

# Preretirement Compound Option Election—Instructions

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This form is used to elect a Compound Option.

If you are eligible to retire, you may make a preretirement Compound Option election. This election is available if you do not yet wish to retire, but want to ensure a monthly lifetime income to another person if you die before retirement. The monthly benefit is based on the Modified Benefit you would have received if you had retired as of the date of death. At retirement, your monthly benefit will be modified under the elected option.

The Compound Option allows three choices. You may:

- Name one option beneficiary and retain a portion of your benefit as the Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each and retain a portion of your benefit as the Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each and not retain any of your benefit as the Member-Only Benefit.

**If you wish to elect a single option beneficiary and not retain a portion of your Member-Only Benefit, complete the *Preretirement Election of an Option* form. Do not complete this form.**

Your monthly retirement benefit will be reduced based on your age, the ages of your beneficiaries and the option you elect for each beneficiary. Upon your death, your option beneficiaries will receive a benefit as provided by the formulas used to calculate survivor benefits under each option elected. If one of your option beneficiaries predeceases you, that percentage of your benefit will revert to the Member-Only Benefit.

To find out how each option would affect your retirement benefit, make an appointment with a benefits counselor. Visit [CalSTRS.com/counseling](http://CalSTRS.com/counseling) for information on scheduling an appointment.

## ADVANTAGES AND DISADVANTAGES

What are the advantages and disadvantages of choosing a preretirement election of a Compound Option?

**Advantages:** If you die before retirement, your option beneficiaries will receive a lifetime monthly benefit. The benefit begins immediately upon your death, regardless of the ages of your option beneficiaries.

In most cases, the Modified Benefit will be higher if you make a preretirement election of a Compound Option than if you elect an option at the time of retirement.

**Disadvantages:** If you cancel or change your preretirement election of a Compound Option before retiring, a lifetime assessment may be applied to your future retirement benefit. If your option beneficiary dies before you retire, the election will be automatically canceled and a lifetime assessment may be applied to your future retirement benefit. *An assessment may reduce your retirement benefit for life.*

## CHANGING OR CANCELING A PRERETIREMENT COMPOUND OPTION ELECTION

If you change or cancel your preretirement compound option election, or if your beneficiary dies before your retirement date, your payment may be reduced at retirement by an amount determined by the Teachers' Retirement Board to be the actuarial equivalent of the coverage you received as a result of the preretirement election. See the *Member Handbook* for more information.

## OTHER IMPORTANT INFORMATION

If you become disabled after making a preretirement Compound Option election:

- Under **Coverage A**, you may maintain your election.
- Under **Coverage B**, your election will be automatically voided as of the effective date of an approved disability retirement. However, you then can elect an option under disability retirement.

## Preretirement Compound Option Election—Instructions continued

**This form is used to elect the Compound Option only. If you wish to elect one of the other three options, complete the Preretirement Election of an Option form.**

Use blue or black ink. Do not erase. Erasures are unacceptable and will void your election. If you make a mistake, complete a new form or line through the error, make your correction and date and initial the correction.

You are eligible to retire if you meet any of the following:

- Are at least 50 years of age and have 30 years of service credit.
- Are at least 55 years of age and have five years of service credit.
- Are eligible to retire concurrently with retirement under the California Public Employees' Retirement System, University of California Retirement System, San Francisco Employees' Retirement System, Legislators' Retirement System or the 1937 Act County Retirement Systems.

### SECTION 1: ELECTION, CHANGE, CANCELLATION

**Election:** If you do not currently have a preretirement election of an option in effect with CalSTRS and you wish to make a preretirement election, check the *Election* box. An election is effective as of your signature date on your form. Your election is not valid if we do not receive your form, with your spouse's signature, if applicable, before your requested date of retirement and no later than 30 days from your signature date.

**Change:** If you wish to make a change to your preretirement election of an option (change the option elected, your designated option beneficiary, or both), check the *Change* box. *Changing your preretirement election may result in a lifetime assessment to your future retirement benefit.* CalSTRS must receive this form, with your spouse's signature, if applicable, no later than 30 days from your signature date. If you are an active member, the effective date of your option change is your signature date. If you are retired, CalSTRS must receive this form no later than 30 days from the date your first benefit payment is issued, and the effective date of your option change is the day prior to your retirement date.

**Cancellation:** If you wish to cancel your preretirement election of an option, check the *Cancellation* box. *Canceling your preretirement election may result in a lifetime assessment to your future retirement benefit.* CalSTRS must receive this form, with your spouse's signature, if applicable, no later than 30 days from your signature date. If you are an active member, the effective date of your option cancellation is your signature date. If you are retired, CalSTRS must receive this form no later than 30 days from the date your first benefit payment is issued, and the effective date of your option cancellation is the day prior to your retirement date.

If you are electing, changing or canceling an option due to a divorce or termination of domestic partnership, contact our Legal Office at 916-414-1725 for assistance.

### SECTION 2: MEMBER INFORMATION

Be sure your name matches your name as it appears on your Social Security card. If you know it, include your Client ID instead of your Social Security number. Include your telephone number so we can contact you if we have any questions. You can find your Client ID on your *Retirement Progress Report*.

### SECTION 3: BENEFIT ALLOCATION/OPTION BENEFICIARY DESIGNATION

The modification in your future service retirement payments will be made in accordance with the options elected on this form and will be based on your age and the ages of your option beneficiaries on the date you sign your form. An option factor based on actuarial valuation tables is used to determine the modification of your retirement payment.

Your payment amount will be determined using the higher of the option factor in effect at the time you made the preretirement election or the factor in effect at the time of your retirement or death, whichever occurs first.

#### Benefit Allocation

If you wish to retain part of your benefit as the Member-Only Benefit, enter the percentage in the space provided.

We will not be able to process your election if the total allocation of your Member-Only Benefit and the option benefits for your beneficiaries does not equal 100 percent. You may select a different percentage for each beneficiary.

## Preretirement Compound Option Election—Instructions continued

This example is the benefit allocation for a member who wanted to retain 50 percent as the Member-Only Benefit and allocate 25 percent to two children.

Recipient	Benefit Allocation
Member-Only	50 %
Beneficiary #1	25 %
Beneficiary #2	25 %
Beneficiary #3	0 %
Total for additional beneficiaries	0 %
Grand Total	100 %

If you want to designate more than three option beneficiaries, use additional copies of the form. Indicate the number of extra pages you are submitting where indicated in the upper right-hand corner of page 1.

### Option Beneficiary Designation

If you decide to make a preretirement compound option election, provide a beneficiary option, allocation percentage and beneficiary information. Descriptions of the beneficiary options available follow.

**100% Beneficiary Option:** Upon your death, your option beneficiary will continue to receive the same benefit you were receiving. If your option beneficiary predeceases you, your benefit will rise to the Member-Only Benefit level. See age restrictions below.

**75% Beneficiary Option:** Upon your death, your option beneficiary will receive 75 percent of the amount you were receiving. If your option beneficiary predeceases you, your benefit will rise to the Member-Only Benefit level. See age restrictions below.

**50% Beneficiary Option:** Upon your death, your option beneficiary will receive one-half of the amount you were receiving. If the option beneficiary predeceases you, your benefit will rise to the Member-Only Benefit level.

Your beneficiary must be a living person or persons. Your beneficiary cannot be a trust, estate, charity or other entity.

### Nonspouse Option Beneficiary

Under federal law, if you name someone other than your current or former spouse of a different gender to be your option beneficiary under the Compound Option, the type of option you may elect depends on your age and the age of your option beneficiary:

- Under the 75% Beneficiary Option, your nonspouse option beneficiary cannot be more than exactly 19 years younger than you.
- Under the 100% Beneficiary Option, your nonspouse option beneficiary cannot be more than exactly 10 years younger than you.

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

Note: If your option beneficiary's death occurs before your effective date of retirement, your option election will be automatically canceled one day after your option beneficiary's date of death. Your future benefit may be reduced for life depending on the option you elected and the period of time it was in effect. For more information about the advantages and disadvantages of electing an option before retirement, see the *Member Handbook*.

### Birth Date Verification

Acceptable birth date verification documentation includes a clear, unaltered photocopy of one of the following: certified birth record, passport ID page or certain military IDs.

If your option beneficiary's name has been changed from the name shown on his or her birth record, a clear, unaltered photocopy of the marriage certificate or court order documenting the change is required. If you do not have either of these records, contact us at 800-228-5453.

### SECTION 4: REQUIRED SIGNATURES

Sign and date your form. If you are married or registered as a domestic partner, your spouse or partner also must sign and date it. The election will be effective on the date you signed your form, provided CalSTRS receives your form no later than 30 days from the signature date and before your retirement date.

## Preretirement Compound Option Election—Instructions continued

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If your spouse or registered domestic partner does not sign your form, you must include a completed and signed *Justification for Non-Signature of Spouse or Registered Domestic Partner* form.

If you divorced or terminated a domestic partnership and a portion of your CalSTRS benefits was awarded to a former spouse or partner, check the box that indicates this. You may need to refer to your settlement agreement. If your court documents have not been reviewed by CalSTRS, you may be asked to provide them later.

### **SUBMITTING YOUR FORM**

CalSTRS must receive your form no later than 30 days from the signature date. (See section 1 for additional requirements for changing or canceling an election.) Keep a copy for your records.

### **Hand Delivery**

Hand deliver your form to a local benefits counseling office. For a listing of offices, see [CalSTRS.com/localoffices](http://CalSTRS.com/localoffices).

### **Mailing Address**

CalSTRS  
P.O. Box 15275, MS 65  
Sacramento, CA 95851-0275

### **Overnight Delivery**

If you are using a special mailing service such as UPS or FedEx, send this form to:

CalSTRS  
Member Services  
100 Waterfront Place  
West Sacramento, CA 95605

### **Fax Delivery**

916-414-5964 or 916-414-5965

# Preretirement Compound Option Election

SR 0365 (rev. 1/12)

**CALSTRS**  
California State Teachers' Retirement System  
P.O. Box 15275, MS 65  
Sacramento, CA 95851-0275  
800-228-5453  
CalSTRS.com

Please read the instructions before completing this form.

\_\_\_\_\_ number of additional pages attached

## Section 1: Election, Change, Cancellation

Choose one:

- Election** I am eligible to retire but do not wish to retire at this time. I am making the following preretirement Compound Option election.
- Change** I revoke any previous preretirement election of an option made by me. I wish to make the following preretirement election change. I understand this may result in a lifetime assessment to my future service retirement benefit.
- Cancellation** I revoke any previous preretirement Compound Option election made by me. I understand this may result in a lifetime assessment to my future service retirement benefit.

## Section 2: Member Information

NAME (LAST, FIRST, INITIAL)

CLIENT ID OR SOCIAL SECURITY NUMBER

MAILING ADDRESS

DATE OF BIRTH (MM/DD/YYYY)

( )

CITY

STATE

ZIP CODE

HOME TELEPHONE

E-MAIL ADDRESS

GENDER:  MALE  FEMALE

## Section 3: Benefit Allocation/Option Beneficiary Designation

Your beneficiary must be a living person. Your beneficiary cannot be a trust, corporation, charity, estate or other entity. For each option beneficiary, elect either the 100% Beneficiary Option, 75% Beneficiary Option or 50% Beneficiary Option. CalSTRS cannot process your preretirement Compound Option election if the total allocation of the option benefits given to option beneficiaries, including any Member-Only Benefit percentage, does not equal 100 percent. (See Instructions.)

Court-ordered option elections: If you are divorced or a party to a dissolution of domestic partnership who is required to elect a discontinued option, you may do so if CalSTRS has previously received and approved a certified court order filed before January 1, 2007. For more information, contact our Legal Office at 916-414-1725.

- Provide all the information requested for each option beneficiary, including birth date verification (a clear, unaltered photocopy of a birth certificate, passport ID page or certain military IDs).
- If you wish to designate more than three option beneficiaries, use additional copies of this form and indicate the number of additional pages you are submitting in the top right-hand corner of this page.

I choose to retain \_\_\_\_\_% of my benefit as the Member-Only Benefit.



SR0365

**Section 3: Benefit Allocation/Option Beneficiary Designation** continued

1. I elect the \_\_\_\_\_ Beneficiary Option and allocate \_\_\_\_\_ % of my Member-Only Benefit.

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NAME (LAST, FIRST, INITIAL) \_\_\_\_\_ CLIENT ID OR SOCIAL SECURITY NUMBER \_\_\_\_\_

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MAILING ADDRESS \_\_\_\_\_ DATE OF BIRTH (MM/DD/YYYY)  VERIFICATION ENCLOSED  
(    )

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CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_ HOME TELEPHONE \_\_\_\_\_

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E-MAIL ADDRESS \_\_\_\_\_ GENDER:  MALE  FEMALE

MEMBER OF CALSTRS:  YES  NO      RELATIONSHIP:  SPOUSE  REGISTERED DOMESTIC PARTNER  OTHER

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2. I elect the \_\_\_\_\_ Beneficiary Option and allocate \_\_\_\_\_ % of my Member-Only Benefit.

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NAME (LAST, FIRST, INITIAL) \_\_\_\_\_ CLIENT ID OR SOCIAL SECURITY NUMBER \_\_\_\_\_

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MAILING ADDRESS \_\_\_\_\_ DATE OF BIRTH (MM/DD/YYYY)  VERIFICATION ENCLOSED  
(    )

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CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_ HOME TELEPHONE \_\_\_\_\_

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E-MAIL ADDRESS \_\_\_\_\_ GENDER:  MALE  FEMALE

MEMBER OF CALSTRS:  YES  NO      RELATIONSHIP:  SPOUSE  REGISTERED DOMESTIC PARTNER  OTHER

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3. I elect the \_\_\_\_\_ Beneficiary Option and allocate \_\_\_\_\_ % of my Member-Only Benefit.

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NAME (LAST, FIRST, INITIAL) \_\_\_\_\_ CLIENT ID OR SOCIAL SECURITY NUMBER \_\_\_\_\_

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MAILING ADDRESS \_\_\_\_\_ DATE OF BIRTH (MM/DD/YYYY)  VERIFICATION ENCLOSED  
(    )

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CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_ HOME TELEPHONE \_\_\_\_\_

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E-MAIL ADDRESS \_\_\_\_\_ GENDER:  MALE  FEMALE

MEMBER OF CALSTRS:  YES  NO      RELATIONSHIP:  SPOUSE  REGISTERED DOMESTIC PARTNER  OTHER

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I have read and I fully understand the instructions for the preretirement Compound Option election.  
I fully understand that:

1. **This election does not constitute an application for service retirement.** I still must submit the *Service Retirement Application* to receive a service retirement benefit.
2. If my option beneficiary predeceases me before my retirement date or if I cancel or change this option election before service retirement, my future service retirement benefit may be reduced for life for each year or portion of a year this option election was in force.
3. I cannot change this option election after 30 days from the date my first benefit payment is issued unless my option beneficiary predeceases me; or my option beneficiary is my spouse or registered domestic partner and a final decree for a dissolution of marriage, annulment, dissolution or termination of partnership, or action for separate maintenance has been entered on or after January 1, 1978; or my option beneficiary is not my current or former spouse or partner and I change my election to my current spouse or partner.
4. Under Coverage A, although I may receive a disability benefit and maintain this option election, my otherwise qualified survivors will not be entitled to a *family allowance* benefit in the event of my death unless this option election has been canceled in writing before the date of my death.
5. Under Coverage B, my otherwise qualified survivors will not be entitled to a *survivor* benefit in the event of my death unless this option election has been canceled in writing before the date of my death. On the effective date of disability retirement, this option election will become void.
6. Court-ordered option elections: A divorced member or member who is a party to a dissolution of domestic partnership who is required to elect a discontinued option (2, 3, 4, 5, 6 or 7) may do so if CalSTRS has previously received and approved a certified court order filed before January 1, 2007.

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## Section 4: Required Signatures

Check all that apply.

- I am married or registered as a domestic partner and both our signatures are below.
- I am married or registered as a domestic partner and my spouse or registered domestic partner did not sign below. I have completed, signed and attached the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form. 
- I have never been married or in a registered domestic partnership, or I am widowed or my registered domestic partner has died.
- I have been divorced or have terminated a registered domestic partnership and my former spouse or partner was awarded a portion of my CalSTRS benefits.
- I have been divorced or have terminated a registered domestic partnership and my former spouse or partner was *not* awarded a portion of my CalSTRS benefits.

### Required Signatures

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct. I understand that perjury is punishable by imprisonment for up to four years (Penal Code section 126).

I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of altering a benefit administered by CalSTRS and it may result in penalties, including restitution, up to one year in jail and a fine of up to \$5,000 (Education Code section 22010).



Member's Signature

Signature Date (MM/DD/YYYY)



Spouse's or Registered Domestic Partner's Signature

Signature Date (MM/DD/YYYY)