

ALERT

BENEFIT LEGISLATION

Volume V, Number 1

Legislative Changes Affecting CalSTRS Benefits as of May 19, 2005

The 2005-2006 Legislative Session began in January; this is the first year of the two-year session. Each year, legislation is introduced that would, if enacted, improve benefits paid to some CalSTRS members who retire in the future. If you are considering retiring soon, you might be interested to know what bills of this type have been introduced thus far in the 2005-06 Legislative Session. These bills are summarized below to assist you in your retirement planning. Since all legislative proposals are subject to change during the legislative year, please see the box below for informational resources to help you stay current on the latest benefit provisions.

Benefit Legislation Alert

summarizes only the benefit-increasing provisions that apply to CalSTRS members retiring in the future.

Generally, when legislation becomes law, unless the bill states otherwise, the benefits become effective on the next January 1 and apply to members who retire on or after the bill's effective date. If passed, the bills summarized in this *Alert* will become effective on January 1, 2006, unless otherwise indicated.

While CalSTRS makes every effort to keep its members informed about changes in its benefit structure, it cannot safely predict what the Legislature and Governor may do that might be of interest to you.

For this reason, you should keep yourself informed about possible benefit changes by consulting the CalSTRS Web site (www.calstrs.com), CalSTRS Member Services (800-228-5453), CalSTRS benefits counselors, your union representative (if applicable), your legislative representative or any other source you believe would be helpful before you make any final decision about retirement.

Recently Introduced Legislation

AB 1770 (PER&SS)

Exempts Cash Balance Benefit Program participants who are called to active duty military service from paying up to 12 months of employee contributions associated with that service. The period of military service must have occurred between September 11, 2001, and July 30, 2006.

Teachers' Retirement Board Extends Medicare Premium Payment Program

At its December 2004 meeting, the Teachers' Retirement Board extended eligibility for the Medicare Premium Payment Program to Defined Benefit Program members who retire prior to July 1, 2006. The MPP Program allows CalSTRS to pay for Medicare Part A (hospital) premiums for eligible DB members who do not otherwise qualify for Medicare through prior employment or their spouse. DB members who retire between January 1, 2001, and July 1, 2006, may be eligible for the MPP Program if they retire from a district that has held a Medicare Division Election during or after the actual 10-day period when members elect to pay the Medicare tax. Members who are less than 58 years of age at the time of the 10-day election must vote to be covered by Medicare. Active DB members who are age 58 or older at the time of the election are not required to elect to be covered by Medicare and may still be eligible for the MPP Program

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?