



California State Teachers'
Retirement System

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

Community Property Information

FOR CALIFORNIA EDUCATORS INVOLVED IN DIVORCE
OR LEGAL SEPARATION

2004

Contents

The summarized information in this brochure pertains to the Teachers' Retirement Law and is meant as a guide. If any conflict arises between this information and the law, the law takes precedence.

Introduction	1
CalSTRS Retirement Benefits and Divorce	
How CalSTRS Retirement Accounts are Affected by Divorce	
Contributions and Service Credit	2
Defined Benefit Program	
Defined Benefit Supplement Program	
Cash Balance Benefit Program	
Defined Benefit Program Service Credit	
Request Information	4
CalSTRS Will Provide an <i>Annual Statement of Account</i>	
Joinder of CalSTRS in Dissolution Cases	5
Joinder Defined	
Why Joinder Is Necessary	
How to File the Joinder Documents	
Methods of Division of Community Property	6
Time Rule Formula	
Segregation of Community Interests from Member Account	
Segregation of Member's Account with 25 or More Years of Service Credit	
Defined Benefit Program Court Order Must Specify Percentage	
Cash Balance Benefit Program Court Order Can Specify Dollar Amount	
Nonmember Spouse Rights and Benefits	
Segregation Method vs. Time/Rule Method	
Survivor Benefits	11
A Defined Benefit Member Dies Before Retirement	
One-Time Death Benefit Recipient	
Effects of Dissolution on a Member's One-Time Death Benefit Recipient Designation	
Dissolution of Marriage and Death of a Member after January 1, 2002	
Option Beneficiary Election	
Tax Liability	13
Tax Information	
Periodic Payments	
Non-Periodic Payments	
Income Tax Withholding Preference Certificate	
Glossary of Terms	15
Applicable Sections of the Education Code	18
Contacting CalSTRS	19
Sample Forms	end of brochure

Introduction

CaISTRS RETIREMENT BENEFITS AND DIVORCE

In California, CalSTRS retirement benefits are considered to be community property and may be affected by divorce or legal separation.

CalSTRS provides three retirement benefit programs: Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit. A member could have accounts in one, two or all of these retirement accounts.

HOW CaISTRS RETIREMENT ACCOUNTS ARE AFFECTED BY DIVORCE

Because of California community property law, a member who is going through a divorce may have his or her retirement account divided. Defined Benefit Program accounts are divided according to the time/rule method or the segregation formula. (See *Methods of Division of Community Property* section.) A member's Defined Benefit Supplement account or a participant's Cash Balance Benefit Program account can only be divided using the segregation formula. This is because contributions and interest are earned, but service credit is not earned.

A separate court order is not necessary in addressing each account; all three accounts can be addressed in the same court order.

Note: A court order must state how to split a Defined Benefit, Defined Benefit Supplement or Cash Balance Benefit account. If this is not specifically stated by the court, the account becomes the sole and separate property of the member. (Sections 22652 and 27402, Teachers' Retirement Law)

CalSTRS cannot provide legal advice regarding a member's account. A member should consult with his or her attorney for advice. See Samples 1, 2 and 3 at the end of this brochure.

Contributions and Service Credit

DEFINED BENEFIT PROGRAM

CalSTRS Defined Benefit Program guarantees a specific monthly retirement benefit based on a formula set by law. Members receive a monthly benefit for life and, if they choose, a monthly benefit for their survivor or survivors for life.

With DB, the member contributes 8 percent of his or her salary and the employer contributes 8.25 percent of the employee's salary to CalSTRS. Upon retirement, members receive a lifetime benefit based on their years of service credit, salary and age. Those leaving CalSTRS-covered employment before retirement can choose to leave the contributions and interest in their DB account or they can choose to roll them over into another qualified plan or take a refund. The employer's contributions are not refundable.

Contributions for extra service, such as teaching summer school, coaching and other curricular assignments and extra days also count toward retirement. For those earning less than one year of service credit in a single school year, the extra service will count as additional service credit. For those earning more than one year of service credit in a single school year, contributions made by the member and the employer for that extra service will be deposited into the member's Defined Benefit Supplement account.

DEFINED BENEFIT SUPPLEMENT PROGRAM

The Defined Benefit Supplement Program offers a supplemental account that provides additional funds to DB members when they retire or leave CalSTRS-covered employment. One-fourth of the member's payroll contribution going to CalSTRS is allocated to the member's DBS account through 2010. The DB retirement benefit is not reduced because of this reallocation. In addition, contributions made by the member and the employer for service in excess of one year of service credit are deposited into the member's DBS account.

DBS funds are guaranteed and earn interest at a rate set by the Teachers' Retirement Board. For the 2003-2004 fiscal year, the interest rate is 5.25 percent. Upon retirement, the member receives the DBS contributions and any interest accrued. Those leaving CalSTRS-covered employment can choose to leave the contributions and interest in their accounts, or after one year, roll them over to another qualified plan or take a refund.

CASH BALANCE BENEFIT PROGRAM

The Cash Balance Benefit Program is a retirement program for part-time educators. With the CB Program, participants typically contribute 4 percent of their salary and employers also contribute 4 percent to CalSTRS. Upon retirement, CB participants can choose to receive all contributions and interest as a lump sum payment, roll their account balances over to another qualified plan, or, with at least \$3,500, receive an annuity payment.

Those leaving CB-covered employment before retirement can choose to leave the contributions and interest in their accounts, or after one year, roll them over to another qualified plan or take a refund.

DEFINED BENEFIT PROGRAM SERVICE CREDIT

Service credit is the accumulated period of time in years and partial years during which a member receives creditable compensation for service as a member of the DB Program. A member's service credit is one of the factors used to determine eligibility for benefits payable under the DB Program. Service credit is not earned under the DBS or CB Program.

Request Information

A member or participant, or a representative, may request information on a CalSTRS account by sending a written request to CalSTRS.¹ A former spouse, whose community property interests have been defined by a court, and who has joined CalSTRS in the dissolution action may also request specific information related to the member or participant's account. Any person other than the member or participant may request information on an account by providing either of the following:

- A written authorization to release information signed and dated by the member within the last 30 days or specifically valid for a longer period specifying the information needed.
- A Subpoena *duces tecum*. Upon receipt of a subpoena, the requested information will be provided. If retirement calculations are requested, CalSTRS will provide such calculations as long as the member or participant is nearing retirement age.² See inside back cover for document copying costs.

Note: CalSTRS will accept service of the subpoena by mail.

When contacting CalSTRS, please submit your request in writing and provide the following:

- Member or participant's full name, including middle initial
- Member or participant's current address
- Social Security number of the member or participant and the nonmember/nonparticipant spouse

If option benefit information is requested, the named beneficiary's birth date should also be provided. Please review the *CalSTRS Member Handbook* for more information on election of an option at retirement or pre-retirement election of an option.

CaISTRs WILL PROVIDE AN ANNUAL STATEMENT OF ACCOUNT

Upon receipt of a written request or subpoena, CalSTRS will provide a current statement of account and a statement of account as of the time of marriage and as of the specified separation date. If such dates are not specified, only a current statement of account will be provided. See form at the end of this brochure.

The *Annual Statement of Account* shows the balance of member or participant contributions, the refund value, the CalSTRS membership effective date and if a member of the DB Program, the accumulated service credit.

References to code sections refer to the Teachers' Retirement Law, unless noted otherwise.

¹ As a public agency of the State of California, CalSTRS is governed by the Information Practices Act, Civic Code Section 1798, et seq., and the Teachers' Retirement Law, Section 22306.

² Section 1563, Evidence Code

Joinder of CalSTRS in Dissolution Cases

JOINDER DEFINED

Joinder is a legal term that refers to the court filing of specific court documents joining CalSTRS as a party in the dissolution proceeding.

WHY JOINDER IS NECESSARY

CalSTRS cannot enforce a court order to divide a member or participant's benefits unless it is made a party to the dissolution action using the joinder process.

HOW TO FILE THE JOINDER DOCUMENTS

You can obtain the joinder forms from the Superior Court Clerk's Office in your county. The forms may be titled:

- *Request for Joinder of Employee Benefit Plan and Order*
- *Pleading for Joinder—Employee Benefit Plan*
- *Summons for Joinder*

You can file the joinder forms yourself or you may want to hire an attorney or a paralegal service. CalSTRS cannot provide specific legal advice regarding your case.

All court orders must provide the following information regarding the member or participant and nonmember/nonmember spouse:

- date of marriage
- date of separation
- current mailing addresses
- birth dates
- Social Security numbers

A court order must provide only one mode of division—either the time rule formula to be applied to the member's benefits or language directing segregation of the member or participant's account. See page 6 for time rule formula and page 8 for the segregation method.

In all cases, and regardless of the method of division, CalSTRS must be provided with a certified copy of all court orders, property settlement agreements and judgments that dispose of the community property interests in a member's account/benefits. CalSTRS will not process any pending benefit application until it receives the necessary certified copies of all court orders. All court orders that require CalSTRS to recognize a community property interest or to act in any way must specifically refer to the "California State Teachers' Retirement System," or "CalSTRS."

Methods of Division of Community Property

The Teachers' Retirement Law provides two methods of division for the community property interest of a member's account. For those members who have retired or are receiving any other CalSTRS benefit, the time rule formula is available. For those members who have not retired and are not receiving any other CalSTRS benefit, the segregation method is available as well as the time rule method.

The following sections should be carefully considered prior to any court order being issued. It should be noted that any service credit and/or accumulated contributions and interest that are not awarded specifically in the court order, using either the time rule or the segregation method, shall be deemed the property of the member.

TIME RULE FORMULA

The time rule formula commonly used in dissolution cases provides for the former spouse to receive a portion of the DB Program member's retirement benefits based on the formula illustrated below. For this purpose, the judgment should contain the dates of marriage and separation of the parties and the formula to be used.

The following illustrates this type of division:

Time Rule Formula

Service credit earned during community period
÷ **by the total years of service credit x 1/2 x benefit**
= **nonmember spouse's community property.**

Note: Acceptable sample language, which may be incorporated into a court order, is in Sample 1 at the end of this brochure. The sample language is intended as a guide. Individual court order language should be prepared to meet your specific needs.

If the court directs a division of the community property interest in a member benefit and the parties intend CalSTRS to pay the former spouse his or her community property share of each retirement benefit payment by separate warrant, the court order must specifically state CalSTRS is to pay the former spouse by separate warrant. Without such language in the court order, the member will retain responsibility to ensure the former spouse receives proper payment.

Court Order Language Should Be Specific

In obtaining orders using the time rule method to divide a benefit, please bear in mind that CalSTRS will only apply the community interest to the benefits specifically stated in the court order. If the benefits are quantified as "any" or "all" retirement benefits

payable, the order will be interpreted by CalSTRS to mean all benefits: retirement, refund, disability and lump-sum death benefits payable.

If the order only states that the member's "retirement benefits" are to be divided, then the order would not be applied to any other benefits payable. CalSTRS will comply with the provisions of any judgment to the extent allowed for and provided by the Teachers' Retirement Law. The court cannot order CalSTRS to pay a benefit that is not provided for or that is contrary to the statutory provisions of the Teachers' Retirement Law.

A former spouse has the right to file a community property claim on a member's CalSTRS retirement benefit at any time. However, under this type of direction for division of the benefit, payment cannot be made to the former spouse until the member does one of the following:

- Resigns and elects to receive a refund;
- Retires and begins receiving a monthly retirement benefit;
- Is approved to receive a disability benefit.

If the member elects to receive a refund of his or her accumulated contributions, the former spouse would receive a refund of his or her community property share in those contributions, based on the formula provided by the court in the judgment. If the member elects to retire, or is approved to receive a disability benefit, and receives a monthly benefit, the former spouse would receive a portion of the monthly benefit, if so ordered by the court. The amount would be based upon the formula provided by the court in the judgment until the death of the member.

MEMBER DIES BEFORE SPOUSE Upon the death of the member, the former spouse would no longer be entitled to a monthly community property benefit, unless the member had elected an option that provided for the former spouse to continue to receive a monthly option benefit after the member's death. Using the time rule method of division, to guarantee the former spouse a lifetime monthly benefit, a court order is required that specifically orders the member to elect an option benefit naming the former spouse as an option beneficiary. For a description of DB Program options, visit www.calstrs.com, review the *CalSTRS Member Handbook* or call 800-228-5453.

SPOUSE DIES BEFORE MEMBER If the former spouse dies before the member after benefits are being paid, the spouse's community property monthly share would stop and revert to the member, unless the court order specifically provides that the former spouse's ongoing community property court-ordered share would be payable to a specific individual until the member's death. When this is the case, the former spouse shall provide the name of his or her death benefit recipient in writing to CalSTRS as soon as possible.

Court-Ordered Election of an Option

Pursuant to a court order, a retired member may be required to amend his or her retirement election. For example, a member retired under the unmodified benefit

may be ordered to elect an option. (An option is a program feature that allows the member to redistribute the retirement benefit over both the member's life and the life of one or more option beneficiaries). See *CalSTRS Member Handbook* for more information.)

The cost of selecting an option benefit may be shared between both the retired member and former spouse, or the court may require that only one party bear the cost of the selected option. For example, if the unmodified benefit is calculated to be \$500 per month, and the election of option 2 for the former spouse reduces the benefit to \$475 per month, the cost, \$25, may be applied against the retired member's portion of the benefit, the non-member spouse portion or both.

SEGREGATION OF COMMUNITY INTERESTS FROM MEMBER ACCOUNT

The segregation method of division is only available when the member is not retired or receiving any other benefit such as a disability allowance. It allows, per court order, for the service credit, member contributions and interest in the member's DB and DBS accounts to be segregated into two separate and distinct accounts in the name of the member and the nonmember spouse. Once the member's accounts have been segregated, the nonmember spouse acquires specific rights under CalSTRS, regardless of the action taken by the member.

If the account involved is a CB Benefit Program account, the participant's accumulated contributions and interest are segregated into two distinct accounts.³

Segregation Method Advantages/Disadvantages

Segregation offers to the parties an alternative method of dividing the retirement benefits; however, it is not mandatory. The establishment of a separate account for the nonmember spouse may not be suitable in all dissolution cases.

The advantage to the nonmember former spouse is that he or she no longer has to rely upon the member for either the type of benefit or when the benefit becomes payable. A nonmember former spouse has complete control of his or her community interest and may receive a refund of the accumulated contributions while the member continues to work. If the member has at least five years credited service with CalSTRS at the time of the separation, the nonmember former spouse, when eligible, may retire and receive a monthly service retirement benefit using the awarded service credits, regardless of the future actions of the member.

The disadvantage to the nonmember former spouse is that his or her monthly service retirement benefit is calculated using the member's salary at the date of separation, not at the date of retirement. This means the nonmember former spouse will not benefit from any increases in the DB Program member's future salary or any other benefit enhancements that may increase the member's monthly benefit at retirement.

³ Section 22652

The Teachers' Retirement Law allows a member, whose account has been divided pursuant to the segregation method, to redeposit the contributions and interest awarded to his or her former spouse if the former spouse elects a refund of those funds.⁴

SEGREGATION OF MEMBER'S ACCOUNT WITH 25 OR MORE YEARS OF SERVICE CREDIT

- Defined Benefit members retiring on or after January 1, 2001 who have 25 or more years of service credit will have their final compensation calculated based on their highest one-year compensation.
- Members who retire on or after January 1, 1999, with 30 or more years of service credit are eligible for a career bonus factor of 0.2 percent (two-tenths of 1 percent) added to the member's age factor up to a combined age and career factor of 2.4 percent.
- Members with 30 or more years of service credit by January 1, 2011 and who retire on or after January 1, 2001, also receive a longevity bonus. This bonus permanently adds \$200-\$400 to the member's monthly unmodified benefit.

These provisions apply even when the member's total years of service credit have been reduced due to segregation pursuant to a court order from dissolution or legal separation. CalSTRS will count the member's total years of service credit for the purpose of determining eligibility for enhanced benefit factors. However, CalSTRS will continue to use only the years of service credit in the member's account as a result of segregation as the basis for calculation of the member's retirement benefit.

DEFINED BENEFIT PROGRAM COURT ORDER MUST SPECIFY PERCENTAGE

A court order regarding a DB Program member directing a specific dollar amount cannot be enforced. The court order must state a percentage of the community property to be awarded to the former spouse. (Community property can consist of accumulated contributions, interest and service credit.) See Sample 2 at the end of this brochure, for sample acceptable language.

CASH BALANCE BENEFIT PROGRAM COURT ORDER CAN SPECIFY DOLLAR AMOUNT

A court order regarding a CB Benefit Program participant can state either a percentage or a dollar amount of community property to be awarded to the former spouse. (Community property consists of accumulated contributions and interest.)

⁴ Section 23200

NONMEMBER SPOUSE RIGHTS AND BENEFITS

Under the segregated account process, the nonmember spouse is entitled only to the rights and benefits explicitly set forth in the Teachers' Retirement Law.⁵ These rights include:

- Either a monthly retirement benefit, or a refund of accumulated contributions
- Designation of a one-time death benefit recipient for payment of accumulated contributions remaining in the account at time of death of the nonmember spouse

Once the segregation process has been completed, the nonmember former spouse may retire when eligible by completing a *Nonmember Spouse Retirement Application* or request a refund by completing a *Nonmember Spouse Refund Application*. You can order retirement or refund applications from www.calstrs.com or 800-228-5453.

SEGREGATION METHOD VS. TIME/RULE METHOD

Segregation Method

The segregation method is only available if the member has not yet retired. Under the segregation method, the former spouse's portion of the retirement account is deducted from the member's account and deposited into an account that is established for the former spouse. The amount awarded to the former spouse is typically 50 percent of the member's service credit years, contributions and interest earned from date of marriage to date of separation. The former spouse can then apply for a lump-sum distribution at any time or at age 55 or older receive a lifetime monthly benefit. The former spouse's monthly benefit is calculated using the member's salary on the date of separation.

Time/Rule Method

This method is available if the member is active or retired. In the time/rule method, CalSTRS calculates the service credit earned by the member from the date of marriage to the date of separation and determines what ratio of the member's monthly benefit is community property and what percentage of the member's benefit is payable to the former spouse each month. The former spouse's benefit is calculated using the member's salary at the time of retirement.

Note: It is important to address survivor issues in a time/rule order. Often times, the order will require the member to name the nonmember spouse as an option beneficiary so the nonmember's payments do not stop when the member dies.

⁵ Section 22650, et. seq.

Survivor Benefits

A DEFINED BENEFIT MEMBER DIES BEFORE RETIREMENT

The CalSTRS DB Program provides benefits to survivors of members who die before retirement. Coverage A, the Disability Allowance/Family Allowance program provides a one-time death benefit of \$6,163 to the DB Program member's named recipient(s). (One-time death benefit amounts are revised periodically by the Teachers' Retirement Board.) Any accumulated contributions remaining in a member's account upon death are payable to the death benefit recipient(s).

Coverage B, the Disability Retirement/ Survivor Benefit program, provides a one-time death benefit of \$24,652 to the named recipient(s) if the member dies before retirement. (One-time death benefit amounts are revised periodically by the Teachers' Retirement Board.) Any accumulated contributions remaining in a member's account upon death are payable to the recipient(s). In some cases, a family benefit or survivor benefit may be payable, rather than paying contributions to a recipient(s).

If you are unsure whether the member is covered under Coverage A or B, the *Annual Statement of Account* will show which survivor coverage the member has. For more information, visit www.calstrs.com, review the *Member Handbook* or call 800-228-5453.

ONE-TIME DEATH BENEFIT RECIPIENT

A member may file a new *One-Time Death Benefit Recipient* form at any time as long as the member's recipient designation is not made in derogation of any community property share of a former spouse.⁶ To order the form, visit www.calstrs.com or call 800-228-5453.

The *One-Time Death Benefit Recipient* form cannot be used to select an option beneficiary. (An option benefit does not refer to the death benefit.) A court order must clearly specify the intent of division of these benefits and determine whether a community property interest exists for the death benefit and/or an option survivor benefit (Sample 3).

EFFECTS OF DISSOLUTION ON A MEMBER'S ONE-TIME DEATH BENEFIT RECIPIENT DESIGNATION

Marriage and/or dissolution or annulment of marriage has no effect on a member's designated recipient. Therefore, if a member had a valid *One-Time Death Benefit Recipient* form on file with CalSTRS before the dissolution, that recipient designation will remain valid after the dissolution unless the member files a new *One-Time Death Benefit Recipient* form⁷.

⁶ Section 23300, Family Code Section 2610

⁷ Sections 23300–23304

If the marriage, dissolution or annulment of marriage and/or refund took place prior to January 1, 1987, any recipient designation filed before that date is invalid. Without a valid recipient designation form on file at the time of the member's death, CalSTRS is required to pay the death benefit and any remaining monies in the account to the decedent's estate. For more information, visit www.calstrs.com or call 800-228-5453.

DISSOLUTION OF MARRIAGE AND DEATH OF A MEMBER

AFTER JANUARY 1, 2002

If the dissolution judgment *and* the member's death occur after January 1, 2002, the *One-Time Death Benefit Recipient* form, which names the former spouse as the recipient, is invalid⁸.

If a member chooses to have his or her former spouse as a one-time death benefit recipient, the member must submit a new *One-Time Death Benefit Recipient* form after the date of the dissolution judgment. For more information, visit www.calstrs.com or call 800-228-5453.

OPTION BENEFICIARY ELECTION

Changing the Option Beneficiary After Retirement⁹

A member who retired after electing an option to provide a continuing income to an option beneficiary, may cancel the option election after dissolution of marriage if two conditions are satisfied:

- The retired member had selected his or her spouse as the option beneficiary and the retired member is not required to maintain the former spouse as the option beneficiary.
- The final decree of dissolution of marriage, the judgment of nullity or an order of separate maintenance has been entered on or after January 1, 1978.

The retired member must notify CalSTRS of his or her desire to cancel the option by filing an *Application for Cancellation or Change of an Option After Retirement*. The application may not be made earlier than the effective date of the judgment or order and must be accompanied by a certified copy of the judgment, order or any property settlement agreement.

Naming More Than One Option Beneficiary

The Teachers' Retirement Law allows members prior to retirement to elect one of several joint and survivor options providing an actuarially modified retirement benefit to the member and the option beneficiary. In divorce cases, a member may be required to elect an option naming the former spouse as one of the option beneficiaries. In this case, you have the ability to name your former spouse and, if no other option beneficiary is desired, you can retain the remainder of your benefit as unmodified.

⁸ Section 5600, Probate Code

⁹ Section 23300, Family Code Section 2610

Tax Liability

Both the member and nonmember former spouse are responsible for any tax liability as a result of their community property payments received from CalSTRS, unless directed otherwise by the court order. Thus, CalSTRS must be provided with the nonmember former spouse's Social Security number before any community property payment can be made. CalSTRS provides *Income Tax Withholding Preference Certificate* to all parties for their tax withholding preference.

TAX INFORMATION

Income Tax Withholding

Federal and California statutes require income tax withholding on distributions from pension plans, annuities and deferred compensation plans. Income tax will be withheld from the taxable portion of the member's benefit unless action is taken not to have taxes withheld. If the member does not have taxes withheld, or if not enough are withheld, the member may need to make estimated tax payments. Generally, the member's withholding, estimated tax payments or the total of both must cover at least 90 percent of his or her total tax liability for the current year. Failure to meet the 90 percent limit could subject the member to penalties.

A portion of the member's benefit may not be taxable if post-tax contributions to CalSTRS were made during the member's career. CalSTRS uses the Simplified General Rule established by the Internal Revenue Service to determine the taxable portion of the member's benefit. (Any acceptable method may be used when reporting to the IRS.) The Simplified General Rule is explained in detail in the IRS publication 575, *Pension and Annuity Income* or the Franchise Tax Board's publication 1005, *Pension and Annuity Guidelines*, or the CalSTRS *Notification of Income Tax Withholding* form.

PERIODIC PAYMENTS

Unless the member tells CalSTRS otherwise, the system will withhold income tax on all periodic payments (payments that are received in installments at regular intervals) as if the member were married and claiming three dependents.

NON-PERIODIC PAYMENTS

CalSTRS withholds income tax from non-periodic payments (such as a one-time death payment or the benefit accrued and unpaid on the date of death of a CalSTRS benefit recipient) at a flat rate of 20 percent for federal and 10 percent for state withholding. The member's beneficiary can elect not to have taxes withheld from a non-periodic

payment unless he or she resides outside of the United States or its possessions, in which case, tax withholding is required.

INCOME TAX WITHHOLDING PREFERENCE CERTIFICATE

If the member wishes to request a change in income tax withholding status, he or she must complete CalSTRS form *Income Tax Withholding Preference Certificate*. The certificate must be received by CalSTRS no later than the first day of the month preceding the month in which the change is to take effect. To order a certificate, visit www.calstrs.com or call 800-228-5453.

Glossary of Terms

ANNUITY—CASH BALANCE BENEFIT PROGRAM

An amount of money payable in monthly installments for a period determined by the option elected by the participant or beneficiary.

BENEFICIARY

Any person or entity receiving or entitled to receive a benefit and payment because of the disability or death of a member.

BOARD

The Teachers' Retirement Board

CASH BALANCE BENEFIT PROGRAM

The benefit program of the California State Teachers' Retirement System for part-time educators as set forth in Part 14 of the Teachers' Retirement Law.

CREDITED INTEREST

Interest that is credited to active members' accumulated contributions at a rate set by the Teachers' Retirement Board.

CREDITED SERVICE—DEFINED BENEFIT PROGRAM

Service for which the required contributions have been paid.

DEFINED BENEFIT PROGRAM

The benefit program provided in the California State Teachers' Retirement System as set forth in Part 13 of the Teachers' Retirement Law.

DEFINED BENEFIT SUPPLEMENT PROGRAM

A supplemental benefit program with benefits based on contributions and interest credited to individual member's accounts. From January 1, 2001 through 2010, funds will come from 25 percent of each member's monthly CalSTRS contributions. Since July 1, 2002, funds have also come from member and employer contributions paid for service in one school year that exceeds that position's one year full-time equivalent. There is no end date for this source of funding.

DISABILITY ALLOWANCE—DEFINED BENEFIT PROGRAM

The monthly payment to a disabled member under Coverage A.

DISABILITY BENEFIT—CASH BALANCE BENEFIT PROGRAM

An amount payable for permanent and total disability that is equal to the sum of the participant's employee account and employer account as of the date of disability.

DISABILITY RETIREMENT (COVERAGE B)

A program for individuals who joined CalSTRS after October 15, 1992, or elected this benefit program during the special election held between October 1992 and April 1993. Those receiving payments under this benefit are considered “retired” and will be paid as long as they are disabled, without respect to age.

EFFECTIVE DATE

The date upon which the benefit becomes payable.

EMPLOYEE ACCOUNT—CASH BALANCE BENEFIT PROGRAM

The nominal account of the participant to which employee contributions and interest and any additional earnings credits are credited under the Cash Balance Benefit Program.

FAMILY BENEFIT

Amounts payable to eligible survivors of DB Program members under Coverage A.

JOINDER

The process of including CalSTRS as a party to a dissolution of marriage proceeding that authorizes CalSTRS to enforce a court order dividing CalSTRS benefits.

MEMBER

Any person, unless excluded under other provisions, who has performed creditable service subject to the Defined Benefit Program has earned creditable compensation for that service and has not received a refund for that service.

NONMEMBER SPOUSE/FORMER SPOUSE

The spouse or former spouse of a member who has been awarded an interest in the member’s account.

ONE-TIME DEATH PAYMENT

The payment to a recipient(s) when a member or participant dies.

OPTION BENEFICIARY

A person designated to receive an actuarially reduced retirement benefit upon a member’s death.

PARTICIPANT

A person who has performed creditable service subject to coverage by the Cash Balance Benefit Program and who has contributions credited under the Cash Balance Benefit Program.

RECIPIENT

A person(s) who receives a one-time death benefit.

REFUND

A lump-sum return of the member’s accumulated retirement contributions and interest.

RETIREMENT

A change in status from an active member or an inactive member to a retired member.

RETIREMENT BENEFIT—CASH BALANCE BENEFIT PROGRAM

Termination of employment and completion of all conditions before receiving a retirement benefit.

RETIREMENT BENEFIT—DEFINED BENEFIT PROGRAM

The monthly payment to a retired member or an option beneficiary.

RETIREMENT BENEFIT—DEFINED BENEFIT SUPPLEMENT PROGRAM

Termination of employment and completion of all conditions before receiving a retirement benefit.

SEGREGATION

The process by which the member's credited service, contributions and interest for a specific time period are calculated and a portion of service credit, contributions and interest designated as the nonmember former spouse's share are subtracted from the member's account. The nonmember former spouse's share of service credit, contributions and interest are placed in a newly established account for the nonmember former spouse. (Only contributions and interest are calculated and segregated for a CB Benefit Program participant.)

SPOUSE—CASH BALANCE BENEFIT PROGRAM

The person married to the participant on the date the participant files a *One-Time Death Benefit Recipient* form or an application for a benefit, or on the date of the participant's death.

SPOUSE—DEFINED BENEFIT PROGRAM

A person who is married to a member for a continuous period beginning at least 12 months prior to the death of the member unless a child is born to the member and his or her spouse within the 12-month period or unless the spouse is pregnant with the member's child.

SURVIVOR BENEFIT

Benefit paid to the recipient(s) of a deceased member whose death occurred prior to July 1, 1972.

TEACHERS' RETIREMENT FUND

A special trust fund established by law that holds CalSTRS assets and from which benefits are paid.

TIME RULE FORMULA

A process that determines what percentage of the member's benefit shall be paid to the nonmember former spouse. The formula is service credit earned during the marital period divided by total service credit at time of retirement, multiplied by 50 percent, then multiplied by the member's retirement benefit.

APPLICABLE SECTIONS OF THE EDUCATION CODE

The Teachers' Retirement Law is composed of sections of the California Education Code.

Section 22650. Introduction to Community Property

Section 22651. Nonmember Spouse Definition

Section 22652. Court Requirements Regarding Division of Community Property of Member

Section 22653. Nonmember Spouse; Limitation of Rights

Section 22655. Court Requirements Regarding Division of Community Property of Retired Member

Section 22656. System Bound by Court Action if Joined as Party to Action

Section 22657. Nonmember Spouse; Applicable Statutory Provisions

Section 22658. Nonmember Spouse Separate Account

Section 22659. Information Required of Nonmember Spouse Awarded Community Property of Member

Section 22660. Right of Nonmember Spouse to Designate Beneficiary

Section 22661. Right of Nonmember Spouse to Refund

Section 22662. Right of Nonmember Spouse to Redeposit

Section 22663. Nonmember Spouse Account; Additional Service Credit

Section 22664. Nonmember Spouse Right to Retirement Allowance and Retirement Benefit

Section 22665. Service Credit Awarded to Nonmember Spouse

Section 22666. Terminable Interest Doctrine Abolishment

Section 27402. Authorization for Separate Account for Nonparticipant Spouse

Contacting CalSTRS



WEB SITE

www.calstrs.com

To e-mail CalSTRS, click on *Contact Us*. To order forms, click on *Forms & Publications*.

myCalSTRS

Now you can access certain personal account information online in a secure environment. MyCalSTRS provides access to your *Annual Statement of Account* and *1099R*. Additional services will be added during the upcoming months. To access, visit www.calstrs.com and click on *myCalSTRS*.



TELEPHONE

Member Services at 800-228-5453. Select option 2 for Teletalk and message 250 for information regarding service credit purchase. Select option 3 to order forms and publications.

TTY

Call 24 hours a day at 916-229-3541.



MAIL

Please include your Social Security number, address and telephone number when writing CalSTRS:

CalSTRS
Attn: Member Services
P.O. Box 15275
Sacramento, CA 95851-0275



FAX

916-229-3879

**REQUEST FOR STATEMENT OF ACCOUNT AND/OR
ESTIMATE OF BENEFITS DUE TO DISSOLUTION OF MARRIAGE**

Dear Member/Nonmember Spouse:

Please complete the following information and send this form to CalSTRS Legal Office at the above address. A statement of account of the service credit, contributions, and interest accumulated during the marriage, and/or an estimate of the monthly benefit payable to you and your former spouse will be sent to you in approximately six weeks. Please attach a complete copy of your Marital Settlement Agreement, if available.

Any person other than the member may request information on a member's account if CalSTRS has been joined pursuant to Family Code section 2060. Or, if CalSTRS has not been joined, one of the following must be provided:

- 1) A written authorization to release information signed and dated by the member;
- 2) A subpoena duces tecum.

Check One or More Boxes: I request a Statement of Account
 I request an Estimate of the Monthly Benefit Amount
 (If this box is checked, indicate the estimated retirement date below)

Member's Name _____ SSN _____

Member's Date of Birth ____ / ____ / ____ Nonmember's Date of Birth ____ / ____ / ____

Date of Marriage ____ / ____ / ____ Date of Separation ____ / ____ / ____

Estimated Date of Retirement ____ / ____ / ____

Do you currently have a pre-retirement election of an option on file? Yes No

Do you need an estimate naming more than one option beneficiary under Option 8? Yes No
If so, complete the next page of this form.

Requestor's Name _____

Requestor's Address _____

Requestor's Telephone Number _____

Signature of Requestor _____

Date _____

REQUEST FOR ESTIMATE UNDER OPTION 8

In order for CalSTRS to process your estimate, the total allocation of the option benefits given to the beneficiaries (including the unmodified percentage retained by the member, if any) must equal 100%. Select Option 2, 3, 4, 5, 6 or 7 for each designated beneficiary.

_____ % of my benefit to be retained as unmodified.

Note: you may keep part of your benefit unmodified, and you must name at least two option beneficiaries.

For this option beneficiary I choose the following:

Option # _____ % of my unmodified benefit

Name: _____ Date of Birth _____ / _____ / _____

For this option beneficiary I choose the following:

Option # _____ % of my unmodified benefit

Name: _____ Date of Birth _____ / _____ / _____

For this option beneficiary I choose the following:

Option # _____ % of my unmodified benefit

Name: _____ Date of Birth _____ / _____ / _____

1 **SAMPLE TIME RULE ORDER (SAMPLE 1)**

2 (THE SYSTEM MUST RECEIVE A FILED AND CERTIFIED COPY OF THE Final ORDER)

3) Case No. : _____

4)

5 Petitioner: _____)

6 And

7) STIPULATION AND ORDER

8) REGARDING CALIFORNIA STATE TEACHERS'

9) RETIREMENT SYSTEM

10 Respondent: _____)

11)

12 IT IS HEREBY STIPULATED BY AND BETWEEN THE PARTIES HERETO AND THEIR
13 COUNSEL AS FOLLOWS:

14 1. To provisions in the Judgment of Dissolution of Marriage filed
15 herein on or about pursuant _____ in which the
16 Court reserved personal jurisdiction over both parties to this
17 action and reserved jurisdiction as to the subject matter of this
18 action relating to the amount and distribution of the community
19 property interests in the pension Respondent is entitled to
20 receive from the California State Teachers' Retirement System
21 and pursuant to the Request for Joinder of California State Teachers'
22 Retirement System filed herein on or about _____, the parties
23 hereto are awarded interests in Respondent's pension through
24 the California State Teachers' Retirement System.

25 2. The purpose of the Stipulation and Order is to define said
interests and to provide for the immediate payment of same.

3. This Stipulation and Order shall supersede said Judgment of
Dissolution of Marriage and shall be controlling regarding
the definition and payment of the parties' interests in said pension.

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4. The member's full name, current address, date of birth and Social Security number are:

Social Security number: _____

5. The non-member's full name, current address, date of birth and Social Security number are:

Social Security number: _____

6. The non-member former spouse shall be paid directly by separate warrant by the California State Teachers' Retirement System

7. The formula to calculate the monthly benefit payable to the non-member former spouse is:

- (i) Number of months of service credit earned during the marriage, and the denominator of which is the member's total months in the California State Teachers' Retirement System, multiplied by fifty percent multiplied by:
- (ii) The member's monthly pension benefit.

8. Date of Marriage is _____
Date of Separation is _____

9. Benefits paid to the non-member former spouse pursuant to paragraph 7 shall commence upon receipt by the California State Teachers' Retirement System of a filed certified copy of this Stipulation and Order and at the time member begins receiving benefits.

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10. All benefits not paid to the non-member former spouse pursuant to paragraph 7 shall be paid to the member spouse and shall constitute his separate property.

11. The court reserves jurisdiction to enforce and order regarding definition and payment of the California State Teachers' Retirement pension interests.

_____	_____	_____	_____
Petitioner	Date	Respondent	Date

Judge of the Superior Court

SAMPLE SEGREGATION ORDER (SAMPLE 2)

(THE SYSTEM MUST RECEIVE A FILED AND CERTIFIED COPY OF THE Final ORDER)

) Case No. : _____
Plaintiff) STIPULATION AND ORDER REGARDING
) CALIFORNIA STATE TEACHERS' RETIREMENT
vs.) SYSTEM
Defendant)
)
)

Pursuant to the Stipulation and Order of the parties, hereinafter set forth, and good cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that:

1. Pursuant to the provisions of the Judgment of Dissolution of Marriage, filed herein on or about _____, the parties hereto are awarded interests in Respondent's pension through the California State Teachers' Retirement System, (hereinafter referred to as CalSTRS).
2. This Order shall supersede said Judgment of Dissolution of Marriage, as to the matters stated herein, and shall be controlling regarding the definition and payment of the parties' interests.
3. Pursuant to the Request for Joinder of California State Teachers' Retirement System filed herein on or about _____, the parties hereto are awarded interests in Respondent's pension through the California State Teachers' Retirement System.
4. The Respondent herein and member of the CalSTRS plan, full name, current address, Social Security Number and Date of Birth is:

1 Name:

2 Address:

3 Social Security Number:

4 Date of Birth:

- 5 5. The Petitioner herein and former nonmember spouse's full name,
6 current address, Social Security Number, and date of birth is:

7 Name:

8 Address:

9 Social Security Number:

10 Date of Birth:

- 11 6. The name and current address of Claimant CalSTRS is:

12 California State Teachers' Retirement System

13 P.O. Box 15275

14 Sacramento, CA 95851

- 15 7. The addresses set forth in paragraphs 4, 5, and 6, above shall
16 continue to suffice for purpose of notification unless the party to
17 whom notice is to be given provides the other parties with written
18 notice of change of address.

- 19 8. CalSTRS shall divide the community portion of the Respondent's
20 CalSTRS Defined Benefit Account, Defined Benefit Supplement
21 Account and Cash Balance Account into two separate accounts.
22 Petitioner shall receive one-half of the community portion of these
23 accounts. The non-community portion of these accounts is awarded
24 to Respondent as his sole and separate property.

- 25 9. The court finds that:

a. The parties were married on _____ .

b. The Respondent became a member of CalSTRS on _____

c. The parties separated on _____

1 10. The community portion of the pension is that portion of accumulated
2 retirement contributions and service credits that are attributable
3 to the period of service from _____ through _____.

4 11. Petitioner shall have the right, through her separate account, to
5 designate a beneficiary or beneficiaries to receive the accumulated
6 retirement contributions remaining in the separate account of
7 Petitioner on the date of her death and any accrued allowance
8 attributable to her separate account which is unpaid on the date of
9 her death.

10 12. Petitioner shall have the right to a refund of accumulated
11 retirement contributions on her separate account.

12 13. The Petitioner shall have the right to elect to receive her
13 retirement monthly payments at the earliest date allowed under the
14 terms of the CalSTRS plan provided that she meets CalSTRS'
15 requirements for commencement of payments.

16 14. Nothing contained in this Order shall be construed to require
17 CalSTRS to provide to Petitioner any type or form of benefit or any
18 option not otherwise available to a nonmember spouse with a separate
19 account under the CalSTRS plan. Nothing contained in this Order shall
20 be construed as a limitation of Petitioner's rights available to her
21 through her separate nonmember spouse account and provided under
22 CalSTRS.

23 15. Jurisdiction is reserved to the court to enforce this Order.

24 Submitted for signature and signed:

25 _____
Petitioner Date Respondent Date

Judge of the Superior Court Date

SAMPLE 3

SAMPLE ORDER TIME RULE ORDER WITH OPTIONAL SURVIVOR LANGUAGE

(REVISED 02/03)

Superior Court of California, County of _____

In re the Marriage of:)	Case No.: _____
)	
_____ ,)	STIPULATED ORDER RE: CALIFORNIA
Petitioner)	STATE TEACHERS RETIREMENT SYSTEM
and)	BENEFITS
)	
_____ ,)	
Respondent)	
)	
)	
)	

Petitioner and Respondent enter into this Stipulated Order pursuant to the following facts:

- A. Petitioner and Respondent were married on _____ and were separated on _____.
- B. Said marriage was terminated by Dissolution and the Final Judgment of Dissolution of Marriage was entered on _____.
- C. According to the terms of said Judgment, the court reserved jurisdiction to make orders regarding the community interests in the pension/retirement rights of Petitioner as a participant in the California State Teachers' Retirement System.
- D. Pursuant to California law, all retirement benefits attributable to Petitioner's service credit accrued during the period of the marriage, that is, between _____ and _____

1 Are community property, and Respondent is entitled to fifty
2 percent (50%) of the community property interests in the
3 benefits.

4 E. The California State Teachers' Retirement System has been
5 properly joined in this matter.

6 NOW, THEREFORE, pursuant to the above referenced facts, the
7 parties stipulate and agree to the following Order Re
8 California State Teachers' Retirement System Benefits:

9 1. This Stipulated Order relates to the payment marital property
10 rights, more particularly the rights of Respondent to receive
11 a portion of the benefits payable to Petitioner under the
12 California State Teachers' Retirement Plan, as required by
13 California Family Code Section 2610 and California Education
14 Code, Sections 22650 et seq.

15 2. The Plan to which this Stipulated Order applies is identified
16 as follows:

17 California State Teachers' Retirement System

18 P.O. Box 15275, Sacramento, CA 95851

19 3. The identification, including name, mailing address, social
20 security number and date of birth of the Plan Member is as
21 follows:

22 Name: _____

23 Address: _____

24 D.O.B.: _____

25 SSN: _____

1 4. The identification, including name, mailing address, social
2 security number and date of birth of the Non-Member
3 Spouse/Alternate Payee is as follows:

4 Name: _____

5 Address: _____

6 D.O.B.: _____

7 SSN: _____

8 5. The community interest in the benefits to which Plan Member
9 is entitled shall be determined by multiplying the Plan
10 Member's entire monthly pension by a fraction. The numerator
11 of the fraction shall be the total months of service credit
12 accrued by Plan Member during the period of the marriage,
13 that is, between _____ and

14 _____ . The denominator of the fraction
15 shall be the total number of months of service credit accrued
16 by Plan Member on the date of Plan Member's retirement.

17 6. The Non-member Spouse shall begin receiving his community
18 property share of the benefits, as calculated in paragraphs 5
19 and 6, when Plan Member retires and begins receiving
20 benefits.

21 7. All benefits not paid to the Non-Member Spouse pursuant to
22 this order shall be paid to the Plan Member spouse and shall
23 constitute her separate property.

24 8. Plan Member shall be required to elect a retirement option
25 which provides for a survivor continuance. Plan Member shall
be entitled to elect any option, so long as the option
permits non-member spouse to continue to receive his
community share of the pension in the same monthly amount
which he received prior to Plan Member's death. Pursuant to

1 said election, Non-Member spouse shall continue to receive
2 his community property share of the pension in the same
3 monthly amount which he received prior to Plan Member's
4 death, and Plan Member shall be entitled to designate a
5 beneficiary of her choice for any monthly survivor
6 continuance chosen amounts remaining after payment to Non-
7 Member Spouse.

9. Plan Member shall also be required to elect a pre-retirement
10 election of an option when Plan-Member reaches age fifty-five
11 in order to protect Non-Member Spouse's community property
12 interest in the pension in the event that the Plan Member
13 dies prior to her actual retirement.

14. Non-Member Spouse shall additionally be entitled to his
15 community property share of any lump sum death benefit
16 payable to Plan Member. Non-Member Spouse's share shall be
17 calculated based on the formula set in paragraphs 5 and 6.

18. Should Non-Member Spouse /Alternate Payee predecease Plan
19 Member, Non-Member Spouse's community property payments shall
20 be paid to beneficiary designated by Non-Member Spouse for as
21 long as the Plan Member is alive and receiving benefits. If
22 Non-Member spouse fails to designate a beneficiary as stated
23 above, the Non-Member court ordered payment shall revert back
24 to the Plan Member.

25. Any and all payments made to Nonmember Spouse pursuant to this
26 Stipulated Order shall be made be separate warrant so that
27 Non-Member Spouse shall at all times receive direct payment.

28. Immediately upon the entry of this Stipulated Order, the
29 Stipulated Order shall be served upon the California State
30 Teachers' Retirement System.

31. Plan Member and Non-Member Spouse shall each assume and bear
32 responsibility for any and all income taxes attributable to

1 the respective benefits received by each. Neither party shall
2 have any responsibility for the payment of income taxes
3 attributable to the benefits received by the other. Each
4 party agrees to hold the other harmless from any such
5 responsibility.

6 15. Non-Member Spouse shall have the responsibility for informing
7 the California State Teachers Retirement System of any changes
8 in Non-Member Spouses address.

9 16. This Court shall retain jurisdiction to amend or modify this
10 Stipulation and Order or to make such other further orders as
11 are necessary or appropriate to enforce or clarify the
12 provisions of this Stipulation and Order, to meet the
13 requirements of the Plan and of the State and Federal law, and
14 to provide the parties hereto with any additional benefits
15 which may become available to either party under the Plan.

16 _____ Date: _____
17 Petitioner

18 _____ Date: _____
19 Respondent

20 _____ Date: _____
21 Judge of the Superior Court

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CALSTRS

HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers' Retirement System

P.O. Box 15275

Sacramento, CA 95851-0275

800.228.5453 • TTY 916.229.3541

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