



# Cash Balance Benefit Program

A Retirement Plan for Part-Time  
and Adjunct Educators





CalSTRS is governed by the Teachers' Retirement Law, available at [CalSTRS.com](http://CalSTRS.com).  
**If there is a conflict between the law and this booklet, the law prevails.**

# Table of Contents

Choose a Plan That Works for You _____	5
Understand the Cash Balance Benefit Program _____	7
Evaluate the Experiences of Other Educators _____	14
The Extras You Get With CalSTRS _____	17
Cash Balance Forms _____	18



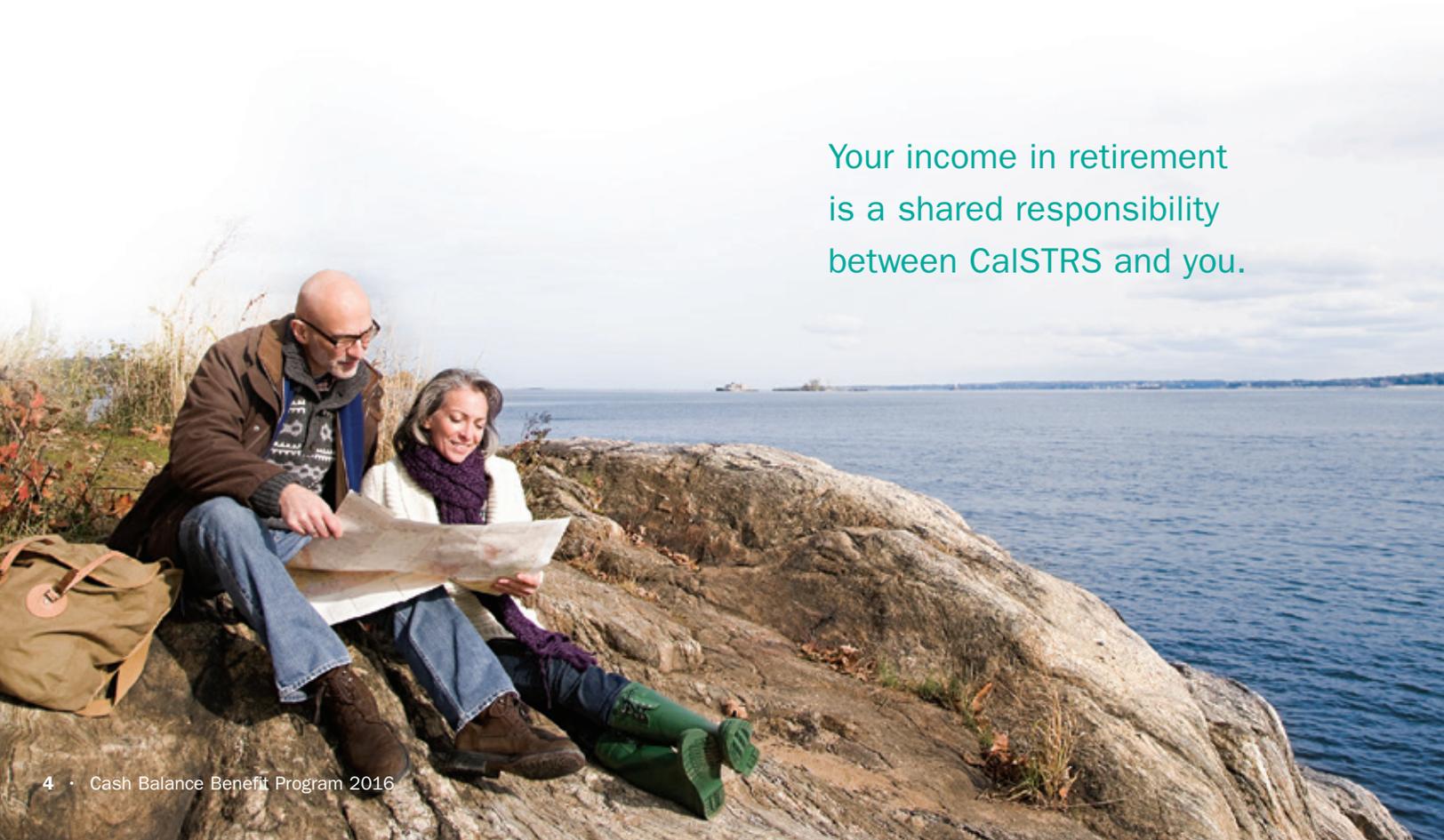
# Your Future Guaranteed by a Sound, Secure System

As a part-time or temporary (adjunct) educator, you can choose the CalSTRS Defined Benefit Program or an alternative retirement plan like the CalSTRS Cash Balance Benefit Program, if your employer offers the Cash Balance Benefit Program.

CalSTRS also offers a voluntary defined contribution plan called CalSTRS Pension2<sup>®</sup>, which offers 403(b), Roth 403(b) and 457(b) investment plans for additional retirement income.

Established in 1913, CalSTRS is the largest educator-only pension fund in the world. It provides retirement, disability and survivor benefits to California's public school educators and their beneficiaries.

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



# Choose a Plan That Works for You

## Choose the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to be eligible for a retirement benefit (five years of service credit). This could take up to 10 years of half-time employment.
- Want a monthly benefit that provides a specific amount that is payable for life and is not based on the amount of funds in your account.
- Are comfortable with the contribution rate:
  - » For 2% at 60 members, the contribution rate will be 10.25 percent beginning in 2016–17.
  - » For 2% at 62 members, the contribution rate will be 9.205 percent beginning in 2016–17.

## Choose the Cash Balance Benefit Program if you:

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

### Questions to Ask

#### If your employer offers an alternative program other than the Cash Balance Benefit Program, ask:

- Do you plan to be a career educator?
- Does teaching provide supplemental income or is it your primary source of income?
- Before teaching, did you have employment that required you to pay into Social Security?
- What is the contribution rate for the plan and does your employer also make contributions?
- Is there a minimum requirement to be eligible for benefits?
- Does the plan offer a monthly retirement benefit for life, or is it a non-lifetime benefit based on contributions and interest?
- Does the plan charge administrative fees?
- Is there a guaranteed annual interest rate?
- Does the plan have a sound investment record?
- When does the plan permit distribution of your account?

## Why Add the Cash Balance Benefit Program to Your Retirement Planning?

You may have a retirement goal, but reaching it requires many resources. The Cash Balance Benefit Program should be viewed as one facet in a multi-faceted retirement plan. The plan is simple, freeing up your time and giving you peace of mind because you have secured a portion of your retirement.

Your Cash Balance Benefit account is composed of:

- A small portion of your tax-deferred compensation.
- Your employer's contributions.
- Compounded interest on your account balance.
- Occasional additional earnings credits.
- A guaranteed rate of return.

The Cash Balance Benefit Program should be viewed as one facet in a multi-faceted retirement plan.



# Understand the Cash Balance Benefit Program

You have needs that differ from those of full-time educators. We understand this and designed the Cash Balance Benefit Program with you in mind.

## Eligibility

Your district must decide formally if it will offer the Cash Balance Benefit Program as an alternative retirement program. The program may be offered exclusively or along with other retirement programs such as Social Security. Eligibility depends on your basis of employment, not the actual hours you work.

The Cash Balance Benefit Program is available to:

- PreK–12 part-time educators who:
  - » Are employed for less than 50 percent of each full-time position.
  - » Signed a district contract for less than a 50-percent commitment.
  - » Are employed as a substitute employee.
- Community college employees who:
  - » Are part-time or temporary instructors.
  - » Are adjunct or hourly faculty members hired semester to semester in a temporary capacity per assignment.
  - » Are adult education instructors.
  - » Are employed as a substitute employee.
- Individuals who serve as trustees for an employer that offers the Cash Balance Benefit Program.





You can receive your retirement benefit as a lump-sum payment, which may be rolled over into a qualified retirement plan, or as an annuity if you have an account balance of at least \$3,500 when you retire.

## New Hires or Educators Not in the Defined Benefit Program

If you're newly hired or you're not a member of the Defined Benefit Program and your employer offers an alternative retirement plan in addition to the Cash Balance Benefit Program, you must formally elect a plan within 60 days of becoming employed in a CalSTRS-covered position.

If you do not make a choice, you'll automatically become a Cash Balance Benefit Program participant. If you choose an alternative retirement plan or Social Security, you can elect to switch to the Cash Balance Benefit Program at any time, as long as the program is offered by your employer and you're eligible to participate. Also, you can choose membership in the Defined Benefit Program at any time.

## Current Defined Benefit Program Members

For current Defined Benefit Program members who are eligible for the Cash Balance Benefit Program, once your district offers the Cash Balance Benefit Program, you have a 60-day election period to decide which program you prefer. If you're a part-time employee in the Defined Benefit Program and teach part time for more than one district, you can choose the Cash Balance Benefit Program with any new employer that offers it.

If you do not make a choice, you'll automatically continue with the Defined Benefit Program.

## End of Eligibility

Your Cash Balance Benefit Program eligibility ends with your employer when any of the following occur:

- You accept a position via written contract or employment agreement based on:
  - » A 50-percent or more time commitment of a full-time equivalent position with a preK–12 school district.
  - » More than a 67-percent time commitment of a full-time equivalent position, and the position is no longer considered temporary with a community college district.

- You work in a full-time position performing creditable service for your employer.
- You elect the Defined Benefit Program with your employer.

If you retire from the Defined Benefit Program, you cannot contribute to the Cash Balance Benefit Program.

### Your Contributions

With the Cash Balance Benefit Program, your employer contributes at least 4 percent of your salary and, generally, you also pay 4 percent. Alternative rates may be bargained; however, the combined employer and employee contribution must be at least 8 percent. In addition, the employee contribution rate cannot be less than the employer contribution rate, starting with contracts entered into or changed on or after January 1, 2014.

You can receive a termination benefit equal to the total balance in your member and employer accounts if you terminate public school employment. If you

leave your contributions and interest in your accounts, they will continue to earn interest.

Your contributions are made on a pre-tax basis, reducing the amount of your taxable income.

### Guaranteed Interest Rate

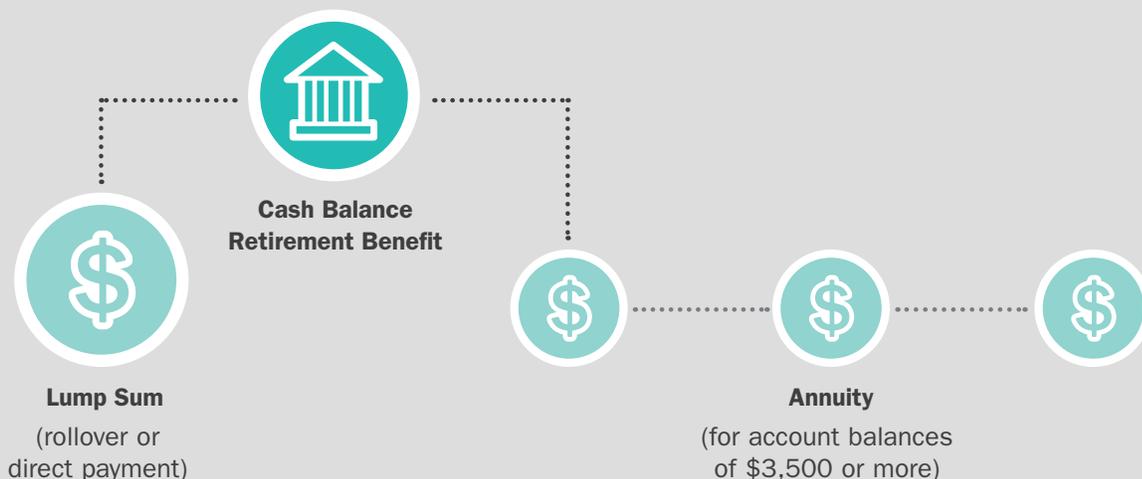
Your contributions and your employer's contributions earn a guaranteed interest rate. The current rate is 3.15 percent through June 30, 2016. The interest rate is set annually by the Teachers' Retirement Board and is based on the 12-month average of the 30-year U.S. Treasury rate.

At the end of each fiscal year, the board may credit your account with additional earnings credits if the actual earnings exceed the board-set interest rate.

### Rollovers Into Cash Balance

You may roll over funds from other qualified retirement plans to the Cash Balance Benefit Program, as long as the transfers meet federal and state laws.

## Cash Balance Benefit Retirement Benefit



## Your Retirement Benefit

You have an immediate vested right to your retirement benefit, equal to the balance of your contributions and your employers' contributions plus any compounded interest and additional credits.

## Retirement Eligibility

You may retire as early as age 55. You must terminate all CalSTRS creditable service to apply for a retirement benefit. You must take a distribution of your retirement benefit by age 70½, unless you're still working in a CalSTRS-covered position.

You can receive your retirement benefit as a lump-sum payment, which may be rolled over into a qualified retirement plan. If you have an account balance of \$3,500 or more when you retire, you may elect to receive an annuity in lieu of a lump-sum payment.

## Annuities

You can choose one of five annuities:

- Participant-Only Annuity
- 100% Beneficiary Annuity
- 75% Beneficiary Annuity
- 50% Beneficiary Annuity
- Period-Certain Annuity for 3–10 Years

## Lump-Sum Payment

Beginning January 1, 2016, if you elect to receive your retirement benefit as a lump-sum payment, your benefit will not become payable until 180 calendar days after the date you terminated employment. If you return to work in a CalSTRS-covered position during this waiting period, your retirement will be canceled and you won't receive your benefit.



## Early Withdrawals

Federal law requires that CalSTRS withhold 20 percent federal income tax on all rollover-eligible payments distributed directly to you. Under state law, you can choose not to have any state tax withholding. If you choose to have state income tax withheld, CalSTRS will withhold at 2 percent. You may be subject to additional 10 percent federal and 2.5 percent state income tax if you take an early withdrawal before age 59½ and do not roll over the funds to another eligible retirement plan.

## Working After Retirement

You may return to work in a CalSTRS-covered position, but you cannot make contributions to a CalSTRS plan.

## Separation-From-Service Requirement

If you receive your retirement benefit as a lump-sum payment, your benefit will not be payable until 180 calendar days after the date you terminated employment. If you return to work in a CalSTRS-covered position during this waiting period, your retirement will be canceled and you won't receive your benefit.

If you receive your retirement benefit as an annuity benefit, you'll be subject to the separation-from-service requirement. If you return to work in a CalSTRS-covered position within the public school system as an employee, an independent contractor or an employee of a third party, your annuity benefit will be reduced dollar for dollar by the amount you earn during the first 180 calendar days following your most recent retirement date, up to your benefit amount payable during that period.

There is a very narrow exemption from the separation-from-service requirement if you have reached normal retirement age, your appointment is required to fill a critically needed position, the governing body of your employer approved your appointment by resolution at a public meeting, you did not receive any financial inducement to retire, and your termination of service was not the cause of the need to acquire your services. Your employer must submit the required documentation to CalSTRS substantiating your eligibility for the exemption. CalSTRS must receive an exemption request and required documentation before you can begin working.

You can continue to receive your full CalSTRS retirement benefit, with no separation-from-service requirement, if you take a job outside of CalSTRS-covered employment. This includes work in private industry outside of the California public school system, or work in private schools, public schools outside of California, and the University of California or California State University system.

### Reinstatement From Retirement

Cash Balance annuitants are not required to reinstate to perform CalSTRS-covered duties.

If you return to work and perform creditable service while receiving a Cash Balance annuity, you may voluntarily terminate your annuity and make

contributions to CalSTRS as long as you have reached normal retirement age and have received your annuity for at least one year. A credit balance will be added to your account.

To terminate your Cash Balance annuity, send a written request to CalSTRS within 60 days of employment.

When you're ready to retire again, you must reapply for retirement.

### Disability Benefit

You may apply for disability at any time. You must meet all disability benefit requirements, and CalSTRS must determine that you have a total and permanent disability. All creditable service subject to coverage by the Cash Balance Benefit and Defined Benefit programs must be terminated before receiving a disability benefit.

The benefit amount is equal to the balance of your contributions and your employers' contributions plus any compounded interest and additional credits. The benefit is distributed as a lump-sum payment, or you can choose an annuity if the balance is \$3,500 or more.



## Death Benefit

If you die before retirement, the balance of your contributions and your employers' contributions plus any compounded interest and additional credits will be paid to your designated recipient. The benefit is distributed as a lump-sum payment, or your recipient can choose an annuity if the balance is \$3,500 or more.

If you did not designate a recipient, a lump-sum payment will be paid to your estate.

## Reporting a Death

Contact CalSTRS as soon as possible to notify us of the death of a Cash Balance Benefit Program participant. You can report a death online at [CalSTRS.com/contact](http://CalSTRS.com/contact) (select *Notification of Death*).

We will need the following information:

- Deceased person's name and Social Security number or Client ID.
- Date of death.
- Deceased person's status immediately preceding death: retired, disabled, a participant in active teaching status or other benefit recipient.
- Name, address and telephone number of a contact person.

## Termination Benefit (Refund)

If you end all CalSTRS creditable service subject to coverage by the Cash Balance Benefit Program and the Defined Benefit Program for any reason other than death, disability or retirement, you may apply for a Cash Balance Benefit lump-sum termination benefit. The benefit amount is equal to the balance of your contributions and your employers' contributions plus any compounded interest and additional credits as of the date the benefit is paid.

## Five-Year Rule

You may not apply for a termination benefit if fewer than five years have elapsed since the date that your most recent termination benefit was distributed to you.

## Waiting Period

The termination benefit is payable six consecutive months following the date you terminated employment. Your application for the termination benefit will be automatically canceled if you perform creditable service within six months following the date you terminated employment.



## Evaluate the Experiences of Other Educators



### Sarisha Makes a Choice Early in Her Career

Just starting out as a part-time third-grade teacher, Sarisha, age 28, hopes to move on to a full-time position. She knows she should save for retirement while she is young, but money is tight. Sarisha likes the security and stability that CalSTRS offers through its Defined Benefit Program. At the same time, however, it will take her many years to qualify for the Defined Benefit Program benefits. Plus, she'll have to contribute 8.56 percent of her salary for 2015–16. Her contribution rate will increase to 9.205 percent for 2016–17.

As Sarisha researches both the Cash Balance Benefit and Defined Benefit programs, she notes that Cash Balance offers CalSTRS' sound financial history and requires a 4 percent salary contribution matched by her district.

If Sarisha attains her career goal of full-time teaching, she automatically becomes a member of the Defined Benefit Program and she can choose how her Cash Balance funds are used. They can remain secure in her Cash Balance account, accumulating interest without fees, until she retires or terminates all creditable service, or she may purchase Defined Benefit Program service credit for eligible service covered under the Cash Balance Benefit Program if she no longer is performing service under the Cash Balance Benefit Program.

## Albert Considers a Change to Cash Balance

Albert, age 53, is an adjunct community college instructor who has belonged to the Defined Benefit Program for five years. He contributes 9.2 percent of his 2015–16 creditable compensation toward his retirement. He earns just 0.4 years of service credit annually and will qualify for a monthly retirement benefit when he has five years of service credit and is eligible to retire. It will take seven-and-a-half years before he earns five years of service credit and is eligible for retirement under the Defined Benefit Program. He'd like to retire before this, but he would receive only a lump-sum payment equal to his contributions and interest, not including his employers' contributions.

If, however, Albert starts a new position with a different district that offers the Cash Balance Benefit Program, and Albert then elects to become a Cash Balance participant, his contribution is reduced to 4 percent of his earnings and is matched by his employer. Immediately vested, Albert can maintain this contribution for five years, keep teaching at the same level, and see his investment and interest grow. With at least \$3,500 in his Cash Balance account, he can choose one of five annuities, three of which are beneficiary annuities.

At retirement, Albert receives a lump-sum benefit from his earlier Defined Benefit Program contributions, plus his monthly Cash Balance annuity payment. If he dies after choosing a survivor annuity, his designated beneficiary will receive a monthly payment for life.



# How Do I Know If This Is the Best Program for Me?

## Q & A About the Cash Balance Benefit Program

### Can I easily move my funds to another retirement plan?

Yes, if you quit performing creditable service or retire, you can roll over your funds into another qualified retirement plan. Any funds remaining in your Cash Balance Benefit Program account will continue to grow, tax deferred.

### What if I begin working in a full-time position?

You automatically become a member of the Defined Benefit Program and can choose how your Cash Balance Benefit Program funds are used. The funds remain secure in your Cash Balance Benefit account, accumulating interest without fees, until you retire or terminate all creditable service. Or you can choose to convert your eligible Cash Balance service covered under the Cash Balance Benefit Program to Defined Benefit Program service credit. You may request a consolidation if you're a contributing Defined Benefit Program member and no longer perform service under the Cash Balance Benefit Program.

### Can I remain in the program if I'm hired by an employer who doesn't offer it?

Yes, you can keep your Cash Balance account with your current district even if you're hired by another district not offering the Cash Balance Benefit Program, but you cannot make contributions to the account from your new employment. The contributions remain secure in your Cash Balance account, accumulating interest without fees, until you retire or terminate all creditable service.

### Does the Cash Balance Benefit Program affect any Social Security benefits I have earned?

If you perform work not covered by Social Security but covered by an alternative retirement plan such as the Cash Balance Benefit Program, the Social Security benefits you receive for your work or as a spouse may be reduced. For more information, see the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications) or contact the Social Security Administration at [socialsecurity.gov](http://socialsecurity.gov) or 800-772-1213.

# The Extras You Get With CalSTRS

As a participant in the CalSTRS Cash Balance Benefit Program, you're eligible to receive a wide range of services available to all CalSTRS members.

## CalSTRS Pension2

Pension2 is CalSTRS' voluntary defined contribution plan, which offers 403(b), Roth 403(b) and 457(b) investment plans with low fees and expenses for additional retirement savings.

You can choose an Easy Choice Portfolio—designed to match your risk tolerance with your time horizon—or build your own from more than 20 professionally selected investments. For more information, call 888-394-2060 or visit [Pension2.com](http://Pension2.com).



### ➤ [Pension2.com](http://Pension2.com)

Find links to the Pension2 e-book, educational videos and online enrollment. Or call toll free 844-electP2 (844-353-2872).

### ➤ [403bCompare.com](http://403bCompare.com)

Compare fees charged by 403(b) plans in California.

## Retirement Progress Report

You'll have a CalSTRS account and receive an annual statement in your *Retirement Progress Report* each year showing the balances of your contributions, your employers' contributions, interest and any additional credits credited to your account.

## CalSTRS Connections Newsletter

This twice-a-year newsletter provides information about CalSTRS programs and services, retirement and financial planning, legislative news and more. Mailed or emailed directly to you, *CalSTRS Connections* often contains information pertaining to part-time or adjunct educators.

## CalSTRS Benefits Planning

CalSTRS offers benefits planning sessions for each stage of your career. For more information, visit [CalSTRS.com/benefits-planning](http://CalSTRS.com/benefits-planning).

## CalSTRS Customer Service

CalSTRS trained staff will answer your emails, telephone calls and written inquiries. Contact us from your *myCalSTRS* account or at [CalSTRS.com/contact](http://CalSTRS.com/contact) or call 800-228-5453.

## myCalSTRS

*myCalSTRS* at [CalSTRS.com](http://CalSTRS.com) is your online resource for managing your personal information with secure and convenient access to your CalSTRS accounts and forms.

## CalSTRS.com

Find out more information about CalSTRS benefits and services, workshops, publications, videos, forms and more at [CalSTRS.com](http://CalSTRS.com).

## Stay Connected



# Forms for the Cash Balance Benefit Program

To begin participating in the Cash Balance Benefit Program, you'll need to fill out and submit the *Employee Notification and Election* form to your employer within the 60-day election period. Your employer will keep a copy of this document on file and mail the original to CalSTRS. You also may need to submit additional forms for special circumstances.

Here is a list of forms and descriptions of their purpose. Log on to your *myCalSTRS* account or go to [CalSTRS.com/forms](http://CalSTRS.com/forms) to download current forms.

Form Name	Purpose	Why Use This Form
<b>Required</b>		
<input type="checkbox"/> Employee Notification and Election	To elect participation in the CalSTRS Cash Balance Benefit Program if you're a part-time or temporary employee.	Required to participate in the CalSTRS Cash Balance Benefit Program.
<b>Recommended</b>		
<input type="checkbox"/> Recipient Designation	To designate a living person or persons, or an estate, trust, charity or other entity to receive the one-time death benefit.	Confirms your death benefit wishes are recorded at CalSTRS and avoids probate for this benefit after your death.
<input type="checkbox"/> Trust as Named Recipient	To name a trust as a primary recipient or secondary recipient, sole recipient or to share with your co-recipients.	Required to name a trust as recipient. You'll also need to mark the appropriate box on the <i>Recipient Designation</i> form.
<b>Special Circumstances</b>		
<input type="checkbox"/> Justification for Non-Signature of Spouse or Registered Domestic Partner	To explain why your spouse's or registered domestic partner's signature is not on forms that require it.	If you're married or registered as a domestic partner and your spouse or registered domestic partner is unable or refuses to sign forms when required.
<input type="checkbox"/> Rollover Certification	To request that CalSTRS accept a rollover to your Cash Balance Benefit Program employee account.	CalSTRS must receive a properly executed <i>Cash Balance Rollover Certification</i> before the rollover distribution can be accepted.



## CalSTRS Resources

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### WEB

CalSTRS.com  
Click *Contact Us* to email  
myCalSTRS.com  
403bCompare.com  
Pension2.com

### STAY CONNECTED



### CALL

800-228-5453  
7 a.m. to 6 p.m.  
Monday through Friday  
916-414-1099  
Calls from outside the U.S.  
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  
Find your nearest  
CalSTRS office at  
CalSTRS.com/localoffices



### FAX

916-414-5040



California State Teachers' Retirement System

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