

# Social Security, CalSTRS and You

## Are You Counting on Social Security?

If you are counting on Social Security to supplement your CalSTRS benefits, read this carefully. Because you do not pay into Social Security on your CalSTRS earnings, either of two provisions of the Social Security pension rules may reduce your Social Security benefits. Very briefly, they are:



Windfall Elimination Provision (WEP)	Government Pension Offset (GPO)
Affects your Social Security benefits that are based on your earnings	Affects your spousal and widow/widower Social Security benefits that are based on your spouse's earnings
<p>If you paid Social Security taxes on substantial earnings<sup>1</sup> for the 10-year minimum (40 quarters), you should apply for Social Security. Even though the Windfall Elimination Provision may reduce the benefit, it will not eliminate it. If you paid Social Security taxes on substantial earnings for:</p> <ul style="list-style-type: none"> <li>• 10 to 20 years, this provision reduces the 90 percent factor of the Social Security computation formula<sup>2</sup> to 40 percent. The formula is adjusted annually. For 2009, the maximum reduction is \$372.</li> <li>• 21 to 29 years, the 40 percent factor increases incrementally from 45 percent to 85 percent.</li> <li>• 30 or more years, you are exempt from this provision.</li> </ul> <p><sup>1</sup> The Social Security Administration redefines substantial earnings each year. For 2009, \$19,800 is considered substantial earnings.</p> <p><sup>2</sup> For 2009, the formula is 90% of the first \$744 of average earnings, 32% of the next \$3,739, and 15% of the balance. The dollar value of each part is adjusted annually.</p>	<p>If you qualify for a spousal, widow or widower Social Security benefit based on your spouse's earnings, that benefit may be offset by two-thirds of your CalSTRS pension.</p> <p>Example: Assume your expected spousal Social Security benefit is \$600 and your CalSTRS pension is \$900. Two-thirds of your \$900 CalSTRS pension is \$600. Under the Government Pension Offset provision, you would subtract the \$600 (two-thirds of \$900) from your \$600 Social Security Benefit. In this example, the spousal, widow or widower benefit would be eliminated (\$600 – \$600 = \$0).</p> <p>Note: The Government Pension Offset does not affect your CalSTRS retirement or disability benefit.</p>

For more information, go to [www.socialsecurity.gov](http://www.socialsecurity.gov) and, in the right column under *Information for*, select *Government Employees*. There you can find details, including calculators, to help you determine how these provisions might affect you. You can also find more information at [www.CalSTRS.com](http://www.CalSTRS.com) (select *Members*, then *Social Security, CalSTRS and You*) or by reviewing the *CalSTRS Member handbook*.

We are dedicated to keeping you informed about retirement planning so that you will be well prepared to enjoy a richly deserved retirement. Taking action now can make a big difference later.

## STEPS TOWARD THE RETIREMENT YOU WANT

### Contact Social Security

Because the Social Security Administration administers these regulations, you should contact them directly to see if your Social Security benefit is affected. Call 800-772-1213 or TTY for the hearing impaired at 800-325-0778.

### Attend CalSTRS Workshops

CalSTRS-trained benefit counselors provide a variety of workshops to help you understand your retirement benefits. One such workshop, Retirement Income Management, is an excellent resource to help you understand how the Social Security provisions may affect you. This workshop covers retirement risks, including steps you should take to make your retirement income last and how to develop a post-retirement plan. Register for a CalSTRS workshop by selecting Counseling/Workshops at [www.CalSTRS.com](http://www.CalSTRS.com) or calling 800-228-5453.

### Begin or Increase a Tax-deferred Investment

Because you do not pay the 6.2 percent Social Security tax, you receive take home pay that otherwise would have been withheld from your salary. Consider investing those funds in a 403(b) or, if available, a 457 account, a Roth IRA or a combination of accounts. CalSTRS Pension2<sup>®</sup> Personal Wealth Plan offers 14 Core Investment Funds, 15 Easy Choice Portfolios, greater ease of borrowing, free personal financial advice, enhanced online trading, low administrative costs and other strong benefits to enhance your investment opportunities.

When examining your options for tax-deferred investments, visit [www.403bCompare.com](http://www.403bCompare.com). This online resource of free, objective information about 403(b) vendors, their experience, fees and products allows you to narrow your search to the vendors available through your employer.

### Consult a Professional Financial Planner

A certified financial planner considers your goals and financial situation to develop the necessary elements of a financial plan, which may include exploring additional retirement investment options.

## CalSTRS Resources



### WEB SITES

[www.CalSTRS.com](http://www.CalSTRS.com)  
Click *Contact Us* to e-mail  
[www.403bCompare.com](http://www.403bCompare.com)



### CALL

800-228-5453  
7 a.m. to 6 p.m.  
Monday through Friday  
TTY 916-229-3541

866-384-4457  
Home Loan Program

888-394-2060  
CalSTRS Pension2<sup>®</sup>  
Personal Wealth Plan



### WRITE

CalSTRS  
P.O. Box 15275  
Sacramento, CA  
95851-0275



### VISIT

Member Services  
7919 Folsom Boulevard  
Sacramento, CA 95826  
(until June 19, 2009)

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



### FAX

916-229-3879

