

Social Security, CalSTRS and You

Are You Counting on Social Security?

If you are counting on Social Security to supplement your CalSTRS benefit, read this carefully. Because you do not pay into Social Security on your CalSTRS earnings, Social Security law may reduce your Social Security benefit. In brief, the provisions are:



Windfall Elimination Provision	Government Pension Offset
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 are eligible to receive Social Security, you should apply. Even though the Windfall Elimination Provision may reduce your benefit, it will not eliminate it. For 2011, the maximum reduction is \$375¹.</p> <p>If you paid Social Security taxes on substantial earnings² for:</p> <ul style="list-style-type: none"> • Up to 20 years, this provision reduces the 90 percent factor of the Social Security computation formula³ to 40 percent. • 21 to 29 years, the 40 percent factor increases incrementally from 45 percent to 85 percent. • 30 or more years, you are exempt from this provision. 	<p>If you qualify for a spousal, widow or widower Social Security benefit based on your spouse's earnings, that benefit will be offset by two-thirds of your CalSTRS retirement benefit.</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, 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>

Note: These provisions affect your Social Security benefit only, not your CalSTRS retirement, disability or survivor benefit or your eligibility for Medicare. These provisions will still apply if you take your retirement benefit as a lump sum.

For more information, go to socialsecurity.gov (under *Information For*, select *Government Employees* from the drop-down list). There you can find details, including calculators, to help you determine how these federal rules might affect you. You can also find more information at CalSTRS.com (select *Members*, then *Social Security, CalSTRS and You*) or in the *CalSTRS Member Handbook*.

¹ The amount of reduction depends on your years of Social Security earnings and the amount of your CalSTRS benefit. If your pension is relatively low, the reduction can be no more than half your monthly benefit.

² The Social Security Administration redefines substantial earnings each year. For 2011, \$19,800 is considered substantial earnings.

³ For 2011, the formula is 90 percent of the first \$749 of average earnings, 32 percent of the next \$3,768, and 15 percent of the balance. The dollar value of each part is adjusted annually.



We are dedicated to keeping you up to date about important retirement information so you will be able to plan and enjoy a well-deserved retirement. Taking action now can make a big difference later.

Steps Toward the Retirement You Want

Contact Social Security

The Social Security Administration administers these regulations. Contact it directly to see if your Social Security benefit will be affected. Call 800-772-1213 or TTY for the hearing impaired at 800-325-0778.

Attend CalSTRS Workshops

CalSTRS-trained benefits counselors provide a variety of workshops to help you understand your retirement benefit. At the Retirement Income Management workshop you can learn how the Social Security provisions may affect you. This workshop also covers retirement risks, including steps to take to make your retirement income last.

Register for a CalSTRS workshop at CalSTRS.com/workshops or by calling 800-228-5453.

Begin or Increase a Tax-Deferred Investment

Because you do not pay 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), 457, Roth IRA or a combination of these accounts.

CalSTRS Pension2® personal wealth plan is a supplemental savings program that offers 403(b), Roth 403(b) and 457 plans. Pension2 offers different investment options, such as the Easy Choice Portfolios—designed to match your risk tolerance with your time horizon. Or choose from more than 20 professionally selected investments with the Build Your Own Portfolio option. For more information, contact Pension2 at 888-394-2060 or visit Pension2.com.

When examining your options for tax-deferred investments, visit 403bCompare.com. 403bCompare is a free online tool that provides unbiased, side-by-side comparisons of 403(b) plans and fees in one convenient location. It also lets you narrow your search to the 403(b) vendors available through your employer.

Consult a Financial Professional

Build knowledge and confidence by learning the language of savings and investments. You can be a do-it-yourself investor or consult a financial planner or investment advisor.

CalSTRS Resources



WEB

CalSTRS.com
Click *Contact Us* to e-mail

403bCompare.com

Pension2.com

CalSTRSBenefits.Us



CALL

866-384-4457
Home Loan Program

800-228-5453
7 a.m. to 6 p.m.
Monday through Friday

888-394-2060
CalSTRS Pension2®
Personal Wealth Plan

855-844-2468
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