

Welcome to CalSTRS

Benefits and Services for Full-Time and Part-Time Educators



Access Your Information on *myCalSTRS*

Find your account information and more on *myCalSTRS* any time, from anywhere you have Internet service.

myCalSTRS is your online resource for managing your personal information, with secure and convenient access to your accounts and CalSTRS forms.

Start at CalSTRS.com. Once you complete the one-time, five-step process, your *myCalSTRS* account will be active.

With *myCalSTRS*, you can:

- 1 Keep your mailing and email addresses and phone number current.
- 2 View your account balances.
- 3 Name and update your one-time death benefit recipient information.
- 4 Ask questions and receive prompt, secure answers.
- 5 Review your *Retirement Progress Report*.

Learn about the value of your benefits at CalSTRS.com.



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CalSTRS is governed by the Teachers' Retirement Law, available at CalSTRS.com. If there is a conflict between the law and this booklet, the law prevails.

*Note: In October 2011, the Governor proposed eliminating the purchase of nonqualified service credit ("air time") as part of his overall pension plan proposal. Stay informed at CalSTRSBenefits.Us.



We're Here for You

CalSTRS offers services and information for every stage in your career:

- Your annual *Retirement Progress Report*, which provides a snapshot of your CalSTRS accounts and service credit.
 - Convenient online services and access to your account information with *myCalSTRS*.
 - Customer service by email, phone or letter.
 - Benefits counselors to help you understand your benefits and more.
 - Publications about benefits and services.
 - Workshops, group counseling sessions and retirement planning.
 - CalSTRS Pension2® investment plans with low fees and expenses.
 - Information on investment options at 403bCompare.com.
- Find publications, including the *CalSTRS Member Handbook*, at CalSTRS.com

Your CalSTRS Retirement at a Glance

CalSTRS administers a hybrid retirement system consisting of a traditional defined benefit plan, a cash balance plan and a voluntary defined contribution plan:

Traditional defined benefit plan: Your CalSTRS retirement benefit is a defined benefit pension. It's based on a formula, not on how much you contribute or how well CalSTRS investments perform:

$$\frac{\text{service credit} \times \text{age factor} \times \text{final compensation}}{\text{final compensation}} = \text{your retirement benefit}$$

Cash balance plan: Your CalSTRS Defined Benefit Supplement—and CalSTRS Cash Balance Benefit Program, optional for part-time educators—are cash balance plans. Your contributions and your employer's contributions earn a guaranteed annual interest rate. At retirement, you receive all the funds in your account.

Defined contribution plan: With CalSTRS Pension2, you can save more for retirement. Select from a variety of investment plans, then contribute to your tax-deferred account through paycheck deductions. The amount you have at retirement depends on your contributions, investment gains or losses, and account expenses.

Welcome to CalSTRS

CalSTRS provides retirement, disability and survivor benefits to California's public school educators and their families.

If you're a full-time educator, you are a member of the CalSTRS Defined Benefit Program. If you're a part-time educator, you can choose the Defined Benefit Program, or an alternative retirement plan such as the CalSTRS Cash Balance Benefit Program, depending on your employer.

CalSTRS Pension2 offers 403(b), Roth 403(b) and 457 investment plans with low fees and expenses for additional income in retirement.



Your income in retirement is a shared responsibility between CalSTRS and you.

CalSTRS Defined Benefit Program

If you're a full-time California public school preK–grade 12 teacher, community college instructor or public school administrator, you belong to the Defined Benefit Program. If you're a part-time or substitute educator, you may belong to the Defined Benefit Program or an alternative program.

Your Retirement Benefit

When you have five years of service credit, you are entitled to a lifetime retirement benefit. Your benefit is based on a formula set by law:

$$\frac{\text{service credit} \times \text{age factor}}{\text{final compensation}} = \text{your retirement benefit}$$

You can choose to provide a lifetime monthly benefit to someone after your death. If you choose an option, your benefit will be reduced.

Your Contributions

You contribute 8 percent of your earnings toward your retirement benefit. Your employer contributes an amount equal to 8.25 percent of your salary to help pay benefits. Your contributions earn interest.

Eligibility for Retirement

You can retire as early as age 50 if you have at least 30 years of service credit. Or you can retire at age 55 with five years of service credit—or under the special circumstances of concurrent retirement with certain other public retirement systems in California.

Your Survivor and Disability Benefits

Depending on your years of service credit and when you die—before or after retirement—your survivors could receive a monthly benefit, or a refund of the balance in your account and a one-time death benefit.

The basic disability benefit is 50 percent of your final compensation. The maximum benefit, including benefits for eligible dependent children, is 90 percent of your final compensation.

Your Defined Benefit Supplement

As a Defined Benefit member, you have a Defined Benefit Supplement account that provides additional savings for your retirement.

If you earn more than one year of service credit in a school year for additional duties, your contributions and most of your employer's contributions from your earnings in excess of one year will go into this account.

You can build your account by taking on extra-pay assignments such as summer school or intersession, yearbook editor or band director.

Things to Consider

What If You Leave Public Education?

You can keep your money with CalSTRS if you leave education or you can request a refund. Even if you think you may not return to teaching, taking a refund may not make financial sense.



Benefits of leaving your contributions with CalSTRS:

- You'll keep your service credit.
- Your accounts will continue to accrue interest.
- You'll be eligible for a monthly retirement benefit when you're age 55 if you have at least five years of service credit—or under the special circumstances of concurrent retirement with certain California public retirement systems.

Consequences of cashing out include:

- You'll no longer be a member of CalSTRS.
- You will give up all rights to your retirement benefit as well as survivor and disability benefits unless you return to CalSTRS-covered employment.
- Your refund may be subject to additional federal and state taxes if you leave CalSTRS-covered employment, take your refund before age 59½ and do not roll over your funds to a qualified retirement plan.
- If you take a refund, it's expensive if you return to teaching and want to recover your service credit. You cannot withdraw employer contributions.

➤ See *Refund: Consider the Consequences* at CalSTRS.com

Ways to Increase Service Credit

The more service credit you have at retirement—earned or purchased—the greater your CalSTRS benefit. You may buy service credit for:

- Eligible service in out-of-state or foreign public schools, the military, Peace Corps, Job Corps, maternity or paternity leave, sabbatical leave and leave approved under the federal Family and Medical Leave Act and the California Family Rights Act.
- Nonmember service for part-time or substitute service before you were a CalSTRS member.
- Nonqualified service credit not related to teaching—up to five years—once you have at least five years of service credit

It costs less to buy service credit earlier in your career than later.

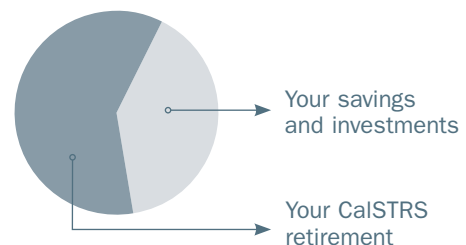


**MORE
SERVICE
CREDIT**

➤ See *Purchase Additional Service Credit* at CalSTRS.com



Your Retirement Income



The median CalSTRS retirement benefit replaces about 60 percent of a member's salary. You'll need to close any gap between your current income and your retirement benefit with savings and investments.

CalSTRS Pension2

CalSTRS Pension2 offers 403(b), Roth 403(b) and 457 investment plans for your additional retirement savings.

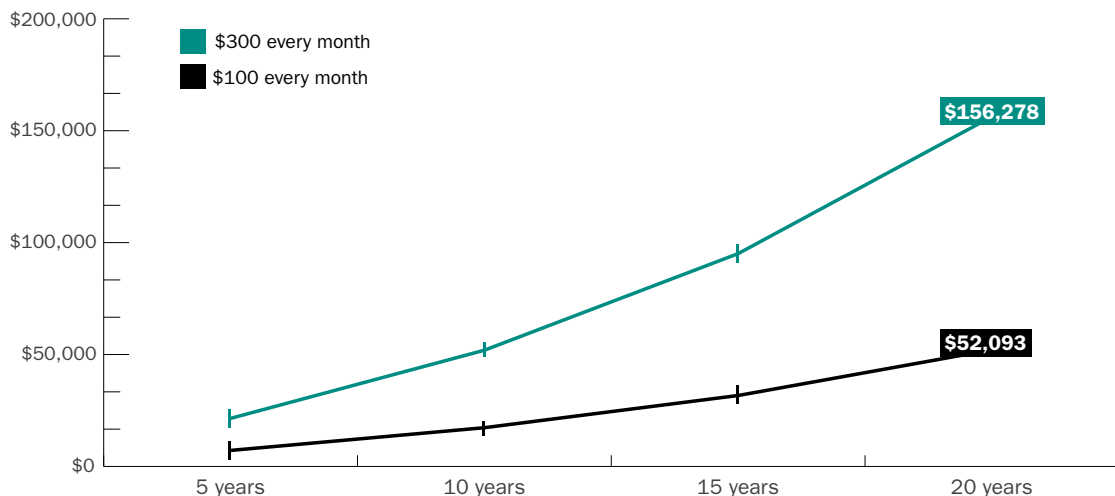
CalSTRS Pension2:

- Complements your CalSTRS defined benefit pension.
- Features low fees and expenses, so more of your money works for you.
- Provides 15 Easy Choice Portfolios to simplify your investment decisions and more than 20 investment funds if you prefer to build your own portfolio.
- Provides objective advice and planning services at no additional cost.

- **Pension2.com**
Learn more about Pension2 plans and low fees.
- **yourplan.CalSTRS.com.**
Find complete information about the plans offered by your employer.
- **403bCompare.com**
Compare fees charged by different mutual funds and insurance products.

Contributing a Little More Every Month Can Add Up

Amanda contributes \$100 a month to her CalSTRS Pension2 403(b) account. After 20 years, at 7 percent a year, she may have \$52,093. If she increases her contribution to \$300 a month, her savings may grow to \$156,278—an increase of \$104,185. An added benefit of tax-deferred contributions: Her \$300 investment may reduce her paycheck by only \$173*.



*This hypothetical illustration assumes a combined 37% state and federal tax rate. It's not meant to represent the performance of any investment product and should not be used to predict investment performance. Any taxes and expenses associated with an actual investment are not reflected. While taxes are paid when funds are withdrawn, members are often in a lower tax bracket at retirement.

CalSTRS Cash Balance Benefit Program

The Cash Balance Benefit Program is a retirement plan that employers may choose to offer their part-time educators as an alternative to participating in the Defined Benefit Program.

Your Retirement Benefit

When you become a Cash Balance participant, you qualify for a retirement benefit when you reach age 55 and are no longer performing creditable service.

Your retirement benefit is the amount of money in your Cash Balance account. If you have less than \$3,500, you must take a lump sum. If you have more than \$3,500, you can receive a monthly benefit over a specific period of time or over your lifetime and, under some circumstances, the lifetime of your beneficiary.

Your Contributions

Your employer must contribute at least 4 percent of your salary, and you typically contribute 4 percent. Your contribution rate may be collectively bargained with your employer, so it could be less than 4 percent. Contributions earn interest.

Your Disability and Survivor Benefits

Your disability benefit is the sum of your contributions, interest and additional earnings credits in your and your employer's accounts. Your survivors usually will receive a lump-sum distribution of your and your employers' contributions, accrued interest and any additional earnings credits. This amount is paid to your designated beneficiaries.

What If You Leave Public Education?

You have two options:

- Leave your contributions with CalSTRS where they will continue to accrue interest.
- Withdraw your funds or roll them over to another eligible retirement plan or IRA. If you choose to withdraw your funds, you'll have to wait six months after you terminate employment for payment. If you later return to CalSTRS-covered employment, you will not be able to withdraw funds again for five years.



As a part-time educator, you may have a choice of retirement plans. Your employer must offer the Defined Benefit Program and may offer an alternative program such as the Cash Balance Benefit Program.

Part-Time Educators— Choosing the Defined Benefit Program or an Alternative Plan

As a part-time educator, you may have a choice of retirement plans—the Defined Benefit Program and an alternative program such as the Cash Balance Benefit Program. Contact your employer to determine your plan eligibility.

In most cases, you can continue as a Cash Balance participant if you move to another school district that offers the program and you continue to work part time. If you become a member of the Defined Benefit Program and are no longer contributing to the Cash Balance program, you may transfer your Cash Balance funds into the Defined Benefit Program. You'll receive Defined Benefit service credit for your previous Cash Balance service.

You may choose to become a Defined Benefit Program member at any time during your career.

Choose the Plan That Works Best for You

Choose the CalSTRS Defined Benefit Program if you:

- Plan to work as an educator in California long enough to earn a benefit. When you have five years of service credit, you're entitled to a lifetime defined benefit pension. This could take up to 10 years of half-time employment.

- Want a monthly, guaranteed lifetime benefit at retirement that is based on a set formula and not on your contributions.
- Are comfortable contributing 8 percent of your pay toward your retirement. Your employer contributes an amount equal to 8.25 percent of your pay.

Choose the CalSTRS Cash Balance Benefit Program if you:

- Want a program that provides immediate vesting.
- Want a lump-sum payment or a lifetime monthly retirement benefit based on contributions credited to your account, with a guaranteed interest rate.
- Are comfortable with the contribution rate, typically 4 percent of your salary, depending on your local bargaining agreement. Your employer must contribute at least 4 percent of your salary.

Questions to Ask

If your employer offers an alternative program to the Cash Balance program, ask:

- Does the plan offer a monthly retirement benefit for life, or is it a non-lifetime benefit based on contributions and interest?
- What is the contribution rate? Is it matched by your employer?
- Is there a vesting requirement?
- Does the program charge administrative fees? (CalSTRS programs do not charge administrative fees.)
- Is there a guaranteed annual interest rate?
- Does the plan have a record of sound investment experience?
- How long do you have to wait to receive your funds?



Important Things to Consider

1

Invest Sooner Rather Than Later

That's the top recommendation from a poll of California educators aged 40 to 49 when asked what retirement advice they would give their younger colleagues. Take advantage of CalSTRS Pension².

2

Social Security, CalSTRS and You

CalSTRS members do not contribute to Social Security, so you will not receive Social Security benefits. **If you expect to receive a Social Security check through your spouse or other employment, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—could leave you with a smaller check or no check at all.** Your CalSTRS retirement benefit will not be reduced by these rules.

➤ See *Social Security, CalSTRS and You* at CalSTRS.com

3

Health Insurance

CalSTRS does not provide health benefits. Your health benefits depend on your district's agreement with your employee bargaining unit. Ask your employer if you have health benefits in retirement. Consider setting aside extra money now for your future.

You and your employer each pay 1.45 percent of your wages toward Medicare, the federal health insurance program for people age 65 and older. By paying this tax, you earn eligibility for Medicare.

CalSTRS Commitment to Your Secure Future






For close to 100 years, CalSTRS has provided retirement security for generations of educators, never missing a payment—even through the Great Depression.


Despite prudent money management, CalSTRS has a projected funding shortfall attributed mostly to losses from the economic downturns at the beginning and end of the last decade. Currently, we have assets to pay benefits through the early 2040s. If the state of California doesn't adopt a funding solution before then, the state is responsible for ensuring CalSTRS benefits are paid.

We are working with our stakeholders—employers, educators, legislators and the governor—to develop a responsible plan to bridge the gap and uphold the state's promise to educators. Working together, the funding shortfall is solvable. In any case, your benefits will be paid.

➤ CalSTRSBenefits.Us

CalSTRS Resources

WEB 	CalSTRS.com Click <i>Contact Us</i> to email 403bCompare.com Pension2.com CalSTRSBenefits.Us
CALL 	800-228-5453 7 a.m. to 6 p.m. Monday through Friday 888-394-2060 CalSTRS Pension2® Personal Wealth Plan 855-844-2468 (toll free) Pension Abuse Reporting Hotline
WRITE 	CalSTRS P.O. Box 15275 Sacramento, CA 95851-0275
VISIT 	Member Services 100 Waterfront Place West Sacramento, CA 95605
FAX 	916-414-5040

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Access CalSTRS Online

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Access your account information, forms and more. Start at CalSTRS.com.

CalSTRS.com

Find information about CalSTRS benefits, services, publications and the *Retirement Benefit Calculator*.

Pension2.com

Learn about CalSTRS Pension2 investment plans.

 Browse our growing library of three-minute member benefit videos at CalSTRS.com/multimedia



Like us on Facebook
[Facebook.com/CalSTRS](https://www.facebook.com/CalSTRS) 

403bCompare.com

Make side-by-side comparisons of investment options and fees.

yourplan.CalSTRS.com.

Find information about the tax-deferred plans offered by your employer.

CalSTRSBenefits.Us

Keep current on plan funding.



Inside you'll learn about benefits and services designed to support you throughout your career.