.

You may elect to receive the Member-Only Benefit from the date we receive your notification. Or you may choose to elect one or more new option beneficiaries, which will result in a modification to your retirement benefit based on your age and the ages of the new option beneficiaries. The notification must include a certified copy of the final judgment, court order and any property settlement agreement.



If the court order requires you to keep your former spouse as an option beneficiary for the community property share only, you may either elect additional option beneficiaries or keep the remaining portion of your retirement benefit as the Member-Only Benefit. Your choice must be consistent with the court order or judgment and must not result in any liability to CalSTRS.

NOTE

If you cancel your option election as a result of a divorce or termination of registered domestic partnership and you elect to receive your Member-Only Benefit, the amount that your Member-Only Benefit was previously reduced will not be reimbursed to you.

Spouse or Partner: If you had previously designated a person other than your spouse or former spouse or partner as your option beneficiary, you may cancel your option election and elect an option designating your spouse or partner as your option beneficiary. 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. You must be married or registered at least one year before selecting 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.

The option selection and beneficiary addition will be effective six months after CalSTRS receives the designation.

Nonspouse Option Beneficiary

Under federal law, if you name someone other than your spouse of a different gender or a former spouse of a different gender to be your option beneficiary, CalSTRS is required to impose the following age restrictions:

- 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 beneficiaries cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Option, or more than exactly 10 years younger than you under the 100% Beneficiary Option.

Federal age restrictions also apply to registered domestic partners and spouses of the same gender.

NOTE

Benefit Adjustment

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, you are encouraged to meet with a CalSTRS benefits counselor to obtain an estimate of your benefit based on the new choice. See the detailed [Option Worksheets](#) later in this section.

Defined Benefit Supplement Program

In addition to the Defined Benefit Program, Defined Benefit Supplement accounts have been accumulating contributions and interest since January 1, 2001. Your most recent *Retirement Progress Report* shows the total reported by your employer in your Defined Benefit Supplement account at the end of the last school year. See [Section 2](#), Your Membership and Benefits, for more information on this program.

If you have less than \$3,500 in your Defined Benefit Supplement account at the time you retire, you will receive the account balance as a lump-sum payment. Your lump-sum payment may be mailed directly to you or rolled over to a qualified retirement plan. If the amount is \$3,500 or more, you have more choices about how you would like to receive the funds. These choices depend on whether you opted for the Member-Only Benefit or the Modified Benefit (50%, 75% or 100%). See estimates of the various options [starting on page 53](#).

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 amount in your Defined Benefit Supplement account, either as a direct payment or as a rollover to a qualified plan.

Member-Only Annuity: A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipients.

Period-Certain Annuity: A monthly payment made for any number of years from three to 10. 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. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipients.

Combination of Lump-Sum Payment and Annuity: If your Defined Benefit Supplement account balance, less the lump-sum amount you select, is \$3,500 or more, you can choose a lump-sum payment and one of the above annuities.

Choices for a Modified Benefit

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

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

100% Beneficiary Annuity: Provides a lifetime monthly payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity would be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

75% Beneficiary Annuity: Provides a lifetime monthly payment for your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity would be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

50% Beneficiary Annuity: Provides a lifetime monthly payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity would be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

Your Defined Benefit Supplement annuity beneficiary is the same person or persons you designated as your Defined Benefit option

beneficiary. If you elect the Compound Option for your Defined Benefit pension, you may elect to receive the Defined Benefit Supplement benefit as any of the annuities listed here. However, the annuity you elect will be the same for each of your annuity beneficiaries, and the apportionment of the benefit will remain the same as it is for your Defined Benefit election.

Nonspouse Defined Benefit Supplement Annuity Beneficiary

Under federal law, if you name someone other than your spouse of a different gender or a former spouse of a different gender to be your annuity beneficiary, CalSTRS is required to impose the following age restrictions:

- 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.

NOTE

Federal age restrictions also apply to registered domestic partners and spouses of the same gender.

Guidelines for the Service Retirement Application Process

Use the booklet, *Your Retirement Guide*, to help you with each step of the service retirement application process. With full explanations and tear-out forms, this booklet will walk you through all the necessary tasks from collecting information to completing the application and other optional forms. It is a good idea to request a copy of *Your Retirement Guide* early and refer to it for all the aspects of your retirement process.

Application Timeline

The chart below shows a general timeline of events that may occur from up to a year before your retirement until you receive your first retirement benefit payment. Your specific timeline may differ from what you see here, but this will give you a good idea of what to do and when.

If you have not done so, consider attending the CalSTRS Retirement Check-Up Workshop and setting up an appointment for a one-on-one consultation with a benefits counselor, either in person or by phone. The busiest months for benefits counselors are April, May and June, so it may be easier to get an appointment earlier in the school year or during the summer before retirement. E-mail us at www.CalSTRS.com (select *Contact Us*) or call toll free 800-228-5453 for an appointment.

Service Retirement Application Timeline

What to Do	When
<p>Step 1 Plan and research your retirement decisions.</p>	10 to 12 months before your retirement date
<p>Step 2 Complete, sign, date and submit your forms.</p>	<p>Signed forms must be received by CalSTRS:</p> <ul style="list-style-type: none"> • No earlier than six months before your retirement date. • No later than the last day of the month in which you retire. <p>For example, if you want a June 13, 2009, retirement date, you must submit your application no sooner than December 13, 2008, and CalSTRS must receive your application no later June 30, 2009.</p>
<p>Step 3 CalSTRS sends your initial benefit payment.</p>	30 to 45 days after your retirement or the date your application is received—whichever is later. Note: <i>There could be changes in your monthly payment for several months beyond your retirement date as CalSTRS receives and processes additional information from your employer.</i>

Retirement Application Process

Obtain the Service Retirement Application

At least six months before your expected retirement date, contact CalSTRS, your employer or your county office of education to obtain the *Your Retirement Guide* booklet. The booklet contains the forms and information you need to apply for a retirement benefit.

Complete the Application

Complete the *Service Retirement Application* and any other forms, but do not submit them earlier than six months before your retirement date. We must receive your application no later than the last day of the month in which your retirement is to become effective. Whether you choose a Member-Only Benefit or a Modified Benefit, this will be your final election unless you notify us in writing before the effective date of retirement.

Complete and Return the One-Time Death Benefit Recipient Form

Always keep your CalSTRS one-time death benefit recipient information up to date—even after you retire—and this includes the addresses of your recipients. This designation applies to the one-time death benefit payable upon your death and is not related to the selection of an option beneficiary.

Verify Dates of Birth and Marriage or Registration as a Domestic Partner

If you elect an option, you must submit documentation verifying the date of birth of your option beneficiary or beneficiaries unless your option beneficiary is a CalSTRS member. Under some circumstances, CalSTRS will request verification of your birth date. Acceptable documentation includes:

- Clear, unaltered photocopy of certified birth record.
- Clear, unaltered photocopy of passport photo ID page.

If a name has been changed from the name shown on the record of birth, CalSTRS requires a copy of the certified marriage certificate or court order documenting the change. Please send clear, unaltered photocopies.

If you have the necessary birth and marriage certificates required for election of an option, enclose copies with your application. However, do not postpone submitting your application while you obtain the required documents.

If a required document cannot be secured, forward the notice you receive from the official record keeper showing that no record is available. CalSTRS will help you obtain other acceptable documentation.

NOTE

Submit Your Application

Mail your completed application and any other forms to CalSTRS, P.O. Box 15275, MS 65, Sacramento, CA 95851-0275. We recommend that you send your application by certified mail, with proof of delivery. In addition, there are locations across the state where you can hand-deliver your application. For a list of offices, see the Service Retirement Application Instructions or visit www.CalSTRS.com (select *Members*, then *Benefits Counseling Services*). You may also fax your application to 916-229-0263 or 916-229-3283.

If you are using a special mailing service such as UPS or FedEx, or hand-delivering your application, here are the addresses:

CalSTRS
Member Services
7667 Folsom Boulevard
Sacramento, CA 95826
(until June 19, 2009)

CalSTRS
Member Services
100 Waterfront Place
West Sacramento, CA 95605
(starting June 22, 2009)

CalSTRS must receive your application no later than the last day of the month in which your retirement is to become effective.

Do not submit your application to your employer. Your employer is not responsible for the timely submission of your retirement application to CalSTRS. However, you will need to notify your employer of your intention to retire and complete any forms your employer requires. We will not notify your employer.

IMPORTANT

What to Expect From CalSTRS

Acknowledgment Letter

If you send your application by certified mail and request return receipt, the post office will send you a certified receipt acknowledging delivery. CalSTRS will typically process your application within about three weeks and send you an acknowledgment letter. (It may take a little longer when we receive a large number of applications at one time. In these cases, those closest to retirement are processed first).

Estimated Retirement Benefit Letter

CalSTRS will send you a letter detailing your monthly estimated benefit before issuing your first benefit payment.

Sending Your Retirement Benefit

CalSTRS will issue your first monthly benefit within 30 to 45 days after the effective date of retirement or the date your application is received—whichever is later. You will receive your Defined Benefit Supplement as a separate payment, whether or not you request it as a lump sum or as a monthly annuity.

Adjustment Letters

Your employer may send CalSTRS information after your retirement date, possibly relating to unused sick leave, a retirement incentive or any additional salary information. This information could affect your service credit or final compensation and cause fluctuations in your monthly benefit. When these changes occur, CalSTRS will send you a letter detailing any changes. It takes approximately six months after your effective retirement date for CalSTRS to receive and process all updates from your employer. If a retroactive amount is due, it will be paid shortly after an adjustment letter is mailed.

Adjustment letters will also show the total amount of your contributions as a Defined Benefit member. You should save the last letter to assist in determining your income tax liability.

Signing Up for Direct Deposit

For the quickest access to your monthly retirement payment, you can sign up for CalSTRS direct deposit service. Funds will be deposited into a checking or savings account at any U.S. financial institution you choose. Direct deposit is the fastest, safest and most convenient method of receiving your monthly payment.

- It is the fastest because your money is deposited immediately and automatically into your account. If your check is sent to your home, you will experience some delay from the time the check is mailed to the time you can access your money.
- It is the safest because your money goes from one source directly to the other electronically. You do not have to worry about a check being stolen, lost or delayed in the mail.
- It is the most convenient because your money is automatically deposited with your financial institution. This is particularly important if you do not have easy access to your financial institution.

With direct deposit, your money will be credited electronically to your bank account on the day your check is issued. Notice of the deposit will be sent to your mailing address on the first of each month. You may also view your deposit notice, called a benefit payment stub, online by registering at *myCalSTRS* at www.CalSTRS.com. If you do not want to receive a mailed benefit payment stub, you can indicate that at *myCalSTRS* (select *Settings*, then *Preferences*).

To enroll in direct deposit, use the form included in the *Your Retirement Guide* booklet. You can also print the *Direct Deposit Authorization* form at www.CalSTRS.com or request the form by calling 800-228-5453.