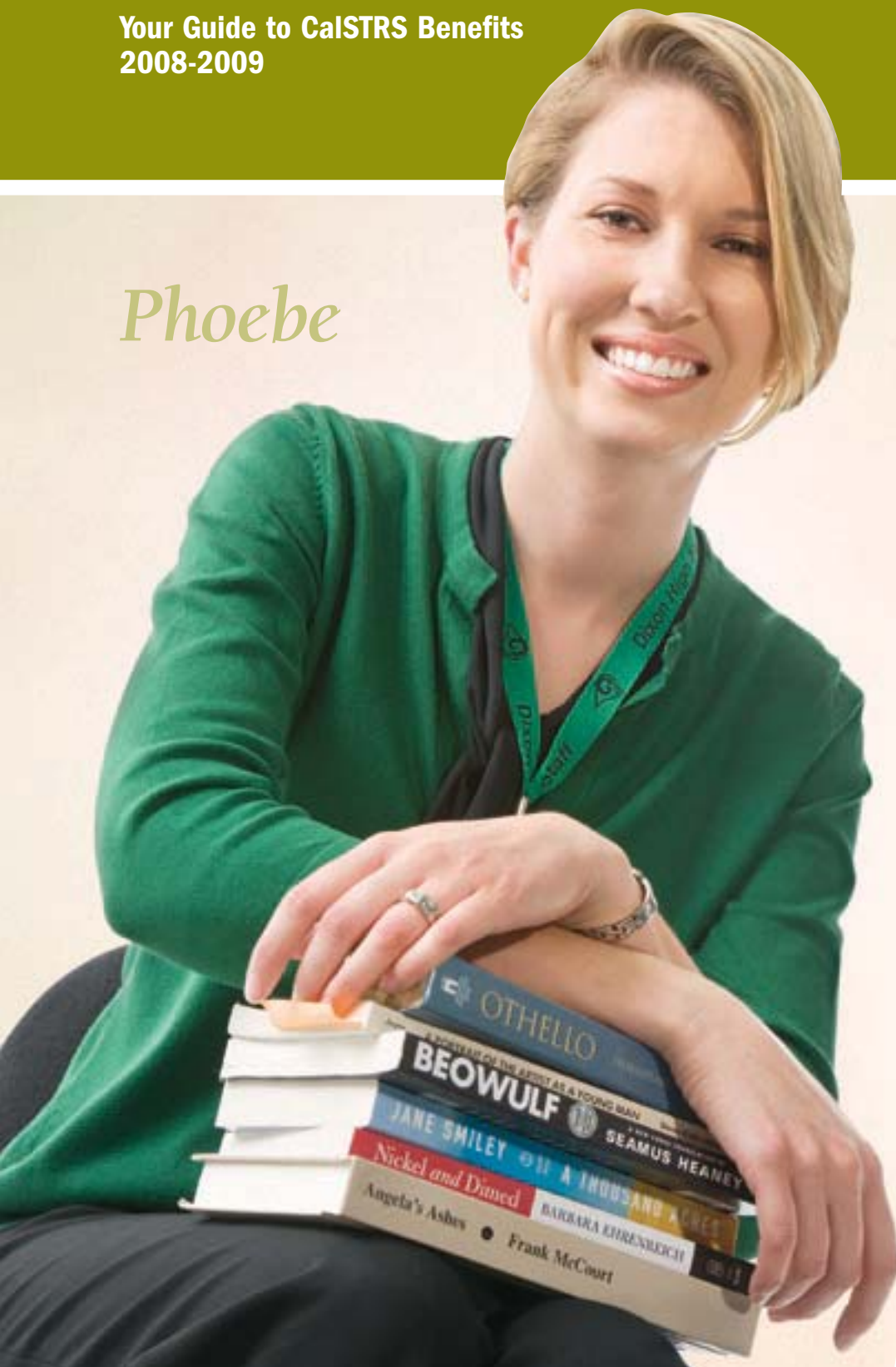


# Member Handbook

Your Guide to CalSTRS Benefits  
2008-2009

*Phoebe*



# Checklist for a Secure Financial Future

## **Less than one year of service credit**

- Begin saving in a tax-deferred account such as the CalSTRS Pension<sup>2</sup> personal wealth plan.
- Submit your *One-Time Death Benefit Recipient* form.

## **One to five years of service credit—*You are now eligible for the CalSTRS one-time death benefit and monthly survivor benefit if you should die while an active member.***

- Check your annual statement of accounts in your *Retirement Progress Report* every year for the accuracy of your service credit.
- Start a file to save your *Retirement Progress Reports* and other CalSTRS forms.
- Attend a Demystifying CalSTRS Workshop.

## **Five years of service credit—*You are now vested and eligible to receive a lifetime monthly retirement benefit when you retire. You can now retire if you are age 55 or older.***

- Attend a CalSTRS Fundamentals Workshop.
- Use the online *Retirement Benefit Calculator* at [www.CalSTRS.com](http://www.CalSTRS.com) to estimate your retirement benefit.
- Consider increasing your contributions to your tax-deferred 403(b) or other supplemental savings plan.
- Develop a financial plan for retirement.
- Continue to check your annual statements in your *Retirement Progress Report* for accuracy and file them with other important CalSTRS information.

## **Ten years of service credit—*It's time to plan the financial details for transitioning from your career into retirement.***

- Attend a CalSTRS Fundamentals Workshop if you have not already done so.
- Meet with a CalSTRS benefits counselor or schedule a telephone appointment.
- Review your one-time death benefit recipient designation and your service credit shown on your *Retirement Progress Report*.
- Update your financial plan.
- Increase your tax-deferred savings.

## **Between the ages 50 and 55 with at least 30 years of service credit**

### **OR at least age 55 with at least five years of service credit—*You are eligible to retire.***

- Attend a CalSTRS Retirement Checkup Workshop and a Retirement Income Management Workshop.
- Get an estimate of your retirement benefit from a CalSTRS benefits counselor.
- Submit the *Pre-Retirement Election of an Option* form to provide a lifetime monthly benefit to someone if you die before retirement, if you would like to do so.
- Review your *One-Time Death Benefit Recipient* form and update, if necessary.

Dear Member,

Welcome to the California State Teachers' Retirement System. I am pleased to present the latest edition of the *CalSTRS Member Handbook*. Whether you are just beginning your career in education or are an experienced educator, this handbook will answer many of the questions you have about your benefit coverage. It can help you make informed decisions during your active career so that you are fully prepared for retirement.

CalSTRS is the nation's largest teachers' pension fund serving more than 800,000 educators and their families. Our dedicated, professional and conscientious staff work hard to improve our services so that they meet your needs. We are committed to providing exemplary service to each and every person who calls, writes or visits us.

Serving CalSTRS members and protecting the Teachers' Retirement Fund remain our highest priorities. We look forward to assisting you throughout your career and retirement.

Sincerely,

A handwritten signature in black ink that reads "Jack Ehnes". The signature is written in a cursive style with a large, sweeping initial "J".

Jack Ehnes  
Chief Executive Officer

## **CalSTRS Overview**

### **A Brief History of CalSTRS**

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school teachers. CalSTRS membership includes California public school educators—from prekindergarten through community college—who perform creditable service under the Defined Benefit Program and the Cash Balance Benefit Program.

### **Teachers' Retirement Board**

The Teachers' Retirement Board sets policies for, makes rules for and administers the California State Teachers' Retirement System. The board is also responsible for ensuring that benefits are paid by the system in accordance with the law.

Our 12-member Teachers' Retirement Board is made up of:

- Three member-elected positions representing current educators.
- A retired CalSTRS member appointed by the Governor and confirmed by the Senate.
- Three public representatives appointed by the Governor and confirmed by the Senate.
- A school board representative appointed by the Governor and confirmed by the Senate.
- Four board members who serve in an ex-officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction and State Treasurer.

The board appoints a chief executive officer to administer CalSTRS consistent with the board's policies and rules. The board also selects a chief investment officer to direct the investments of the Teachers' Retirement Fund in accordance with board policy.

The board has eight standing committees: Audits and Risk Management, Benefits and Services, Board Governance, Corporate Governance, Investments, Compensation, Legislation, and Appeals.

### **Teachers' Retirement Fund**

The Teachers' Retirement Fund is a special trust fund established by law that holds the assets of the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. The assets come from contributions by employees, employers and the state of California. The fund's investments create a stream of income to add to those assets.

When selecting investments, the Teachers' Retirement Board applies standards of safety, diversification, liquidity and structure for a complete and profitable investment portfolio. The portfolio includes stocks, bonds, real estate and short-term investments. Within these categories, CalSTRS further diversifies by holding a variety of investments within each segment.

The Teachers' Retirement Fund portfolio market value was \$170 billion as of June 30, 2008. CalSTRS is the nation's second-largest public pension fund.

For more information about Teachers' Retirement Fund investments, visit [www.CalSTRS.com](http://www.CalSTRS.com).

# Contents

Checklist for a Secure Financial Future .....	inside front cover
CalSTRS Overview.....	II
<b>1. Introduction.....</b>	<b>5</b>
Quick Start Guide.....	5
Recent Changes to CalSTRS Benefits .....	7
<b>2. Your Membership and Benefits .....</b>	<b>9</b>
Membership for Full- and Part-Time Employees.....	9
Contributions to Defined Benefit and Defined Benefit Supplement Programs .....	11
Borrowing Against Your Accounts .....	13
Your Retirement Progress Report .....	13
Disability and Survivor Benefits.....	14
If You Terminate Your CalSTRS-Covered Employment.....	14
Refunding Your CalSTRS Contributions.....	15
Redeposits—Restoring Service Credit .....	16
CalSTRS Defined Benefit Supplement Program .....	16
Changing Employment to a Different Public Retirement System .....	18
<b>3. Benefits for Part-Time Educators .....</b>	<b>19</b>
Retirement Plans and Options.....	19
Social Security.....	22
CalSTRS Cash Balance Benefit Program.....	22
Alternatives to the Defined Benefit Program .....	23
Consolidating Your Coverages .....	24
<b>4. Building Your Financial Future.....</b>	<b>25</b>
Determine How Much You Will Need in Retirement .....	25
Attend a Workshop .....	26
Build Supplemental Income Through CalSTRS Pension2® .....	26
Comparing Supplemental Savings Plans .....	27
CalSTRS Home Loan Program.....	29
Meet With a Benefits Counselor .....	29
<b>5. Approaching Retirement.....</b>	<b>31</b>
One-Time Death Benefit Recipient .....	31
Protecting Your Loved Ones Before You Retire .....	32
Social Security.....	34
Health Insurance .....	35
Reduced Workload Program.....	36
<b>6. Your Retirement Benefit .....</b>	<b>37</b>
Deciding When to Retire .....	37
Retiring From More Than One Public Retirement System .....	38

*CalSTRS is governed by the Teachers' Retirement Law. If there is a conflict between the law and this handbook, the law prevails.*

How to Calculate Your Defined Benefit Retirement.....	38
Ways to Increase Your Benefit.....	39
Ways to Receive Your Benefit.....	43
Protecting Your Survivors.....	44
Defined Benefit Supplement Program .....	47
Guidelines for the Service Retirement Application Process .....	48
Worksheets and Tables .....	51
Defined Benefit Supplement Annuity Calculations.....	58
<b>7. After You Retire .....</b>	<b>61</b>
Annual Benefit Adjustment .....	61
Purchasing Power Protection .....	61
Medicare Premium Payment Program.....	61
Working After Retirement .....	61
Keeping You Informed.....	64
<b>8. Disability Benefits.....</b>	<b>65</b>
Before Filing a Disability Application .....	65
Reasonable Accommodation.....	66
Steps in the Disability Application Process .....	66
Service Retirement Pending Disability Eligibility .....	69
Coverage A—Disability Allowance Program .....	69
Coverage B—Disability Retirement Program .....	73
<b>9. Survivor Benefits.....</b>	<b>77</b>
Coverage A or Coverage B—Family Allowance or Survivor Benefit.....	77
Coverage A—If You Die Before Retirement .....	78
Coverage B—If You Die Before Retirement .....	81
Defined Benefit Supplement Distribution .....	84
Coverage A or B—When You Die After Retirement .....	84
<b>10. Tax Information and Legal Matters .....</b>	<b>85</b>
Income Tax Withholding .....	85
Internal Revenue Codes Affecting Benefits .....	86
Legal Matters .....	87
Your Rights—The Appeal Process .....	87
Community Property Information .....	88
<b>Quick Topics Online.....</b>	<b>89</b>
<b>Glossary.....</b>	<b>91</b>
<b>Index.....</b>	<b>99</b>