

Glossary of Terms Used in CalSTRS Retirement Progress Reports

Age Factor

The percentage of your final compensation that you will receive as a retirement benefit for every year you work. It is based on your age on the last day of the month in which your retirement is effective. The basic age factor at age 60 is 2 percent. The maximum age factor is 2.4 percent. If eligible, the entry under age factor will also include your career factor.

Career Factor

For members who retire with at least 30 years of earned service credit, 0.2 percent is added to the age factor. The maximum age factor is 2.4 percent. If eligible, this factor will be included in your career factor.

Client ID

A randomly generated number used to identify members. CalSTRS uses your Client ID instead of your Social Security number to protect your identity.

Current Year Excess Service and Enhancements

Your contributions and most of your employer's contributions for service that exceeds one full year are transferred into your Defined Benefit Supplement account at the close of the school year. These contributions are not credited to the Defined Benefit Program. Certain other enhancements, such as retirement incentives, may also be included in this category.

Defined Benefit Account Activity

This section lists your contributions, plus interest earned, for your Defined Benefit account. Contributions are shown for your beginning balance, current fiscal-year contributions, and end-of-year totals. Your member contributions are split by taxed and tax-deferred contributions.

Taxed (or after-tax) contributions are those on which you already paid taxes. In general, you will not have any contributions in this field unless you redeposited or purchased permissive service credit with after-tax dollars.

Tax-deferred (or before-tax) contributions are those on which both state and federal income taxes are deferred until after you retire or take a refund after ending your CalSTRS employment.

NOTE: Your Defined Benefit account will provide a lump-sum benefit to you if you terminate all creditable service and withdraw your portion of contributions, or to your beneficiaries if you die without survivors who are eligible for monthly benefits.

As a Defined Benefit Program member, your lifetime retirement benefit is calculated using a formula based on your years of service credit, age and final compensation. The amount of total contributions and interest credited to your account are not used to calculate either your or your beneficiaries' future monthly benefit. Your retirement benefit is a lifetime benefit, regardless of the amount of your contributions.

Defined Benefit Supplement Account

A supplemental benefit program that provides additional retirement income to members based on contributions and interest credited to their individual accounts. From January 1, 2001, through December 31, 2010, each member of the Defined Benefit Program contributed 8 percent of their salary to CalSTRS—6 percent was credited to the Defined Benefit account and 2 percent to the Defined Benefit Supplement account. Beginning January 1, 2011, the full 8 percent of CalSTRS covered salary was credited to the Defined Benefit Program. Any contributions in excess of one year of service credit are credited to your Defined Benefit Supplement account.

■ DBS Account Activity

This section lists your contributions and interest earned in the Defined Benefit Supplement program. The funds in this account will be paid to you when you begin to take a Defined Benefit monthly benefit, or six months after you terminate CalSTRS-covered employment and receive a refund of your Defined Benefit contributions. For more information, see the CalSTRS [Member Handbook](#).

■ DBS Account Estimates

We use the information in your account to project your balance, generally at ages 55 and 60. If you have reached those ages, we use the next appropriate ages.

■ DBS Annuity Estimates

We use your projected DBS account estimates to show you various annuity values, generally at ages 55 and 60. If you have reached those ages, we use the next appropriate ages.

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Disability and Survivor Benefit Coverage

This section defines your coverage. You have Coverage A if you were hired on or before October 15, 1992, and did not elect Coverage B during a special election held between October 1992 and April 1993. If you were hired after October 15, 1992 or switched during the special election, you have Coverage B. For more information about these options, see the CalSTRS [Member Handbook](#).

Electing a Retirement Option

When you are eligible to retire, you may make a “preretirement election of an option” to ensure a monthly lifetime income for one or more loved ones if you pass away before retirement. When you elect an option, your monthly benefit will be reduced from the Member-Only Benefit. The percentage of the reduction is based on the option selected, your age and the ages of your beneficiaries when the option is elected. For more information about electing a retirement option, see the CalSTRS [Member Handbook](#).

Employer Summary

This includes the information we’ve received from your employer regarding your employment in a CalSTRS-covered position.

Final Compensation

The highest average annual earnable compensation during a specified period of CalSTRS-covered paid employment. The period is 12 consecutive months if you have at least 25 years of service credit or if it is included in a written collective bargaining agreement for classroom teachers. Otherwise, the average of your highest 36 consecutive months. Final compensation is one of the factors used to calculate your retirement benefit.

Longevity Bonus

An increase to your monthly benefit if you had at least 30 years of service credit on or before December 31, 2010. This bonus is reduced by an option factor if you choose an option.

Monthly Member-Only Benefit Estimates

We project two possible retirement dates to help you plan your retirement. The Member-Only Benefit is the highest monthly benefit you can receive when you retire from service or disability. This benefit does not include any reduction to provide for an option beneficiary. Because we calculate these numbers assuming you will continue earning service credit and

salary at the current level, they are subject to change.

Monthly Reduced Benefit Estimates

We project two possible retirement ages, similar to the monthly Member-Only Benefit estimate, but show the reductions resulting from the option you have selected.

One-Time Death Benefit Recipient

Your survivors may be entitled to a one-time death benefit after you die. The amount of this benefit depends on your coverage and whether you die before or after retirement. This section describes your eligibility and lists any recipients you have named. For more information, see the CalSTRS [Member Handbook](#).

Option

Plan feature that allows you to distribute your retirement benefit over your lifetime and the lifetime of other people. Choosing an option reduces your monthly payment in order to cover the extension of benefits to other people.

100% Beneficiary Option: Upon your death, the reduced benefit will be paid to the option beneficiary for life. If your option beneficiary predeceases you, your benefit will be raised to the Member-Only Benefit level.

75% Beneficiary Option: Upon your death, three-quarters of the reduced benefit will be paid to your option beneficiary for life. If your option beneficiary predeceases you, your benefit will be raised to the Member-Only Benefit level.

50% Beneficiary Option: Upon your death, one-half of the reduced benefit will be paid to your option beneficiary for life. If your option beneficiary predeceases you, your benefit will be raised to the Member-Only Benefit level.

Compound Option: Upon your death, benefits will be paid to multiple option beneficiaries for life. The benefit paid to an individual beneficiary depends on which option you elected for that beneficiary and what percentage of the total benefit was subject to the option and beneficiary elected.

Option Beneficiary

A person you have named to receive a lifetime monthly benefit after your death. You must be eligible to retire to elect an option. There are additional guidelines for nonspouse option beneficiaries. For more information about this option, see the CalSTRS [Member Handbook](#).

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Prior Year Contribution Adjustments

This includes prior-year information from your employer that we did not receive in time to include in last year's report.

Service Credit Activity

This is the accumulated period in years for which you earned creditable compensation and made contributions under the Defined Benefit Program. It is one of the factors used to determine your eligibility for benefits under the program.

This information includes your balance at the start of the fiscal year, how much you earned in the current fiscal year, and your ending balance. Service credit cannot exceed 1.00 in any one school year.

If you earn more than 1.00 service credit in a year, contributions in excess of one year go to your Defined Benefit Supplement (DBS) account.

Special Compensation Adjustment

Service credit you earned for service termed "Special Compensation."