



# Refund

## CONSIDER THE CONSEQUENCES

As you leave your California public school position, you face an important decision. What you decide now can affect your personal and financial plans for the future. You have two choices:

1. maintain your eligibility for future retirement benefits by keeping your account with CalSTRS  
OR
2. apply for a refund of your own contributions and interest and give up your eligibility for future benefits

*No need to rush your decision.*

*Once you leave teaching, you can apply for a refund any time in the future.*

### TAKE TIME TO ASK YOURSELF...

#### **Will I ever return to teaching?**

If you keep your CalSTRS account and return to California K-14 public school teaching, even on a part-time basis, your prior service credit will count toward retirement benefits.

#### **Am I eligible for benefits?**

If you keep your CalSTRS account and you have five or more years of service credit, you are eligible for a lifetime monthly benefit when you retire.

#### **Will I retire from another public retirement system?**

If you keep your CalSTRS account and you become eligible to retire from certain other California public retirement systems\*, you can get a CalSTRS retirement benefit even if you have less than five years of service credit.

#### **What CalSTRS retirement benefit would I get?**

If you keep your CalSTRS account, even a few years of service credit can provide you a valuable addition to your total retirement income. See example on reverse.

**CALSTRS**

HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers' Retirement System

## CONSIDER THE CONSEQUENCES...

### IF YOU KEEP YOUR CalSTRS ACCOUNT

- Beginning at age 55, with five or more years of service credit, you can receive a monthly CalSTRS retirement benefit. You can choose to spread out your benefit over your lifetime as well as the lifetime of another person or persons. Also, if you die after retirement, your beneficiary is eligible for a lump-sum death benefit.
- Even if you do not return to teaching and do not retire from CalSTRS, your account will continue to accrue compounded interest, which your beneficiary(ies) will receive upon your death.

### IF YOU TAKE A REFUND

- You forfeit all rights to CalSTRS benefits.
- If you take a refund before age 59½ and do not roll it over to a qualified plan, your funds may be subject to a 10 percent federal and a 2.5 percent state excise tax, in addition to regular income tax.
- You must also take a refund of your Defined Benefit Supplement account, losing the interest it would accrue until you retired. You cannot redeposit your DBS account funds.
- If you return to teaching and want to buy back some or all the refunded service credit, it can be expensive due to the interest.
- If you return to teaching you will have Disability and Survivor Benefit Coverage B, even if you had Coverage A before the refund.

### RETIREMENT EXAMPLE

Joanne taught for six years fresh out of college but now she's leaving for employment in the private sector. She plans to retire eventually at age 63.

6 years of earned service credit  
x .024 percentage based on age at retirement  
x \$3,333 highest average monthly teaching salary for three consecutive years  
\$480 highest, or unmodified, lifetime monthly benefit

**Estimate your CalSTRS retirement benefit online at the CalSTRS Web site ([www.calstrs.com](http://www.calstrs.com)).**

\*The other California public retirement systems are those for legislators, public employees covered by CalPERS, San Francisco city and county employees, University of California employees and those systems established under the County Employees' Retirement Law of 1937. (Contact CalSTRS for the provisions of this type of retirement.)

The summarized information pertains to the Teachers' Retirement Law and is meant as a guide. If any conflicts arise between this information and the law, the law takes precedence.

### Contact Us

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