CALSTRS®
HOW WILL YOU SPEND YOUR FUTURE?

Member Handbook

Your Guide to CalSTRS Benefits
2011

JoinCalSTRSonline

Checklist for Your Secure Financial Future

Less than one year of service credit

- ☐ Register for *my*CalSTRS at CalSTRS.com. Check your *Retirement Progress Reports,* change your address, ask questions confidentially and more.
- ☐ Begin a tax-deferred supplemental savings plan such as CalSTRS Pension2® personal wealth plan.
- ☐ Remember your loved ones. Submit your *Recipient Designation* form (formerly the *One-Time Death Benefit Recipient* form). If you have a current *One-Time Death Benefit Recipient* form on file, you do not need to submit a new form unless you wish to make a change to your recipient designation.

One to five years of service credit—

You are now eligible for the CalSTRS one-time death benefit and monthly survivor benefit if you should die while an active member.

- ☐ Check your *Retirement Progress Report* every year to make sure your service credit is accurate.
- ☐ Start a file to save your *Retirement Progress Reports* and other CalSTRS forms. Go paperless and opt to receive your report electronically at *my*CalSTRS.
- ☐ Attend the Demystifying CalSTRS Workshop.

Five years of service credit—

You are now vested and eligible to receive a lifetime monthly retirement benefit when you retire. You can retire as early as age 55.

- ☐ Attend the CalSTRS Fundamentals Workshop.
- ☐ Consider purchasing up to five years of nonqualified service credit. The earlier you purchase service credit, the lower the cost. Use the calculator at CalSTRS.com/calculators.
- ☐ Estimate your retirement benefit using the *Retirement Benefit Calculator* at CalSTRS.com/calculators.
- ☐ Consider increasing contributions to your tax-deferred supplemental savings plan.
- ☐ Develop a financial plan for retirement.
- ☐ Continue to check your annual *Retirement Progress Report* for accuracy.

10 years of service credit—

It's time to plan for transitioning from your career into retirement.

- ☐ Attend the CalSTRS Fundamentals Workshop if you have not already done so.
- ☐ Review your one-time death benefit recipient designation and your service credit on your *Retirement Progress Report*.
- ☐ Update your financial plan.
- ☐ Increase your tax-deferred supplemental savings plan contributions.
- ☐ Purchase permissive or nonqualified service credit.

Age 50 to 55 with at least 30 years of service credit or at least age 55 with five or more years of service credit—

You are eligible to retire.

- ☐ Request the *Your Retirement Guide* booklet, which explains the decisions you will need to make before you retire and contains the required forms.
- ☐ Attend the CalSTRS Retirement Checkup and Retirement Income Management workshops.
- ☐ Get an estimate of your retirement benefit from a CalSTRS benefits counselor.
- ☐ Meet with a CalSTRS benefits counselor 10–12 months before you plan to retire.
- ☐ Submit the *Preretirement Election of an Option* form to provide a lifetime monthly benefit to someone if you die before retirement.
- ☐ Review your one-time death benefit recipient information and update, if necessary.

Sign up for the *CalSTRS Outlook* e-newsletter at CalSTRSBenefits.Us to stay current on plan funding.

CALSTRS

Dear Member,

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

CalSTRS is the nation's largest teachers' pension fund serving more than 848,000 educators and their families. Our dedicated, professional and conscientious staff work hard to improve our services so that they meet your needs. We are committed to providing exemplary service to each and every person who calls, writes or visits us.

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

Sincerely,

Jack Ehnes
Chief Executive Officer

CalSTRS Overview

A Brief History of CalSTRS

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

Teachers' Retirement Board

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

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

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

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

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

Teachers' Retirement Fund

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

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

The market value of the Teachers' Retirement Fund portfolio was $130 billion as of June 30, 2010. CalSTRS is the nation's second-largest public pension fund.

For more information about Teachers' Retirement Fund investments, visit CalSTRS.com.

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1. Introduction

The *CalSTRS Member Handbook* is for full-time and part-time California public educators, retired members, beneficiaries and others interested in the benefits and services offered through the California State Teachers' Retirement System. It explains the many components of the Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs, including retirement, disability and survivor benefits.

From program descriptions to retirement benefit formulas, examples and worksheets, this handbook can be used as a reference for retirement benefits, eligibility and planning. It also includes a Checklist for Your Secure Financial Future on the inside front cover and a Service Retirement Application Timeline on page 58.

Quick Start Guide to CalSTRS Benefits and Services

The following guide introduces the main CalSTRS benefits and indicates where to look in this handbook for more information.

Defined Benefit Program

As a Defined Benefit Program member, you can receive a guaranteed lifetime retirement benefit when you are vested and qualify for retirement. You are vested once you earn five years of service credit.

Your retirement benefit is a steady source of income based on your age, final compensation and years of service credit at retirement—not on the funds in your account. If you are employed full time performing creditable service in a California public school or community college, your membership in CalSTRS begins on your first day of employment. You will contribute 8 percent of your income to your retirement.

For an overview of your Defined Benefit Program membership and benefits, see Section 2, "Your Membership and Benefits."

Defined Benefit Supplement Program

Active members of the Defined Benefit Program also may be contributing to a Defined Benefit Supplement account. The Defined Benefit Supplement Program provides additional income based on the funds in your account at retirement. If you earn more than one year of service credit in a school year, contributions from both you and your employer will go into this supplemental account until you retire.

For information on your Defined Benefit Supplement account, see Section 2, "Your Membership and Benefits." To learn how benefit choices will affect your Defined Benefit Supplement account, see Section 6, "Your Retirement Benefit."

Your retirement benefit is a steady source of income based on your age, final compensation and years of service credit at retirement.

Disability Benefits

Once you meet the eligibility, service credit and legal requirements, your disability benefit may be equal to half your final compensation, plus another 10 percent for each eligible dependent child up to a total of 90 percent of your final compensation. Coverage for your eligible dependent children continues until your children reach age 21 or 22, depending on your coverage. While you are disabled, the member portion of your benefit:

- Ends at age 60 if you are under Coverage A unless you have eligible dependent children.
- Continues for life if you are under Coverage B.

To learn more, see Section 8, "Disability Benefits."

NOTE

If you are the victim of an unlawful act on the job and have completed one year of service credit, you may qualify for disability benefits. Contact us for more information.

Survivor Benefits

Depending on your years of service credit and when you die—before or after retirement—your survivors could receive a lump-sum payment or monthly payments, with additional benefits for eligible dependent children.

See Section 9, "Survivor Benefits," for more information.

Medicare Premium Payment Program

CalSTRS does not provide health insurance coverage. However, CalSTRS will pay the Medicare Part A premium for Defined Benefit members who retire before July 1, 2012, depending on their eligibility. As a benefit recipient, you may authorize CalSTRS to deduct Medicare Part B and other group insurance premiums from your monthly benefit check.

See Section 5, "Approaching Retirement," to learn more.

Cash Balance Benefit Program

The Cash Balance Benefit Program is the CalSTRS alternative retirement program employers may choose to offer part-time educators. With the Cash Balance Benefit Program, your employer must contribute at least 4 percent of the salary you earn as a part-time employee. You usually pay 4 percent as well, but your contribution rate may be collectively bargained with your employer.

For more information, see Section 3, "Benefits for Part-Time Educators."

CalSTRS Pension2 Personal Wealth Plan

If your district participates in CalSTRS Pension2® personal wealth plan, you can set aside more savings through voluntary payroll deductions. CalSTRS Pension2 provides competitively priced services and investments.

See Section 4, "Building Your Financial Future," to learn more about Pension2.

CalSTRS Home Loan Program

CalSTRS Home Loan Program is open to active, inactive and retired CalSTRS members and Cash Balance participants. Several options are available for a conventional home purchase or loan refinance.

See Section 4, "Building Your Financial Future," for more information.

CalPERS Long-Term Care Program

At this time the CalPERS Long-Term Care Program is not accepting new enrollees.

Where You Can Find Information

Throughout your career in California's public school system and in the years that follow, you and your dependents can rely on CalSTRS as a trusted resource.

Contact Center

CalSTRS Contact Center agents are available to answer your questions online at CalSTRS.com/contactus, through your *my*CalSTRS account at CalSTRS.com, or by calling 800-228-5453.

See Section 4, "Building Your Financial Future," for details on setting up an appointment with a CalSTRS benefits counselor.

Online Resources

*my*CalSTRS

*my*CalSTRS is your online resource to manage your personal information on file with CalSTRS. *my*CalSTRS at CalSTRS.com is safe and secure and offers information any time from anywhere you have reliable Internet access.

With *my*CalSTRS, you can:

- View your account and service credit balances.
- Ask questions about your accounts and receive prompt, secure answers.
- Sign up for direct deposit.
- Complete and submit CalSTRS forms electronically.
- Follow the status of your CalSTRS forms submitted on *my*CalSTRS.
- Request e-delivery of newsletters, notifications and statements.
- Make changes to your state and federal tax withholding preferences.
- View and print your benefit payment stubs and 1099-R forms.
- Manage your beneficiary and recipient designations.
- Update your home and e-mail addresses and phone number.

CalSTRS.com

CalSTRS.com is your resource for CalSTRS benefits and services. It contains the *Retirement Benefit Calculator,* which lets you estimate your retirement benefit. You can also order or download forms and publications.

CalSTRSBenefits.Us

Visit CalSTRSBenefits.Us to join the conversation on plan funding. Get the facts on CalSTRS funding strategy and understand the value of your retirement benefit and CalSTRS' commitment to your secure future. Ask questions and discuss and share your thoughts. See the inside back cover to learn more.

Important Changes to CalSTRS Benefits

Entire 8 Percent Contribution to Defined Benefit Account

Starting January 1, 2011, CalSTRS now credits your entire 8 percent monthly contribution to your Defined Benefit account. From January 1, 2001, to December 31, 2010, one-fourth of your monthly contribution was deposited into your Defined Benefit Supplement account. Contributions on your earnings from more than one year of service credit in a school year and special pay enhancements will continue to go into your Defined Benefit Supplement account.

To continue building supplemental retirement savings, we encourage you to participate in a supplemental savings plan, such as CalSTRS Pension2®. For more information about Pension2, see page 32.

New Employment Restriction for Retirees Under 60

Retired members who are under age 60 and return to CalSTRS-covered employment during the first six calendar months after retirement will have their retirement benefit reduced by any amount earned. This restriction has no exemptions. Following the six-month period or upon turning age 60, whichever comes first, they may return to work under existing earnings limits. This new requirement, which became effective July 1, 2010, brings CalSTRS in line with federal law, which prohibits pension plans from distributing benefits before normal retirement age or a separation from service.

Eligibility for the Longevity Bonus Ends

To qualify for the longevity bonus, you must have had at least 30 years of qualified service credit on or before December 31, 2010. The amount of the longevity bonus for the Member-Only Benefit depends on your years of service credit at retirement, even if that service was performed after 2010.

Paper Notices No Longer Automatic for Direct Deposits

Starting March 1, 2011, CalSTRS no longer will mail benefit stubs for electronic payments unless requested or there is a change in the payment amount. You can request to receive benefit stubs by mail.

Retirement Benefit Partial Lump-Sum Payments No Longer Offered

Starting January 1, 2011, you no longer may choose to receive part of your retirement benefit as a lump-sum payment.

Interest Rate on Installment Payments

The interest rate CalSTRS charges for redeposits of previously withdrawn contributions and service credit purchases now mirrors CalSTRS assumed rate of return on investments. The rate for fiscal year 2010-11 is 8 percent.

The Governor and Legislature can make statutory changes that may affect your CalSTRS benefits and career or retirement decisions. While CalSTRS makes every effort to inform you of these changes, legislation sometimes changes quickly. To stay informed, consult a variety of resources, including the California State Legislative Counsel website at leginfo.ca.gov, or your union or elected legislative representatives. You also may contact CalSTRS.

CalSTRS Pension2

Learn about CalSTRS supplemental savings program to complement your lifetime retirement benefit at www.Pension2.com.

403bCompare

403bCompare makes selecting investments easier. 403bCompare at 403bCompare.com provides unbiased, side-by-side comparisons of investment plans and fees in one convenient location.

Retirement Progress Report

Each December you receive a *Retirement Progress Report* that contains your annual statements for your Defined Benefit and Defined Benefit Supplement accounts (or Cash Balance Benefit account). Your *Retirement Progress Report* is one of your most important CalSTRS records. Review your report carefully and save it with your other important records. You can also view and print your reports on your *my*CalSTRS account at CalSTRS.com. Opt out of receiving your report by mail on *my*CalSTRS to save paper and reduce clutter. The electronic version is usually available a month earlier than the paper one.

Retired members and benefit recipients do not receive a report.

Publications

For additional information, see the following publications:

Informational Brochures and Booklets

Cash Balance: An Exceptional Plan for Your Future for PreK-12 Part-Time Teachers

Cash Balance: An Exceptional Plan for Your Future for Community College Part-Time Instructors

Community Property Guide

Introduction to CalSTRS Disability Benefits

Join CalSTRS? Join CalPERS?

Purchase Additional Service Credit

Refund: Consider the Consequences

Social Security, CalSTRS and You

Survivor Benefits: Remember Your Loved Ones

Tax Considerations for Rollovers

Unlock Home Ownership

Welcome to CalSTRS

Your Disability Benefits Guide (Disability Benefits Application)

Your Retirement Guide (Service Retirement Application)

Newsletters

CalSTRS Connections
for active members

Retired Educator
for retired members and other benefit recipients

Your Money Matters
for active members in their 40s

Report

Comprehensive Annual Financial Report

View or order these publications online at CalSTRS.com (select *Forms & Publications* under *Tools)* or request a copy by contacting us.

2. Your Membership and Benefits

Whether you are a full-time or part-time educator, CalSTRS provides benefits and services to help you build a strong, stable financial future.

This section includes an explanation of your membership and the basic benefits in the Defined Benefit Program. It also describes the Defined Benefit Supplement Program. These programs are two of three components that can help you achieve the lifestyle you desire at the end of your working career. The third component is your own supplemental retirement savings, such as a 403(b) or 457 tax-deferred savings plan. CalSTRS offers CalSTRS Pension2®, which you can read about in Section 4, "Building Your Financial Future."

Section 3 covers the Cash Balance Benefit Program, an alternative retirement plan for part-time educators.

Membership in the CalSTRS Defined Benefit Program

If you are an educator or are performing other activities that are creditable service, you may be a CalSTRS Defined Benefit Program member as mandated by law or you may be eligible to elect membership.

You are eligible for the Defined Benefit Program if you are an employee of the California public school system, prekindergarten through community college, in a position that requires you to:

- Have a credential, certificate or permit, or
- Meet the minimum standards adopted by the Board of Governors of the California Community Colleges.

If you are a charter school employee performing creditable service in a charter school that is eligible to receive state apportionment, you are eligible only if your school's charter provides for participation in the CalSTRS Defined Benefit Program.

Only activities identified as creditable service count toward years of service for CalSTRS retirement purposes. These activities include teaching, vocational or guidance counseling, services related to school curriculum development and a variety of administrative duties.

Mandatory Membership

If you are employed to perform creditable service on a full-time basis, you will automatically become a Defined Benefit Program member on the first day of employment.

Full time is defined as the days or hours of creditable service an employer requires a class of employees to work in a school year in order to receive full earnable compensation. For example, under a collective bargaining or employment agreement, an employer might require high school guidance counselors to work a specific number of days each school year.

Always keep your mailing and e-mail addresses and telephone number current to avoid delays in communications or benefits.

The requirements for mandatory Defined Benefit Program membership vary, depending on your employment status and whether your employer offers the Cash Balance Benefit Program to its part-time employees.

See tables below for more information.

Benefit Eligibility

You will be eligible for a lifetime retirement benefit when you have five years of service credit under the Defined Benefit Program. You can retire as early as age 50 if you have at least 30 years of service credit. You can retire at age 55 with at least five years of service credit.

See "Disability Benefits" in Section 8 and "Survivor Benefits" in Section 9 to learn more about the eligibility requirements for disability and survivor benefits.

Calculating Your Defined Benefit Retirement

The formula for calculating the Member-Only Defined Benefit retirement includes three elements: service credit, age factor and final compensation.

Service Credit x Age Factor x Final Compensation = Member-Only Retirement Benefit

See "Your Retirement Benefit" in Section 6.

Membership for Part-Time Employees

As long as your basis of employment remains part time, substitute or temporary, you have the choice of participating in either the Defined Benefit Program or the Cash Balance Benefit Program, provided you are employed by a district that offers the Cash Balance program. If you choose the Cash Balance Benefit Program and your basis of employment changes, you may automatically become a member of the Defined Benefit Program (see charts below for exceptions).

See "Benefits for Part-Time Educators" in Section 3 for more information.

Part-Time or Substitute Employees Electing Defined Benefit Program Membership

Anyone who performs creditable service in the California public school system is eligible to elect membership in the CalSTRS Defined Benefit Program.

If you are hired as a substitute or part time and your basis of employment does not qualify you for mandatory membership, you may elect to become a member of the Defined Benefit Program. Your employer must formally notify you of your right to elect membership in the program within 30 days of hire.

Membership When Cash Balance Is Offered

In school districts, county offices of education, participating charter schools and community college districts that offer the Cash Balance Benefit Program, the following mandatory Defined Benefit Program membership requirements apply:

Employment Status	Mandatory Defined Benefit Membership Begins
PreK-12 or county office of education on a part-time, hourly or daily basis or contracted for more than 50 percent of full-time position	First day of the pay period following employment to perform creditable service for 50 percent or more of the full-time position
Community college district hired part time	First day of the pay period following employment to perform creditable service. Mandatory Defined Benefit membership does not apply to temporary employees of adult education or community college districts

You can elect membership only during a pay period in which you actually performed creditable service, and you must elect membership on the appropriate form provided by your employer. The date of membership is the first day of the pay period in which your election is made.

Contributions to Defined Benefit and Defined Benefit Supplement Programs

Your Contributions

As a member of the Defined Benefit Program, you contribute 8 percent of your creditable compensation as required by the Teachers' Retirement Law. Your employer can pay all or a portion of your contributions.

Your contributions are withheld from your creditable compensation by payroll deduction and credited to the Defined Benefit Program —and to the Defined Benefit Supplement Program if you earn more than one service credit in a year.

See CalSTRS "Defined Benefit Supplement Program" on page 19 for more on Defined Benefit Supplement accounts.

Employer Pick-Up of Contributions

Most employers participate in the Employer Pick-Up Program under a provision of Internal Revenue Code section 414(h)(2). Under this provision, your contributions to CalSTRS are picked-up by your employer for the sole purpose of deferring income taxes on that portion of your compensation. Your contributions must be deducted from your compensation and are considered creditable compensation for retirement purposes.

Your tax-deferred contributions are credited to your Defined Benefit Program balance as "Employer-Paid Member Contributions." The contributions are taxable when returned to you or your beneficiaries in a lump sum or monthly benefit.

See "Tax Information and Legal Matters," Section 10.

Employer Contributions

As a Defined Benefit Program member, your employing school district, community college district, participating charter school or county office of education contributes 8.25 percent of your creditable compensation to CalSTRS. Your employer's contributions are not credited to your Defined Benefit account but are deposited in the Teachers' Retirement Fund to help fund the benefits payable to all members and beneficiaries.

Membership When Cash Balance Is Not Offered

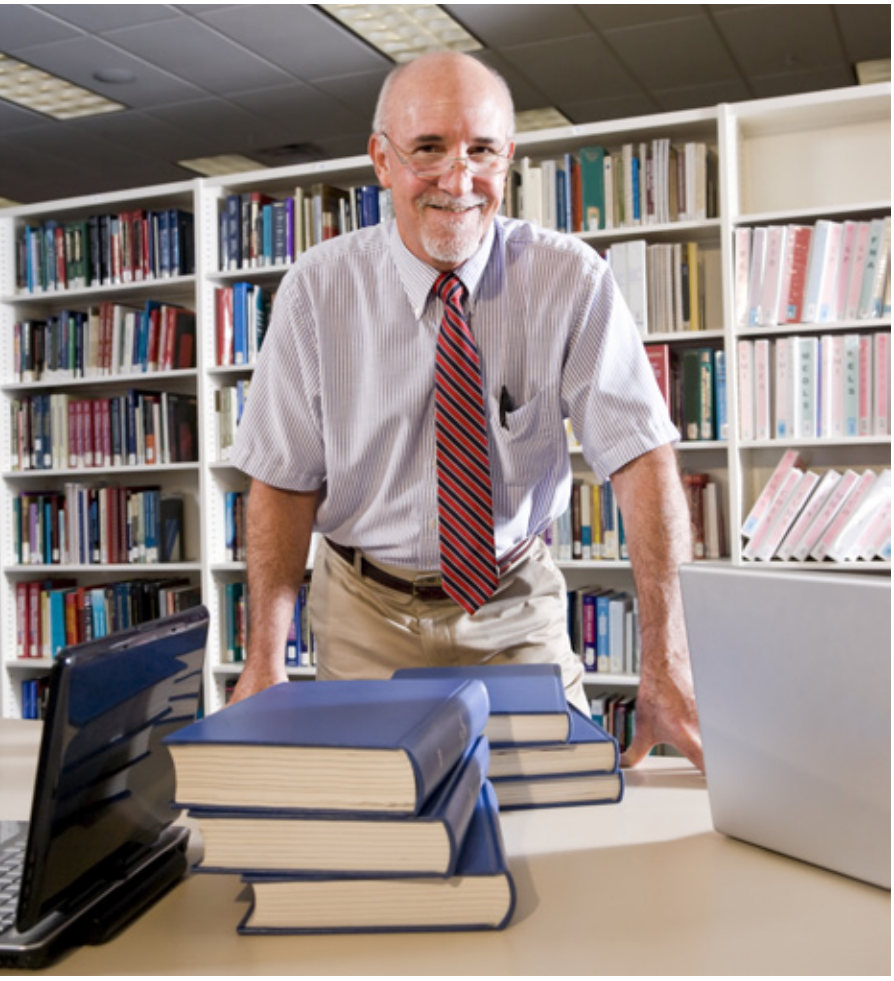
In school districts, county offices of education, participating charter schools and community colleges that do not offer the Cash Balance Benefit Program, the following mandatory Defined Benefit Program membership requirements apply:

Employment Status	Mandatory Defined Benefit Membership Begins
PreK-12/county office of education—part-time hourly	First day of the pay period following the pay period in which at least 60 hours of creditable service was performed
PreK-12/county office of education—part-time daily	First day of the pay period following the pay period in which 10 days of creditable service was performed
PreK-12/superintendent's office/community college district substitute	Same as above except for 100 or more complete days in which creditable service was performed during the school year
Community college district hired part time	First day of the pay period following employment to perform creditable service. Mandatory Defined Benefit membership does not apply to temporary employees of adult education or community college districts

State Contributions

The State of California currently contributes 2.017 percent of your creditable earnings from the fiscal year ending in the prior calendar year. This amount is subject to a specified increase depending on the status of the funding for the Defined Benefit Program. The state also contributes an amount equal to about 2.5 percent of the total creditable compensation paid to all Defined Benefit members during the fiscal year ending in the prior calendar year into the Supplemental Benefit Maintenance Account. This account is used to maintain the purchasing power of benefits at prescribed levels.

See "Purchasing Power Protection" in Section 7.



How Interest Is Credited to Your Accounts

At the end of each fiscal year, interest is credited to your accumulated contributions and interest in your Defined Benefit and Defined Benefit Supplement accounts at the credited interest rate. The credited interest rates are adopted annually by the Teachers' Retirement Board. For the Defined Benefit Program, the current rate approximates the yield on two-year Treasury notes; for the Defined Benefit Supplement Program, the current rate approximates the average 30-year Treasury rate. The rates through June 2011, compounded daily, are 1 percent for the Defined Benefit Program and 4.5 percent for the Defined Benefit Supplement Program.

Defined Benefit Program Balance

Interest is credited to your Defined Benefit Program account primarily to 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 retirement benefit will be calculated using a formula established by law based on your years of service credit, your age and your final compensation. The amount of total contributions and interest credited to your account is not used to calculate either your or your beneficiary's future monthly benefit. Your retirement benefit is a lifetime benefit regardless of the amount of your contributions.

Defined Benefit Supplement Account

The credited interest rate for the Defined Benefit Supplement Program is not necessarily the same as the rate for the Defined Benefit Program. The rate cannot be less than the rate for the Defined Benefit account. The interest is included in the amount payable to you.

Borrowing Against Your Accounts

State law does not permit you to borrow from or against the accumulated contributions and interest in your CalSTRS accounts.

Your Retirement Progress Report

Every December you receive a *Retirement Progress Report* that contains the annual statements for your Defined Benefit and Defined Benefit Supplement accounts and a retirement planning guide. Cash Balance Benefit Program participants also receive a *Retirement Progress Report.* Your report is one of the most important records you receive from CalSTRS. Review it carefully.

Your *Retirement Progress Report* gives the status of your accounts as of June 30 of the prior school year. It is usually available on your *my*CalSTRS account in November and mailed in mid-December at your mailing address on file with CalSTRS. You can opt out of receiving your report by mail by selecting your preferences on *my*CalSTRS.

Retirement Progress Reports are also sent to inactive members who have contributions and interest remaining on account in the Defined Benefit Program, but who did not perform creditable service during the prior school year. Retired members and benefit recipients do not receive a *Retirement Progress Report.*

What's on Your Retirement Report

Your personalized report includes:

- Beginning balances of your service credit and contributions and interest credited on your contributions as of July 1 of the previous school year.
- Ending balances of your service credit and contributions and interest earned on your contributions as of June 30 of the just-completed school year.
- Information about the just-completed school year, July 1 through June 30, which also includes:
  - » Interest credited on your accumulated contributions.
  - » Service credit you earned or purchased.
  - » Contributions credited to your Defined Benefit and Defined Benefit Supplement accounts.

The service credit shown on your *Retirement Progress Report* is based on your creditable compensation and the annual earnable compensation for your full-time position as reported by your employer to CalSTRS. The amount of your contributions represents the contributions your employer reported to CalSTRS.

If you believe there is a discrepancy on your *Retirement Progress Report,* contact your employer.

Adjustments made to service credit and contributions after June 30 will be included on your next *Retirement Progress Report.* If you purchased additional service credit or redeposited contributions that were previously refunded, the changes will appear on your report for the school year during which the final payment was made.

In addition to your Defined Benefit and Defined Benefit Supplement account balances, your *Retirement Progress Report* provides:

- An explanation of your disability and survivor benefits under Coverage A or Coverage B.
- The names of your benefit recipients.
- The names of your option beneficiaries.
- Two estimates of your retirement benefit, if you are age 45 or older, based on when you are first eligible to retire and an additional projected retirement date.

Disability and Survivor Benefits

What if You Become Disabled?

As a member of the Defined Benefit Program, you have disability protection under one of the CalSTRS disability benefit programs, Coverage A or Coverage B. Once you are vested and meet eligibility requirements, you may apply for disability benefits if you have a medically determined physical or mental impairment that is permanent or expected to last at least 12 continuous months and:

- Prevents you from performing your usual duties with or without reasonable modification, or
- Prevents you from performing duties in a comparable level position.

See "Disability Benefits" in Section 8.

NOTE

If you are the victim of an unlawful act on the job, you may qualify for disability benefits with one year of service credit. Contact us for more information.

What Happens When You Die?

The Defined Benefit Program provides benefits to your survivors whether you die before or after retirement. Your survivors may be eligible to receive a lump-sum payment or monthly payments with additional benefits for eligible dependent children. These benefits provide a basic level of security for your survivors. The benefits depend on the option you chose and whether you have Coverage A or Coverage B.

Less than One Year of Service Credit

If you had earned less than one year of service credit at the time of your death, a refund of your accumulated contributions plus interest will be paid to your death benefit recipient, or your spouse or registered domestic partner, if eligible.

One or More Years of Service Credit

If you had earned one or more years of service credit at the time of your death, your death benefit recipient may be eligible for a one-time death benefit in addition to a refund of your accumulated contributions and interest.

One-Time Death Benefit

A one-time death benefit is payable to your designated recipients under both Coverage A and B if eligibility requirements are met. The amount of the benefit depends on your coverage and whether you die before or after retirement. If you did not name a recipient, your estate will receive the one-time death benefit.

Keep your *Recipient Designation* form (formerly the *One-Time Death Benefit Recipient* form) current.

See "Survivor Benefits," Section 9, to learn more. Also see "Tax Information and Legal Matters," Section 10, for information on how dissolution of marriage or termination of a registered domestic partnership may affect your one-time death benefit recipient designation.

Sick Leave

If you change employers, you must transfer your accumulated sick leave to your new employer. When you are applying for service retirement, CalSTRS will accept only one *Express Benefit Report* form and it must be from your most recent employer. If you have sick leave with a former employer that you did not transfer to your new employer, it will be lost.

NOTE

New employers are required to accept sick leave from your former employer only during your first year of employment.

If You Terminate Your CalSTRS-Covered Employment

Termination of CalSTRS-covered employment and a subsequent refund of your accumulated contributions plus interest cancel your eligibility for CalSTRS benefits.

Survivor or Disability Benefits

If you do not perform CalSTRS-covered employment for four consecutive months or more, you may no longer be eligible for survivor or disability benefits. This time limit does not apply to eligibility for service retirement.

You or your survivors, or both, still may be eligible for a one-time death benefit or a monthly benefit under the following circumstances:

- If you die during an approved leave of absence up to 12 months for a reason other than disability or military service.
- If medical reports show that you became incapacitated within four months of your last day of service and remained continuously incapacitated to the date of your death.
- If you were receiving a disability benefit under Coverage A.
- If you change positions and subsequently elect membership in the California Public Employees' Retirement System, you retain vested rights to CalSTRS disability and survivor benefits until you qualify for similar benefits in CalPERS.

Refunding Your CalSTRS Contributions

Defined Benefit Account

Your Defined Benefit Program contributions, plus interest, are refundable when you terminate all employment to perform creditable service in any California public school.

After your employer verifies your separation and CalSTRS receives your *Refund Application,* we will refund your Defined Benefit member contributions, including tax-deferred member contributions under the Employer Pick-Up Program, plus credited interest on your contributions. Partial refunds are not permitted. Employer and state contributions are not refundable.

NOTE

If you take a refund of your contributions, you will terminate your CalSTRS membership and you will not be eligible for any benefits from CalSTRS, including a lifetime monthly retirement benefit.

Defined Benefit Supplement Account

After terminating employment and receiving a refund of your Defined Benefit contributions and interest, if you have not performed creditable service, including substitute teaching, for six months, CalSTRS will refund your Defined Benefit Supplement account after you respond to correspondence from us regarding the payout. If you return to CalSTRS-covered employment, you cannot redeposit your Defined Benefit Supplement funds, and only one withdrawal will be allowed in a five-year period.

Consider a Refund Carefully

If you have fewer than five years of service credit and do not plan to return to teaching, and you are not eligible for retirement with any of the California public systems listed under "Retiring From More Than One Public Retirement System" in Section 6, you may wish to consider a refund. However, if you are vested for CalSTRS benefits or a career teacher with substantial service credit, or if you are eligible for retirement with another California public system and are approaching age 55, be sure you understand the consequences of taking a refund.

Consequences of a Refund

- Your refund may be subject to additional federal and state taxes if you leave CalSTRS-covered employment before reaching age 55, take your refund before age 59½ and do not roll over your funds to a qualified plan.
- If you return to membership after taking a refund and later redeposit contributions and interest:
  - » Your membership date will change to your return date.
  - » You will be covered under Coverage B for survivor and disability benefits even if you previously had Coverage A.
  - » You must accumulate one year of service credit since your last refund and have at least five years of service credit before you are eligible for CalSTRS retirement benefits.

NOTE

If you return to CalSTRS membership and wish to receive full retirement benefits from your past CalSTRS membership, you must buy back, or redeposit, the service credit previously refunded to you.

For more information, go to CalSTRS.com (select *Members,* then *FAQ* and scroll down to *Refunds)* or see the fact sheet, *Refund: Consider the Consequences* (select *Forms & Publications)*.

Redeposits—Restoring Service Credit

Redepositing allows you to restore any service credit lost if you took a refund of contributions. If you return to teaching or other CalSTRS-covered employment, or if you are a member of another California public retirement system, you may restore past Defined Benefit refunded service credit by redepositing your refunded contributions plus regular interest.

See "Retiring From More Than One Public Retirement System" in Section 6 for a list of the California public systems.

You may choose to restore a portion, rather than all, of the service credit you lost when you took a refund. The more time between your refund and redeposit, the higher the cost to redeposit. You may not redeposit refunded Defined Benefit Supplement contributions and interest.

Before you are eligible for CalSTRS benefits, you must have earned at least one year of service credit after you received the most recent refund of your accumulated retirement contributions and have at least five years of service credit, unless you are retiring concurrently with another California public retirement system.

Redepositing does not re-establish your earlier membership date or benefits that may have been available to you before you received a refund.

In some community property settlements, your service credit, contributions and interest are divided to create a separate account for your former spouse or registered domestic partner. If your former spouse or partner takes a refund of his or her account, you can choose to restore all or a portion of the service credit awarded to your former spouse or partner.

Former Local Service Members

If you have Local Service credit listed on your *Retirement Progress Report*, it will not be fully funded. You will receive up to $2.40 per year of Local Service credit toward your retirement benefit. To fully fund this service, contact us.

Cost to Redeposit

The amount you need to redeposit and the benefits you will receive from restoring service credit will vary depending on your individual situation.

For example, a teacher who withdrew $10,000 (representing three years of service credit) in May 1993 and wanted to purchase those years of credit in May 2011 would be required to redeposit $29,504.

See "Your Retirement Benefit," Section 6, for more information on purchasing service credit. If you are considering a redeposit, read *Purchase Additional Service Credit*, available at CalSTRS.com.

CalSTRS Defined Benefit Supplement Program

If you made retirement contributions to CalSTRS on or after January 1, 2001, as a Defined Benefit member, you have a Defined Benefit Supplement account that has been accumulating contributions and interest. Your account will be available to you:

- When you begin receiving your monthly retirement benefit, or
- Six months after you terminate CalSTRS-covered employment and receive a refund of your Defined Benefit contributions.

In addition to interest, as of January 1, 2011, Defined Benefit Supplement accounts receive funds from two sources:

- Earnings in excess of one year. Since July 1, 2002, if you earn more than one year of service credit in a school year, your contributions and most of your employers' contributions from your earnings in excess of one year will be allocated to your Defined Benefit Supplement account.
- Special limited-term payments or compensation intended to enhance the Defined Benefit retirement benefits of some members. Effective July 1, 2002, your contribution and most of your employers' contributions on these payments are credited to your Defined Benefit Supplement account.

From January 1, 2001, to December 31, 2010, one-fourth of your 8 percent retirement contribution to CalSTRS was redirected to your Defined Benefit Supplement account. The redirection did not affect your CalSTRS Defined Benefit pension. Starting January 1, 2011, your entire 8 percent contribution is credited to your Defined Benefit account.

Contributions to your Defined Benefit Supplement account will not affect your ability to make contributions to 403(b), 457 or similar tax-deferred savings plans.

Defined Benefit Supplement funds earn interest at a rate set at the beginning of each plan year, July 1 through June 30, by the Teachers' Retirement Board, based on the average 30-year Treasury rate. At the end of each year, if the program's actual earnings exceed the board-set interest rate, the board may declare an additional earnings credit.

Contributions to your Defined Benefit Supplement account will not affect your ability to make contributions to 403(b), 457 or similar tax-deferred savings plans.

Access to Your Defined Benefit Supplement Funds

Funds available at retirement, disability or termination of employment will vary, depending on your salary and overtime compensation, as well as the interest your account has earned. All your contributions and interest in your Defined Benefit Supplement account are reported on your *Retirement Progress Report.*

Your funds will be paid to you when you begin to take a Defined Benefit monthly benefit or six months after you terminate CalSTRS-covered employment. If you terminate CalSTRS-covered employment, you must withdraw your Defined Benefit Supplement funds if you also withdraw your Defined Benefit account balance. If you return to CalSTRS-covered employment after withdrawing your Defined Benefit Supplement funds, you will have to wait five years before you can make another withdrawal. You cannot borrow against your Defined Benefit Supplement account.

Your Defined Benefit Supplement account beneficiary is the same beneficiary you designate under the Defined Benefit Program.

At retirement, you can choose to receive the balance of your contributions and interest in your Defined Benefit Supplement account as a:

- **Lump-sum payment.** Your only choice if you are receiving a refund or if your account is less than $3,500, or
- **Monthly payment.** If your balance is $3,500 or more, you may choose one of the following annuities to distribute payment over your and your beneficiary's lifetime, based on the option you chose for your Defined Benefit payment:
  - » Member-Only Annuity
  - » 100% Beneficiary Annuity
  - » 75% Beneficiary Annuity
  - » 50% Beneficiary Annuity
  - » Period-Certain Annuity
  - » Combination of Lump-Sum Payment and Annuity

See "Your Retirement Benefit," Section 6, for more on your Defined Benefit Supplement annuity options.

Changing Employment to a Different Public Retirement System

Occasionally educators or others who perform CalSTRS-creditable service change employment to positions that are under another California public retirement system. For example, a classroom teacher may take a position as a human resources specialist in the district office, a position usually under the California Public Employees' Retirement System. On the other hand, a human resources specialist may decide to take a teaching position, a position usually under CalSTRS. If you are a CalSTRS or CalPERS member and change to employment subject to coverage by the other system, you can continue your existing coverage or change to the new system.

The two systems are treated differently for Social Security coverage. CalSTRS members do not participate in Social Security, but CalPERS members do. Contact the Social Security Administration at 800-772-1213 to determine how an employment change would affect any Social Security benefit due to you.

If You Change to a CalPERS Position

If you are a member of the CalSTRS Defined Benefit Program and become employed by the same or a different school district, community college district, county office of education or have limited State of California employment to perform service that requires membership in CalPERS, you may elect to continue coverage under CalSTRS. If you do so, service in your new position will be treated as creditable service under the CalSTRS Defined Benefit Program.

The election:

- Must be made within 60 days of the date of hire into your new position.
- Must be done on the appropriate CalSTRS form provided by your employer.
- Is effective as of the date of hire into your new position.
- Is irrevocable and applies to all service for that employer.

If You Are a CalPERS Member

Certain members of CalPERS who subsequently are employed to perform CalSTRS creditable service can elect within 60 days of their new hire date to continue coverage under CalPERS for all subsequent CalSTRS creditable service. This applies to CalPERS members employed by one or more of the following:

- A school district.
- The Board of Governors of the California Community Colleges.
- The California Department of Education as of January 1, 2002.
- A local or state agency not listed above (applies only to vested CalPERS members).
- A CalPERS and CalSTRS participating charter school.

The election:

- Must be made within 60 days of the date of hire into the new position.
- Must be done on the appropriate CalPERS form.
- Is effective as of the date of hire into the new position.
- Is irrevocable and applies to all service for that employer.

Dual Membership

Members of CalPERS who are employed full time and accept part-time, temporary employment to perform creditable service covered by the CalSTRS Defined Benefit Program can permissively elect membership in CalSTRS and have their part-time service reported to CalSTRS.

For More Information

To help you compare the two systems, review the benefit information in this handbook, as well as the benefit information booklet provided by CalPERS. Both publications are available from your employer.

In addition, the *Join CalSTRS? Join CalPERS?* booklet outlines and compares the basic benefits of the two systems. Find it on CalSTRS.com or ask your employer for a copy.

3. Benefits for Part-Time Educators

This section is for part-time educators who are not regular, contract employees. As a part-time educator, you have access to all the benefits CalSTRS offers. However, your part-time status presents special considerations in retirement planning. You also have additional decisions about which retirement plan to choose, as well as issues to consider that are unique to part-time employment.

Retirement Plans for Part-Time Public School Educators

Federal law requires all employees to be covered under a retirement plan. California law requires all prekindergarten through community college public school employers except for charter schools to provide the CalSTRS Defined Benefit Program. If you are in a certificated position in a public school and your time base is less than half time, your employer must offer either Social Security or another retirement program as an alternative to Social Security. The CalSTRS Cash Balance Benefit Program, described later in this section, is one example of an alternative to Social Security. Your employer may offer other alternative retirement plans. Contact your employer for details about the programs it offers.

Choosing the Plan That Is Right for You

If you are a part-time educator, here are questions that may help you decide which retirement plan is best for you:

- 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 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?

Retirement Options for Part-Time Public School Educators

Defined Benefit Program

Members of the CalSTRS Defined Benefit Program who are employed on a part-time, temporary, substitute or adjunct basis are a distinctive group within CalSTRS. Your retirement benefit calculation uses the same components as a member who works full time: service credit, age factor and final compensation.

Minimum Full-Time Equivalent	
If you are a:	**Then the *minimum* FTE is:**
Part-time community college instructor	525 instructional hours, plus mandatory office hours, if paid
Full-time or part-time community college librarian or counselor	1,050 hours
Community college instructor employed in adult education programs	875 instructional hours, plus mandatory office hours, if paid
PreK–12 teacher or any other person who works directly with pupils, including an instructor in an adult education program	175 days or 1,050 hours

Your final compensation and service credit depend on the amount you would have earned if you were working full time at your pay rate in your position. This amount of work is called full-time equivalent and the amount of compensation for the full-time equivalent is called earnable compensation.

Full-Time Equivalent

The full-time equivalent is the time that a member who is employed part time would be required to work in one school year if he or she were employed full time in that position. If you are employed part time in a community college or as an adult education instructor, the FTE (full-time equivalent) must be identified specifically in either your collective bargaining agreement or your employment agreement. The FTE stated in the agreement must be at least the minimum number of days or hours specified by law.

Be sure your employer determines your FTE properly. Different assignments, even with the same employer, may have different FTEs. Refer to your employment agreement or collective bargaining agreement to obtain your

Part-Time Community College and Adult Education Instructor Service Credit

In one school year, Juanita teaches as a community college instructor for 262.5 hours, which is half of the FTE in her district. She also works as an adult education instructor for 350 hours or 40 percent of the FTE for that position.

	Percent Time Worked	Minimum FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
Community College Instructor	50% (262.5 hours)	525 hours	$15,000	÷	$30,000	=	.500
Adult Education Instructor	40% (350 hours)	875 hours	$10,800	÷	$27,000	=	.400
					Total Service Credit	=	.900

Juanita would earn .900 of service credit for the year.

Part-Time PreK-12 Teacher Service Credit

During the school year, Janet taught 30 percent of the FTE for preK–12 teachers in her district, or 315 hours. The full-time pay rate was $42,000. Because she worked every day of her 30 percent teaching contract, she earned $12,600 for the school year.

	Percent Time Worked	Minimum FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
PreK-12 Instructor	30% (315 hours)	1,050 hours	$12,600	÷	$42,000	=	.300

Janet would receive .300 of service credit for the year.

employing district's established FTE for your type of employment. If you see a discrepancy, contact your employer.

NOTE

The FTEs listed in the tables on page 24 are minimum standards. Your individual FTE could be higher if your employer requires full-time employees to work more days or hours in the same activity in a school year.

Calculating Your Earnable Compensation

Your earnable compensation is not the salary you actually were paid, but what you would have been paid if you worked full time in that position. To determine your earnable compensation, take the hourly or daily rate for the position and multiply it by the FTE for the position.

Calculating Your Final Compensation

Another key component of your retirement calculation is your final compensation. Your final compensation is equal to the highest average annual earnable compensation for three consecutive years, or 12 consecutive months if you have earned 25 or more years of service credit.

Calculating Your Service Credit

For part-time, temporary, substitute or adjunct educators, service credit for one school year is equal to the compensation you actually earned in an assignment divided by your earnable compensation for that assignment. If you work multiple assignments, your service credit is the sum of the service credit earned in each individual assignment, up to one year of service credit in a school year.

Increasing Your Defined Benefit Retirement Amount

Increase Service Credit With Additional Assignments

If you work on a part-time, temporary, substitute or adjunct basis, you may wish to consider taking on additional assignments to earn more service credit if you are not earning one full year of service credit under your existing assignment. You can earn service credit for activities such as teaching summer school or intersession, working paid office hours, attending staff development days, or serving as a coach, band director, yearbook editor or department chair. Extra service will count as additional service credit and will be included in calculating your total service credit for that school year.

As a part-time educator, you have access to all the benefits that CalSTRS offers. In addition, CalSTRS benefits counselors receive special training to help them understand the needs of part-time educators. For information on how to make a counseling appointment, visit CalSTRS.com/counseling.

Working for Multiple Employers

Kali works part time at two high schools and a community college. He has 8.95 years of service credit. If he continues to work for all three employers during his last three years before retirement at age 63, here is how his annual earnable compensation would be calculated:

Employer	Earnings	Service Credit
A	$ 3,360	.100
B	30,250	.500
C	6,563	.250
Total	$ 40,173	.850

Kali's annual earnable compensation: **$40,173 ÷ .850 = $47,262**

To increase his retirement benefit, Kali could terminate the employment where he receives the lowest annual pay rate three years before he retires and his retirement benefit would be higher.

Employer	Earnings	Service Credit
A	$ 3,360	.100
B	30,250	.500
Total	$33,610	.600

Kali's annual earnable compensation: **$33,610 ÷ .600 = $56,017**

However, if Kali also terminates the position with the next lowest annual pay rate three years before he retires, his annual earnable compensation would be even higher.

Employer	Earnings	Service Credit
B	$30,250	.500
Total	$30,250	.500

Kali's annual earnable compensation: **$30,250 ÷ .500 = $60,500**

Here's the impact of the three alternatives on Kali's retirement benefit calculation:

Works all three jobs for all three years:

Service Credit		Age Factor		**Monthly Final Compensation**
11.500	x	2.4%	x	$3,938 = **$1,087 per month**

Terminates job with Employer C at the lowest annual pay rate three years before he retires:

Service Credit		Age Factor		**Monthly Final Compensation**
10.750	x	2.4%	x	$4,668 = **$1,204 per month or $117 more per month**

Terminates all jobs except one with Employer B at the highest annual pay rate three years before he retires:

Service Credit		Age Factor		**Monthly Final Compensation**
10.450	x	2.4%	x	$5,042 = **$1,265 per month or $178 more per month**

Consider Final Compensation If Working for Multiple Employers

As a part-time educator, when you have more than one employer or work in multiple jobs for the same employer, your earnable final compensation is the sum of all your actual earnings divided by the sum of all your service credit earned for the school year.

Your final compensation is the average annual earnable compensation during your final compensation period, which is generally your highest consecutive 36 months (for part-time employees, CalSTRS may consider your last five years of compensation). When your salary rates and service credit vary within a school year, your final compensation may be lower, which can lower your retirement benefit. This means it is possible to earn a larger retirement benefit if you reduce the number of different jobs you work in during your final compensation period.

When you near retirement, be sure to consider your final compensation.

The example in the box shows how the calculation can affect the retirement benefit of a part-time educator.

In the example, Kali decided that the increase of $178 per month in his retirement benefit was significant enough to terminate two of his part-time jobs. Over the lifetime of his retirement, the difference in income would likely be about $53,000, not including the 2 percent annual benefit adjustment and any ad hoc or purchasing power increases.

However, Kali could not afford to work at only one part-time job during his final three years before retirement. To compensate for the loss in salary, he found part-time work outside the public school system in addition to teaching.

Keep in mind that each person's situation is different. Meet with a CalSTRS benefits counselor before making decisions that may affect your retirement benefit.

CalSTRS Cash Balance Benefit Program

CalSTRS offers the Cash Balance Benefit Program designed specifically for part-time, substitute, adjunct or temporary educators, which your district may provide as an alternative to Social Security. Your eligibility to participate in the program is determined by your basis of employment, rather than the actual number of hours or days you work, and whether your employer offers the program.

Your Cash Balance Benefit contributions are made through pre-tax payroll deductions. There are no fees or charges for participation. In addition to a retirement benefit, you are also eligible for disability and survivor benefits.

The Cash Balance Benefit Program provides:

- **Immediate vesting**
  You are immediately eligible for a benefit equal to the sum of the balance of contributions, including compounded interest earned on your and your employer's accounts.
- **Variable contribution rates that can be bargained**
  Your employer contributes at least 4 percent of your salary and, generally, you also pay 4 percent. Employers may bargain alternative rates but the combined employer and employee contribution must be at least 8 percent. You will receive all contributions—both your own and your employer's—and interest if you terminate public school employment.
- **Secure investments**
  The Cash Balance investment portfolio is managed by CalSTRS investment professionals.
- **Guaranteed interest rate**
  The interest rate is set by the Teachers' Retirement Board for each plan year based on the average 30-year Treasury rate. For 2010-11, the rate is 4.25 percent.
- **Additional earnings credit**
  The Teachers' Retirement Board may, on an annual basis, grant an additional earnings credit to be added to your account.
- **Portability**
  In most cases, you can continue participation in the Cash Balance Benefit Program if you move to another employer that offers the program. You also can roll over funds from other accounts into your Cash Balance account. If you become a member of the Defined Benefit Program and are no longer contributing to the Cash Balance Benefit Program, you may elect to receive credit in the Defined Benefit Program for your eligible Cash Balance service.
- **Options**
  If you leave CalSTRS-covered employment, you have two options:
  - » Leave your funds on deposit with CalSTRS. The contributions in your Cash Balance account will continue to accrue interest.
  - » Withdraw your funds or roll them over to another eligible retirement plan or IRA. If you decide to withdraw your funds, you will have to wait six months after you terminate employment. If you return to CalSTRS-covered employment within the six-month time frame, your refund will be canceled. If you withdraw your funds and return to CalSTRS-covered work, you will not be able to withdraw funds again for five years.
- **Flexibility at retirement**
  You can take your contributions and your employers' contributions, plus compounded interest, in a lump sum or choose an annuity to provide a monthly retirement benefit if your balance is $3,500 or more.

Eligibility Requirement

When you are hired by a prekindergarten-12 district, county office of education, participating charter school or community college district, your employer is required to inform you that you can elect membership in the CalSTRS Defined Benefit Program, even though you are a part-time employee. You have the option to participate in the Cash

Balance Benefit Program, if your district offers the program, the Defined Benefit Program or another retirement plan your employer offers. If you choose the Cash Balance Benefit Program and your basis of employment changes to half time or more, you will automatically become a member of the Defined Benefit Program.

Participating School Districts Can Offer the Cash Balance Benefit Program

School districts and community colleges can choose to offer their part-time employees the Cash Balance Benefit Program. Offering the program may be bargained. Contact your district, county superintendent of schools or union representative to find out if the Cash Balance Benefit Program is available.

Working for Multiple Employers

If you are hired to perform creditable service for more than one employer, you may participate simultaneously in more than one retirement program with different employers, unless you are hired in a full-time position with one employer.

NOTE

Full-time employees are automatically enrolled in the CalSTRS Defined Benefit Program. As a part-time employee, you may choose the Defined Benefit Program any time during your career.

Alternatives to the Defined Benefit Program

As a part-time, substitute, adjunct or temporary employee, you may have a choice of retirement programs. Employers must offer the Defined Benefit Program or an alternative retirement program to part-time educators.

Contact your employer to determine your plan eligibility.

You may want to choose the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to become vested (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 known in advance and payable for life, and that is not based on the funds in your account.
- Are comfortable contributing 8 percent of your pay toward your retirement.

You may want to choose the Cash Balance Benefit Program if you work in a district where it is offered and you:

- Want a program that provides immediate vesting.
- Want a lump sum 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 earnings, depending on your local bargaining agreement. Your contribution and your employer's contribution must equal at least 8 percent. Employers must contribute at least 4 percent, but after that, the rate is determined by bargaining agreements. For example, in some school districts, members pay 3 percent and districts pay 5 percent.

Social Security

Your district will offer Social Security to its part-time employees if it does not offer an alternative retirement plan. Be aware that under federal law if you qualify for Social Security from any employment, including your spouse's, your Social Security benefit may be reduced if you receive a retirement or Coverage A disability or survivor benefit from the Defined Benefit or Cash Balance Benefit programs or any alternative to Social Security offered by your employer.

Your benefits from the Defined Benefit or the Cash Balance Benefit programs will not be reduced if you receive Social Security benefits.

The provisions of Social Security are complex. To learn more, contact Social Security at 800-772-1213 or visit socialsecurity.gov for publications on the Windfall Elimination Provision (reduction in your Social Security benefits) and the Government Pension Offset (reduction in your spousal Social Security benefits).

In addition, you will find information at CalSTRS.com (select *Members,* then *Social Security, CalSTRS and You*). You can also download the fact sheet, *Social Security, CalSTRS and You* (select *Forms & Publications* under *Tools*).

Consolidating Your Cash Balance and Defined Benefit Coverages

You may have benefit coverage under both the Defined Benefit and the Cash Balance Benefit programs. If you meet the eligibility requirements, you may elect to have CalSTRS consolidate your benefit coverage under the Defined Benefit Program. To be eligible, you must:

- Currently be making contributions under the Defined Benefit Program.
- No longer be contributing to your Cash Balance account.
- Have eligible Cash Balance service to convert.
- Have funds in your Cash Balance account.

When you elect to consolidate your benefits, CalSTRS will transfer the contributions and interest from your Cash Balance Benefit account to your Defined Benefit Program balance and close your Cash Balance account. CalSTRS will determine the service credit that could be added to your Defined Benefit account based on your work performed as a Cash Balance participant. We will then apply those funds toward the cost of consolidating your eligible Cash Balance service under the Defined Benefit Program.

In most cases, your Cash Balance Benefit contributions and interest will not cover the full cost of all eligible Cash Balance service you performed because the contribution rate to buy permissive service credit is significantly higher than the Cash Balance Benefit contribution rate. You may contribute personal funds toward covering the remaining cost of your eligible Cash Balance service.

You may, however, have more funds in your Cash Balance account than are required to cover the cost of your eligible service. This could occur if your account includes funds that were rolled over from another retirement plan or you had past overtime service that was covered by the Cash Balance Benefit Program. If this occurs, you must specify how you would like CalSTRS to allocate the residual amount in your Cash Balance account after funds are transferred to cover the cost of consolidating benefits.

You may apply the residual amount to redeposit previously withdrawn contributions in the Defined Benefit Program or use it to pay for additional service that you may be eligible to purchase. The types of service you may purchase are outlined in our *Purchase Additional Service Credit* brochure, available at CalSTRS.com. Any funds remaining in your account that are not used for these purposes will be transferred to your Defined Benefit Supplement account and your Cash Balance account will be closed as part of the benefit consolidation process.

Advantages of consolidating your benefits:

- You may increase the amount of service credit that will be used to determine your retirement benefit, which will increase your monthly retirement benefit.
- Credit for your eligible Cash Balance service also may be used toward your eligibility for Defined Benefit benefit enhancements, such as the one-year final compensation and the career factor.

For more information, visit CalSTRS.com (select *Members,* then *Cash Balance Benefit Program Summary)*.

4. Building Your Financial Future

Whether you are new to teaching or a seasoned veteran, we can help you develop your financial future.

This section offers a series of steps to start your plan, with your CalSTRS benefit as the foundation:

- Step One–Determine how much you will need in retirement.
- Step Two–Attend a workshop.
- Step Three–Build supplemental income through CalSTRS Pension2.
- Step Four–Achieve home ownership through the CalSTRS Home Loan Program.
- Step Five–Purchase additional service credit.
- Step Six–Meet with a CalSTRS benefits counselor to get an estimate of your retirement benefit.

Step One—Determine How Much You Will Need in Retirement

At retirement, career educators can expect to have about 60 percent of their salary replaced by their CalSTRS retirement benefit. Financial planners recommend that to maintain your current lifestyle after retirement, you should plan to replace 80 percent to 90 percent of your salary. To meet this goal, it is important to have other sources of retirement income.

Traditional sources of retirement income include:

- Retirement benefits from employers
- Social Security
- Supplemental savings

CalSTRS members typically have three sources of retirement income:

- CalSTRS Defined Benefit monthly retirement benefit.
- Defined Benefit Supplement account.
- Supplemental savings, such as CalSTRS Pension2, which includes 403(b), 457 and Roth 403(b) savings plans.

Your CalSTRS retirement benefit is secure and guaranteed for life. Add to your retirement income by maximizing your service credit and building extra savings.

CalSTRS members do not receive Social Security benefits from their CalSTRS-covered employment.

If you will receive Social Security through other employment or expect to receive a Social Security benefit based on a spouse's earnings, see Section 5, "Approaching Retirement," for information on how your retirement benefits may affect your Social Security benefits. Also visit Social Security at socialsecurity.gov or CalSTRS.com (select *Members,* and then *Social Security, CalSTRS and You).*

Planning ahead to make the most of your retirement benefit will ensure you have the lifestyle you desire after you leave the classroom. CalSTRS offers services to help you prepare for this phase of your life.

Step Two—Attend a Workshop

You are encouraged to attend free CalSTRS workshops throughout your career. Bring your spouse, family member or friend.

CalSTRS offers four core workshops, each designed to meet your needs at different stages during your career. For more information, go to CalSTRS.com/workshops.

You can register for workshops two ways:

- Go online to CalSTRS.com/workshops.
- Call toll free 800-228-5453.

If you are not sure which workshops are best for you, ask for help determining the ones that will be the most beneficial.

Step Three—Build Supplemental Income Through CalSTRS Pension2

CalSTRS Pension2 Personal Wealth Plan

An important component of maintaining your current standard of living in retirement is setting aside funds while you are working to supplement your CalSTRS retirement benefit. CalSTRS Pension2 offers public school employees the opportunity to invest both pre-tax and post-tax contributions in supplemental savings to build a secure financial future.

Enhanced investments, low fees and planning services at no additional cost make CalSTRS Pension2 an attractive way to save.

Easy Investment Options

CalSTRS Pension2 offers many advantages:

- Three investment plans.
  - » 403(b)
  - » Roth 403(b)
  - » 457
- Investment strategies that match your goals.
  - » *Easy Choice Portfolios.* The 15 Easy Choice Portfolios combine risk tolerance and retirement target dates. Investments are selected by CalSTRS in cooperation with its financial planning consultant.
  - » *Build Your Own Portfolio.* This option allows you to build your own portfolio by choosing from more than 20 professionally selected core funds, including Vanguard, Dodge & Cox, TIAA-CREF and American Funds.

Enhanced investments, low fees and planning services at no additional cost make CalSTRS Pension2 an attractive way to save.

- Low fees and expenses.
- Enhanced online trading, including a self-managed account, the Mutual Fund Brokerage Service, with its 5,000 mutual funds.
- Greater ease of borrowing from your account for unexpected financial emergencies.
- Low administrative costs.
- Knowledgeable and responsive service representatives.

Unbiased Advice

CalSTRS has arranged for unbiased advice and planning services at no additional cost. Trained and licensed financial advisers through TIAA-CREF are available online or by telephone.

Pension2 advisers can help you:

- Build a personalized profile of your financial resources and retirement goals.
- Understand the likelihood of reaching your goals with your current savings and investment strategy.
- Design a personalized savings and investment plan to better meet your goals.

You also receive free initial and ongoing consultations, expert and unbiased retirement planning advice, automatic investment rebalancing, and quarterly summaries of progress toward your retirement goals.

Rollovers to CalSTRS Pension2

In addition to payroll deductions, you can roll over an existing balance from other qualified retirement plans, including 403(b), Roth 403(b) and 457 plans, into CalSTRS Pension2. You may also roll over all or a portion of the amount in an IRA provided the entire balance in the IRA is attributable to a prior rollover from a qualified pension, profit sharing, 401(k) or stock bonus plan.

At retirement, you can roll over your Defined Benefit Supplement account balance into Pension2.

CalSTRS members who are no longer employed in CalSTRS-covered employment may be able to roll over existing balances from qualified plans into CalSTRS Pension2 if their employer's written plan allows for it. They cannot, however, contribute additional funds until they resume CalSTRS-covered employment.

CalSTRS retired members are also eligible to participate in the program by transferring funds from qualified savings plans to CalSTRS Pension2 if their employer offered Pension2 before their retirement.

For More Information

To learn more about Pension2 and current investments, call toll free 888-394-2060, e-mail Pension2@CalSTRS.com or visit www.Pension2.com.

If your employer does not offer CalSTRS Pension2, call 888-394-2060.

Comparing Supplemental Savings Plans

403bCompare at 403bCompare.com makes selecting investments easier. The website, administered by CalSTRS, provides unbiased, side-by-side comparisons of registered 403(b) plans.

Use 403bCompare to view the vendors approved by your employer and compare their products. The site provides investment choices, fees and product performance, as well as each vendor's experience and services. You can establish an account only with vendors that are registered on the site and listed on your school's approved vendor list. If a vendor is not listed on the site, the vendor cannot sell 403(b) plans to schools in California.

403bCompare also has links to retirement planning and educational materials.

Step Four—Achieve Home Ownership Through CalSTRS Home Loan Program

A key part of a secure financial future can be home ownership. The CalSTRS Home Loan Program is open to active, inactive and retired CalSTRS members and Cash Balance Benefit Program participants. You can apply for conventional, fixed-rate, first-mortgage loans for the purchase or refinance of one to four-family owner-occupied properties in

California. The program provides loans to members and serves as a prudent investment of CalSTRS retirement funds.

The CalSTRS Home Loan Program includes:

- Competitive interest rates adjusted daily.
- Free 45-day rate lock.
- Lower escrow and title fees.
- One-time interest rate reduction if rates fall.

Several financing options are available, including:

- Conventional Loan Program
- 80/17 Down Payment Assistance Program

Visit CalSTRS.com/homeloanprogram or call toll free 866-384-4457 for more information.

Step Five—Purchase Additional Service Credit

As a CalSTRS member, you may add to your service credit, which is used to calculate your retirement benefit. The more service credit you have, the larger your monthly retirement benefit. You may purchase a portion, rather than all, of any additional service credit you have available. However, you cannot purchase service credit if you have received, or are eligible to receive, credit for the service covered by another public retirement system.

If you plan to purchase additional service credit just before retirement, we must receive your request before the effective date of your retirement. If you are receiving Disability Coverage A, you are eligible to buy additional service credit.

Benefit Enhancements

Benefit enhancements provide additional incentives for CalSTRS members to retire with as much service credit as possible.

One-Year Final Compensation

If you retire with 25 or more years of qualified service credit, the highest 12 consecutive months of your average earnable compensation during a school year will be used in your retirement benefit calculation, rather than the average of your highest three consecutive school years.

Career Factor

If you retire with 30 or more years of service credit, 0.2 percent will be added to the age factor, up to a maximum combined age factor and career factor of 2.4 percent.

Longevity Bonus

If you had at least 30 years of qualified service credit on or before December 31, 2010, a longevity bonus will be automatically added to your monthly Member-Only Benefit when you retire. The longevity bonus amount ranges from $200 to $400, depending on the years of service credit at retirement.

Figuring Your Benefit

To see how your service credit purchase will increase your retirement benefit, go to CalSTRS.com/calculators. Use the *Retirement Benefit Calculator* to estimate your monthly benefit with and without the additional service credit.

Steps in the Purchase Process

There are four steps in the purchase service credit process:

1. Understand the types of service credit available for purchase.
2. Know how the cost is determined for each type.
3. Decide if a service credit purchase is right for you.
4. Make the purchase.

See "Ways to Increase Your Benefit" and "Purchasing Additional Service Credit" in Section 6.

Step Six—Meet With a Benefits Counselor to Get an Estimate of Your Retirement Benefit

The last step in planning your financial future is to meet with a CalSTRS benefits counselor for personalized assistance. You can use this service more than once and may talk to a counselor throughout your career.

Our benefits counselors can explain the decisions you will need to make before you retire, including electing an option beneficiary if you choose to do so. Benefits counselors can provide important information if you are considering retirement or disability, or if you are experiencing other life-changing events, such as the birth of a child.

Before your appointment, your counselor will research your employment history and prepare customized benefit estimates. If you schedule a telephone appointment, you will receive a packet of information along with your estimates ahead of time.

Whether you schedule a face-to-face or telephone appointment, you will receive a confirmation letter before your appointment date. Each appointment takes about one hour. Your counselor will review forms and publications with you during your meeting as well as answer your questions. Review your *Retirement Progress Report*, visit CalSTRS.com and see the *Member Handbook* before your session to better understand your benefits.

Attend a workshop first to help you get more out of your counseling session and know the questions to ask.

How to Schedule an Appointment

You can make an appointment to talk with a counselor in person or by phone.

In Person

To meet with a benefits counselor in person:

- Contact the office most convenient for you. For locations and office hours, see page 36. Appointments are usually scheduled about four weeks in advance and during work-day hours.
- Be prepared to bring:
  - » Your last check stub, unused sick leave days and the number of days in your contract.
  - » Your most recent *Retirement Progress Report*.
  - » Your Social Security annual statement, if you are eligible for Social Security benefits.

By Phone

To schedule a phone counseling appointment:

- Call 800-228-5453, Monday through Friday, from 7 a.m. to 6 p.m. Appointments are usually available about four weeks in advance and can be scheduled work days, early evenings and Saturdays.
- Be prepared to provide the following information to our scheduling coordinator:
  - » Your personal information, including your Client ID or Social Security number, birth date, address and phone number.
  - » Your projected retirement date.
  - » Your unused sick leave days and the number of days in your contract.
  - » Your option choice and the birth date of your option beneficiary, if you are interested in electing an option.

CalSTRS Benefits Counseling Offices

Office Locations	Telephone Numbers	Hours
Auburn	530-886-2012	M-F 8-5
Bakersfield	661-636-4880	M-F 8-5
Camarillo	805-383-1995	M-F 7:30-5
Colton *Apple Valley, Indio, Murrieta, Rancho Cucamonga, Riverside	909-777-0999	M-F 8-4:30
Costa Mesa *Fullerton, Garden Grove, Laguna Hills	714-966-4251	M-F 10-4
Eureka	707-441-3953	M-F 8-4:30
Fairfield	707-399-4430	M-F 8-5
Foster City	650-312-7712	M-F 8-5
Fresno	559-497-3797	M-F 8-4:30
Hayward	510-670-4200	M-F 8-5
Downey *Antelope Valley, Glendale, Los Angeles (downtown), Reseda, Santa Monica, Walnut	562-922-6838	M-F 8-4:30
Marysville	530-749-4900	M-F 8:30-5
Modesto *Merced	209-238-1614	M-F 8-5
Pleasant Hill	925-942-5375	M-F 8-5
Redding	530-225-0203	M-F 8-5
Salinas	831-784-4195	M-F 8-5
San Diego	619-718-6783	M-F 8-5
San Francisco	415-355-7756	M-F 12-4
San Jose	408-535-6171	M-F 8-4:30
Santa Maria *Santa Barbara	805-928-0542	M-F 8:30-5
Santa Cruz	831-466-5750	M-F 8-5
Santa Rosa	707-524-2627	M-F 8-5
Stockton	209-468-4864	M-F 7-5
Visalia	559-733-6760	M-F 8-5
West Sacramento	800-228-5453	M-F 8-5

All main offices accept CalSTRS applications and forms. Call each office for its summer schedule hours. For a current listing of offices, visit CalSTRS.com/localoffices.

*Satellite locations do not accept applications or forms.

5. Approaching Retirement

As you move through your working career toward the next chapter in your life, take time to learn about issues and programs that complement your core retirement benefits.

Sick Leave

If you change employers, you must transfer all your accumulated sick leave to your new employer. When you are applying for service retirement, CalSTRS will accept only one *Express Benefit Report* form and it must be from your most recent employer. If you have sick leave with a former employer that you did not transfer to your new employer, it will be lost.

NOTE

New employers are required to accept sick leave from your former employer only during your first year of employment.

One-Time Death Benefit Recipient

When you die, a one-time death benefit is payable to your designated recipient if eligibility requirements are met. The one-time death benefit amount varies depending on whether you have disability and survivor benefits under Coverage A or B and whether you die before or after retirement. For details, see Section 9, "Survivor Benefits."

The one-time death benefit is a separate designation from the election of an option beneficiary. Your option beneficiary receives a lifetime benefit when you die, while your one-time death benefit recipient receives a one-time, lump-sum payment after your death. You may name one or more recipients for the one-time death benefit, and there is no restriction regarding whom you may name—a person, trust, charity, estate or corporation. If you do not have a one-time death benefit recipient in effect on the date of your death, the one-time death benefit will be paid to your estate.

The one-time death benefit, plus any contributions remaining in your account, will be paid to your one-time death benefit recipient if you:

- Were receiving a service retirement benefit at the time of death.
- Were receiving or were eligible to receive a disability retirement benefit at the time of death.

- Had at least one year of service credit and died:
  - » While an active CalSTRS member.
  - » Within four months of terminating CalSTRS-covered employment.
  - » Within four months of terminating a disability benefit, if no CalSTRS service was performed.
  - » Within 12 months of the last day of paid CalSTRS-covered service, if on an approved leave of absence without compensation for reasons other than disability or military service.

NOTE

Your CalSTRS *Retirement Progress Report* lists your one-time death benefit recipient if you chose one.

Every member with at least one year of service credit is encouraged to name a recipient. Simply sign on to your *my*CalSTRS account or complete the *Recipient Designation* form available at CalSTRS.com. You can change your death benefit recipient at any time, with no financial penalty.

Marriage Dissolution or Domestic Partner Termination May Affect Designation

If the dissolution judgment or termination and your death occur after January 1, 2002, the one-time death benefit recipient designation of your former spouse or partner is invalid.

If you choose to have your former spouse or partner as your one-time death benefit recipient, you must submit a new *Recipient Designation* form.

Protecting Your Loved Ones Before You Retire

If you are eligible to retire, you may make a preretirement election of an option to ensure a monthly lifetime income for another person or persons if you die 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 elected, your age and the ages of your beneficiaries when the option is elected.

For a description of options and their effect on your monthly benefit, see Section 6, "Your Retirement Benefit."

If you make a preretirement election of an option and die before your retirement, the monthly benefit paid to your option beneficiaries will be based on the reduced benefit that would have been paid if you had retired as of the date of death.

When you retire, your benefit will be reduced using the higher of the option factors in effect as of the date you elected the option or as of your retirement date. By making a preretirement election of an option, you will receive the highest option factor available to you on either your election date or your retirement date.

The example on the next page illustrates the difference in benefits if you choose an option beneficiary before retirement or wait until retirement.

Although your benefit will be reduced at retirement based on the option you choose, your reduced benefit may be slightly higher than if you wait until retirement to choose an option. Your option factor, or the amount of reduction to your benefit, is based on your age and your beneficiary's age at the time of election.

Be sure to consider carefully the advantages and disadvantages of choosing a preretirement election of an option.

Advantages of a Preretirement Election of an Option

If you should die before retirement and you elected an option beneficiary or beneficiaries, they will receive a lifetime monthly benefit. The benefit begins immediately on your death, regardless of the ages of your beneficiaries.

In most cases, the reduced benefit will be higher if you make a preretirement election of an option before retirement than if you wait and elect one at the time of retirement.

If you become disabled after making a preretirement election of an option and you

have a disability benefit under Coverage A, you may retain the option election to provide a monthly benefit to your option beneficiary.

NOTE

The career factor does not apply if you die before retirement without a preretirement election of an option on file at CalSTRS. For details, see "Benefit Enhancements" in Section 6.

Disadvantages of a Preretirement Election of an Option

If you cancel or change your preretirement election of an option before retiring, your retirement benefit may be reduced for life.

If your option beneficiary dies before you retire and you elected an option, the election automatically will be canceled and your retirement benefit may be permanently reduced.

Electing a Preretirement Option

Your spouse or registered domestic partner must sign the *Preretirement Election of an Option* form or you must complete and return the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form with your preretirement election. If your spouse or partner does not sign the form or if we do not receive the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form, your preretirement election will not be accepted and your election will not be effective until the requirements are met.

NOTE

The election will be effective on the date signed only if we receive the election form within 30 days of the date you sign it and all requirements are met.

Canceling an Existing Preretirement Election of an Option

If you cancel your preretirement election of an option for any reason before your retirement, an assessment may apply and will be calculated at retirement. The assessment will reduce your monthly retirement benefit for life.

A preretirement election of an option is canceled automatically if you elect a new option or a new option beneficiary, or if your option beneficiary predeceases you.

The factors in effect on the cancellation date of your preretirement election will be used to calculate the assessment. The assessment factor is based on:

- The option elected.
- Amount of time the preretirement option was in effect.
- Your age at the time of election and cancellation.
- Whether you have Coverage A or Coverage B.
- Whether your option beneficiary is your spouse or registered domestic partner.

If you are considering canceling your preretirement election of an option, electing a different option or naming a different option beneficiary, meet with a CalSTRS benefits counselor to discuss the possible effects of that change on your retirement benefit.

Effect of a Preretirement Option Election	
Choosing a Preretirement Election of an Option	
• Member retires at age 60	
• 100% Option Beneficiary is also age 60	
• Both member and option beneficiary were age 55 when preretirement option was chosen	
Member-Only Benefit	$ 1,963.89
Option Factor	x .899
Member's Reduced Benefit	**= $1,765.54**
Choosing an Option at Retirement	
• Member retires at age 60	
• 100% Option Beneficiary is also age 60	
Member-Only Benefit	$1,963.89
Option Factor	x .867
Member's Reduced Benefit	**= $1,702.69**

Your spouse or partner must sign the cancellation of a preretirement election of an option or you must complete and return the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form with the request for cancellation. If your spouse or partner's signature is not provided or if we do not receive the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form, the cancellation will not be accepted, and it will not be effective until the requirements are met.

For more information regarding preretirement election of an option, visit CalSTRS.com.

Date of Birth Verification

Under some circumstances, CalSTRS will request verification of your or your option beneficiary's birth date. Acceptable documentation for verification includes clear, unaltered photocopies of one of the following:

- Certified birth record
- Passport ID page
- Certain military IDs

If any name has been changed from the name shown on the record of birth, a copy of the marriage certificate or court order documenting the change is required. If you do not have any of these records, contact CalSTRS for assistance.

Social Security

How CalSTRS Benefits May Reduce Social Security Benefits

CalSTRS members do not pay into Social Security. If you expect to receive a Social Security benefit and a CalSTRS retirement or disability benefit, you need to know about two Social Security provisions that may reduce your Social Security benefit: the Windfall Elimination Provision and the Government Pension Offset. These provisions do not reduce your CalSTRS benefits or your Medicare benefits. In addition, any CalSTRS benefits paid to your beneficiaries will not affect their Social Security benefits.

These two rules may affect you even if you have earned the minimum 40 Social Security credits through other employment or expect to receive a Social Security benefit based on a spouse's earnings.

You may receive an overstated benefit estimate from Social Security because non-Social Security pensions such as CalSTRS are not taken into account in the estimate. For a more accurate estimate of benefits, contact the Social Security Administration by calling 800-772-1213 or visiting socialsecurity.gov. Also see the online calculators at socialsecurity.gov/retire2/qualify.htm.

Windfall Elimination Provision

Under the Windfall Elimination Provision, Social Security uses a modified calculation if you qualify for both a Social Security benefit based on your own covered employment (that is, work for which you made FICA tax payments) and a CalSTRS retirement benefit.

Social Security benefits are based on your average monthly earnings over a 35-year period, adjusted for inflation. When Social Security determines your benefits, it separates your average earnings into three amounts and multiplies the amounts using three different factors. For example, if you turned 62 in 2011, the first $749 of your average monthly earnings would be multiplied by 90 percent, the next $4,517 would be multiplied by 32 percent, and any remainder by 15 percent.

If you are also eligible for a CalSTRS benefit, the 90 percent factor is reduced to 40 percent. The exact amount of the reduction is based on your years of substantial earnings covered under Social Security and adjusted every year. In 2011, the maximum reduction in Social Security benefits under the Windfall Elimination Provision is $374.50 per month if you were age 62 in 2010.

If you meet the 40-credit requirement, you should apply for Social Security, even though the benefit may be reduced. You are exempt from the Windfall Elimination Provision if

you were eligible to retire from CalSTRS before January 1, 1986, or if you have 30 or more years of substantial earnings under employment covered by Social Security. In 2010, substantial earnings were $19,800 annually. With 21 to 29 years of substantial earnings, the 90 percent factor is reduced on a sliding scale beginning at 45 percent for 21 years up to 85 percent for 29 years.

Government Pension Offset

The Government Pension Offset affects members expecting to receive a CalSTRS retirement benefit and a Social Security benefit as a current or former spouse, or widow or widower. Under this provision, your Social Security benefit will be reduced by two-thirds of your CalSTRS retirement benefit. If two-thirds of your CalSTRS benefit exceeds the amount of your spousal benefit from Social Security, you will not receive a cash benefit from Social Security. If your Social Security spousal benefit is higher than two-thirds of your CalSTRS benefit amount, you will receive the difference. Beneficiaries who are not eligible for a Social Security benefit may be eligible for Medicare as a spouse, widow or widower even if they are not insured for Medicare on their own.

You are exempt from the Government Pension Offset if you were eligible for CalSTRS benefits between December 1982 and June 1983 and were entitled to the Social Security spousal benefit before December 1977.

For More Information on Social Security

Due to the complexity of Social Security law and the formulas used in determining Social Security benefits, contact a Social Security representative to determine if these provisions or exceptions apply to your individual situation.

For publications on the Windfall Elimination Provision and the Government Pension Offset, contact the Social Security Administration at 800-772-1213 or visit socialsecurity.gov. See the calculators at socialsecurity.gov/retire2/qualify.htm.

Find more information at CalSTRS.com (select *Members*, then *Social Security, CalSTRS and You*).

Health Insurance

Health Insurance Premium Deductions

CalSTRS does not provide health or dental insurance coverage. California Education Code sections 7000-7008 require school districts to offer retiring CalSTRS members the option to continue their medical and dental insurance at their own cost. Your health insurance premiums may be partially or fully paid by your school district after retirement, depending on your collective bargaining agreement. Benefits vary from district to district. Contact your employer for more information.

CalSTRS may deduct health insurance premiums from your monthly retirement benefit and forward the premium to your insurance carrier, if your carrier has an agreement with us and your carrier submits the appropriate paperwork. If you are interested in a health insurance deduction, contact your employer's Human Resources.

To request this optional deduction, complete the *Insurance Premium Deduction Authorization* form, available at CalSTRS.com or by calling us.

Medicare Eligibility

While California educators do not pay into Social Security, most do pay the Medicare tax of 1.45 percent of gross earnings. Therefore, you may be eligible for premium-free Medicare Part A coverage on your own or through your spouse's employment.

Medicare Premium Payment Program

Under the CalSTRS Medicare Premium Payment Program, CalSTRS will pay your Medicare Part A premium if you are not otherwise eligible for premium-free Medicare Part A and you meet all of the following requirements:

- Are retired and receiving a monthly CalSTRS benefit (or receiving a CalSTRS disability benefit) from which Medicare premiums can be deducted.
- Retire before July 1, 2012. (The Teachers' Retirement Board has authority to extend this date.)
- Are age 65 or older.
- Are enrolled in both Medicare Part A and Part B.

Eligibility also depends on your retirement date and when your district held a Medicare division election. If your district completed a Medicare division election before January 1, 2001, your voting results will not be used to determine your eligibility. If your district completed or conducted a Medicare election after January 1, 2001, and before June 30, 2012, you must retire during or after the 10-day Medicare election period. In addition, if you are less than 58 years of age at the time of the election, you must have elected to be covered by Medicare. Check with your employer to determine if and when it conducted a Medicare election, or if it plans to conduct one.

CalSTRS will mail you an information packet about three months before your 65th birthday if you retire before age 65, or the month after you retire at age 65 or older.

Under federal law, you must also enroll in Medicare Part B when you turn age 65 and participate in the CalSTRS program. You will have to pay the Medicare Part B premium. If requested, CalSTRS can deduct Medicare Part B premiums from your monthly retirement benefit and forward the payment to the Centers for Medicare and Medicaid Services, the federal agency that administers Medicare. You have this option even if CalSTRS does not pay your Medicare Part A premiums. CalSTRS does not have a program for Medicare Part D.

See CalSTRS.com (select *Members*, then *Medicare Premium Payment Program)* for more information. Also visit medicare.gov or call 800-633-4227.

CalPERS Long-Term Care Program

You and certain family members may be eligible for the CalPERS Long-Term Care Program. Currently, however, the program is not accepting new enrollees.

Reduced Workload Program

The CalSTRS Reduced Workload Program (also known as the Willie Brown Act) allows eligible members to reduce their workload from full-time to part-time duties, defined as at least 50 percent of full time, for up to 10 years—normally the last 10 years before retirement. The opportunity to participate is available only if your employer offers the program.

Both your and your employer's contributions will be paid based on the full-time earnable compensation, rather than your actual part-time earnings while participating in the program. In addition, your employer will be required to pay a higher contribution rate for you to participate.

Because contributions are based on the full-time earnable compensation, you will receive full-time service credit while working less than full time. At retirement, your benefit will be calculated as if you continued to work full time, including determining your final compensation and service credit.

Eligibility

To be eligible for the program, you must be age 55 or older, have at least 10 years of service credit, and have been employed to perform creditable service on a full-time basis for five years immediately before entering the program. The agreement to reduce your workload must be in effect at the beginning of the school year.

After discussing the Reduced Workload Program with your employer and reviewing your qualifications, you must enter into a contractual agreement with your employer to participate in the program for the entire school year. You must enroll before the beginning of the school year.

Consequences

The consequences can be significant for failing to work at least 50 percent as required by the Reduced Workload Program. If you do not work at least one-half of the time your employer requires for full time, your service credit for the year will be calculated on actual time worked.

For example, a member who was employed 50 percent of full time had her pay docked because she became ill and ran out of sick leave. Consequently, she failed to perform creditable service for at least 50 percent of full time that year. Therefore, for that year, she would not be eligible to participate in the Reduced Workload Program. She would earn service credit for only the time worked.

NOTE

If you retire before the end of the school year, your contract under the Reduced Workload Program will be revoked, and you will receive service credit only for the part-time service you actually performed.

Retiring From Other Public Retirement Systems

If you are a Defined Benefit Program member age 55 or older and eligible to retire from certain other California public retirement systems, you may retire with fewer than five years of CalSTRS service credit if you retire concurrently from both systems. For details, see Section 6, "Your Retirement Benefit."

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6. Your Retirement Benefit

As you consider the decision to retire, you will need to address several questions. To help you find answers, attend the CalSTRS Retirement Check-Up Workshop. Then, before submitting your application for retirement, make an appointment with a CalSTRS benefits counselor to discuss your plans and receive an estimate of your retirement benefit. If you are considering filing for a disability benefit, see Section 8, "Disability Benefits."

Deciding When to Retire

You can retire as early as age 50 with at least 30 years of service credit, or you can retire at age 55 with at least five years of service credit, or less if your retirement is concurrent to your retirement under one of the public retirement systems listed on the next page.

In addition, at least one year of your service credit must have been performed after your most recent refund.

Reduced Benefit Election

If you are at least age 55, but under age 60, and have at least five years of service credit, you can apply for retirement under the Reduced Benefit Election (formerly the Limited-Term Reduction Program). You will receive one-half the monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, your retirement benefit amount will be the amount you would have received had you retired at age 60.

Due to the initial reduction in your retirement benefit, talk to a CalSTRS benefits counselor or use the calculator at CalSTRS.com/calculators to estimate your monthly retirement benefit before electing this program.

NOTE

Although annual benefit adjustments accrue for the Reduced Benefit Election, increases are not payable under this alternative program until you receive the normal service retirement benefit.

Retirement Incentive Program

School districts can offer the CalSTRS Retirement Incentive Program, which increases the monthly benefit for eligible members. Under this program, Defined Benefit members who are eligible to retire could receive two additional years of service credit.

Eligibility

You must be eligible for service retirement and retire from CalSTRS within the time period specified by your employer to take advantage of the incentive.

Before submitting your application for retirement, make an appointment with a CalSTRS benefits counselor to discuss your plans and receive an estimate of your retirement benefit.

Restrictions

The additional service credit given in the incentive program will not count toward eligibility for service retirement or the credit necessary for other CalSTRS benefit enhancements, such as the one-year final compensation and the career factor. Also, you cannot pay the cost of the benefit in lieu of your employer. CalSTRS will not grant partial benefits—your employer must fund the full two years of service credit.

Postretirement Employment

You will lose the ongoing increase in your benefit provided by the incentive if you do any of the following:

- Become an active member again by returning to CalSTRS-covered employment (reinstate).
- Receive unemployment within one year of the effective date of retirement.
- Return within five years to any employment, including substitute teaching or working as a teacher's aide, with the school district that granted you the incentive credit.

For More Information

Visit CalSTRS.com/calculators or call us to help you determine the potential boost to your retirement benefit.

The Retirement Incentive Program is offered at the discretion of employers.

Retiring From More Than One Public Retirement System

Defined Benefit Program members who are at least age 55 and eligible to retire from certain other California public retirement systems may retire with fewer than five years of CalSTRS service credit if they retire concurrently from both systems.

To receive concurrent benefits, you must retire on the same day from both systems. Or you may retire from CalSTRS first and a concurrent system later as long as you perform no service in the meantime.

CalSTRS may use the salaries for your service performed under the other retirement system to calculate your CalSTRS retirement benefit. However, if you perform creditable service with both retirement systems during the same pay period, CalSTRS is required by law to use the CalSTRS salaries in the retirement benefit calculation.

The other public retirement systems in California are the:

- California Public Employees' Retirement System.
- San Francisco Employees' Retirement System.
- University of California Retirement System.
- Legislators' Retirement System.
- Systems established under the County Employees' Retirement Law of 1937 (for a list of counties covered by this law, see the glossary, "County Employees' Retirement Law of 1937").

You should also check the retirement eligibility requirements for the other public systems.

How to Calculate Your Defined Benefit Retirement

The formula for calculating a Member-Only Defined Benefit retirement includes three elements:

Service Credit x Age Factor x Final Compensation = Member-Only Retirement Benefit

You will find a worksheet for estimating your Defined Benefit service retirement benefit on page 61.

The calculation of your service retirement benefit is different if you reinstate to active member status after receiving a service retirement or a disability benefit and then later take a service retirement. Contact us for details on retirement after reinstatement to active membership.

Ways to Increase Your Benefit

You can increase your retirement benefit by increasing one or more of the elements in the benefit calculation formula. For instance, you can increase your service credit by working longer or purchasing additional service credit.

In addition, by working longer and retiring later, you could increase your age factor, up to the maximum of 2.4 percent. See "Benefit Enhancements," also in this section.

Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation and for which you make contributions to the Defined Benefit Program. See your most recent *Retirement Progress Report* for your service credit reported through the previous June. In addition to credit for actual service, you may receive service credit for creditable compensation received for certain employer-approved leaves of absence.

Service credit also may be purchased under certain circumstances. See "Purchasing Additional Service Credit" later in this section.

Your service credit is one of the factors used to determine your eligibility for benefits payable under the Defined Benefit Program. For example, you must have a minimum of five years of service credit to be eligible for a service retirement benefit.

Service credit is used to calculate your service retirement benefit, as well as the surviving spouse or registered domestic partner benefit payable under both Coverage A and Coverage B. See "Survivor Benefits" in Section 9.

How Service Credit Is Calculated

For full-time educators, typically one year of service credit is earned for teaching one school year.

For part-time educators, service credit for one school year is the hours or days actually taught compared to the full-time equivalent, or what would be required if employed full time in that position. See "Benefits for Part-Time Educators" in Section 3.

Additional Duties

If you perform additional duties during the year, you will earn service credit in addition to the service credit earned for your normal full-time or part-time position. Additional duties include summer school and intersession, and activities such as yearbook editor, science club adviser and band director. You can also earn extra service credit for attending staff development days.

You can increase your retirement benefit by increasing one or more of the elements in the benefit calculation formula. For instance, you can increase your service credit by working longer or purchasing additional service credit.

Your contributions and most of your employer's contributions for service that exceed one full year will be transferred into your Defined Benefit Supplement account at the close of the fiscal year. They will not be credited to the Defined Benefit Program.

You cannot receive more than one year of service credit for any one school year.

Multiple Positions

If you are employed in multiple part-time or substitute positions for one or more CalSTRS employers during the school year, you may earn more than one year of service credit in a school year. At the end of the school year, CalSTRS will determine if you have service credit in excess of one year. If you do, you will receive one year of service in your Defined Benefit account—earned at the highest pay rates—and your and your employer's contributions for service in excess of one year will be credited to your Defined Benefit Supplement account.

See "Consider Final Compensation If Working for Multiple Employers" in Section 3.

Compensation for Excess Service

The compensation for service in excess of one year is not used in the calculation of your earnable compensation for the school year for final compensation purposes. This is because service compensation is not based on total earnings but on creditable compensation eligible for retirement purposes. If your employer adjusts the reported earnings after the school year ends, your Defined Benefit and Defined Benefit Supplement account balances may be adjusted in the following year.

Calculating Sick Leave Credit

Additional service credit for unused sick leave will be granted at retirement. If you are employed full time, it is determined by dividing the number of accumulated unused sick leave days, as certified by your last employer, by the number of base service days, excluding school and legal holidays, required to complete the last school year.

Accumulated days of unused sick leave
÷ Number of base days for full-time service
= Service credit amount granted

If you are employed part time, the base service days are calculated in proportion to the full-time equivalent.

Sick leave service credit cannot be used to meet eligibility requirements for service retirement. However, up to two-tenths of one year of unused sick leave may be used to qualify for the career factor, which is given for 30 or more years of service, and for the 25-year threshold for one-year final compensation.

Purchasing Additional Service Credit

You may be eligible to purchase service credit for past employment or an approved leave of absence for which CalSTRS retirement contributions were not made. For example, you may be able to purchase

service credit for part-time or substitute service in the California public school system before you became a CalSTRS Defined Benefit member. It is a good idea to compare the cost of additional service credit with the increase it would provide to your lifetime retirement income.

For more information or forms, see the *Purchase Additional Service Credit* brochure available at CalSTRS.com.

Permissive Service Credit

You may choose to purchase service credit for retirement purposes for specific service performed in the past, if the service has not been previously credited. Examples of permissive service include:

- Creditable service before becoming a CalSTRS Defined Benefit member.
- Employer-approved sabbatical leave.
- Certain active military leave before 1994.
- University of California or California State University teaching service not credited or purchasable under another retirement system.
- Employer-approved maternity or paternity leave.
- Out-of-state or foreign school education services performed in a public education position.
- Employer-approved leave covered under the federal Family and Medical Leave Act.

You may purchase a portion, rather than all, of any permissive service you have available. However, you cannot purchase service credit if you have received, or are eligible to receive, credit for the service in another public retirement system. You must complete payment for the service credit before the effective date of your retirement.

Estimating the Cost of Permissive Service Credit

The cost for permissive service credit depends on your age and your highest annual earnable compensation during the last three years. These costs are subject to change for new purchases each July.

To estimate the cost to purchase permissive service credit, go to CalSTRS.com/calculators or manually calculate your cost:

1. Multiply the number of years you want to purchase by the contribution rate for your age group.
2. Multiply the result by your highest earnable compensation during the last three years.

Age Group	Contribution Rate 7/1/10–6/30/11
20 – 29	17.1%
30 – 39	17.9%
40 – 49	21.0%
50 – 59	26.2%
60 – 69	29.6%
70 and over	24%

Nonqualified Service Credit

Active or inactive members who have earned at least five years of service credit may purchase up to five years of nonqualified service credit, also known as “air time.” It is not connected to any specific prior employment. Nonqualified service credit cannot be used to qualify for the career factor or the 25-year threshold for one-year final compensation. However, nonqualified service credit can be used to qualify for the 30-year service credit requirement for retirement between ages 50 and 55.

Nonqualified service credit purchases are calculated differently from purchases of other service credit. The cost to purchase nonqualified service credit will increase the closer you are to retirement and the higher your earnable compensation. Estimate the cost at CalSTRS.com/calculators.

Age Factor

The age factor is the percent of final compensation to which you are entitled for each year of service credit. This percentage is determined by your age on the last day of the month in which your retirement is effective. The age factor is set at 2 percent at age 60. It is decreased if you retire before age 60 and increased to a maximum of 2.4 percent if you retire after age 60. See the Age Factor Table on page 62.

Final Compensation

If you retire with 25 or more years of service credit, CalSTRS uses your highest one-year earnable compensation as the final compensation component in your retirement calculation. Unused sick leave in excess of two-tenths of one year, nonqualified service credit and retirement incentive credit cannot be used to qualify for the 25 years.

If you have fewer than 25 years of service credit, your final compensation is based on your highest average earnable compensation during any period of 36 consecutive months of paid employment covered by CalSTRS.

NOTE

Nonconsecutive final compensation is available if you received a salary reduction due to a reduction in school funds. Upon certification from your employer, CalSTRS will use any three nonconsecutive school years to determine final compensation.

Eligible classroom teachers with fewer than 25 years of service credit may use one-year final compensation if it is included in a written collective bargaining agreement and all costs are paid by the employer or the employee, or both.

Earnable Compensation

The annual earnable compensation for a school year is based on the gross monthly pay rates that could have been earned for creditable service performed on a full-time basis. Your gross earnable monthly pay rate per pay period is multiplied by the number of months in which you received compensation. If you plan to retire before the end of the school year, the annual earnable compensation for that year is prorated to your retirement date.

To learn how earnable compensation is calculated for part-time educators, see Section 3, "Benefits for Part-Time Educators."

CalSTRS will automatically determine your final compensation by searching your past 15 years of records.

If you work part time at more than one pay rate, your final compensation is equal to the sum of your earnings divided by the sum of your service credit earned during the final compensation period. In some cases, it may be more advantageous for you to designate an earlier period of time as the final compensation period. A benefits counselor can help you find the strategy that is best for you.

If you have earned creditable compensation at multiple pay rates during a school year and your service credit at the highest pay rate is at least equal to 90 percent of a school year, then your final compensation will be determined as if all service for that school year had been earned at that pay rate.

Mid-Year Retirement

If you retire in the middle of the school year, your final compensation may be lower than expected. This is because for a mid-year retirement, unless you have higher salaries earlier in your career, CalSTRS must include the monthly average of your prior year's salary as part of your final compensation calculation.

The calculation will have more of an effect if you have at least 25 years of service, since your final compensation is based on fewer months.

For example, if you earned $57,000 last school year and would have earned $60,000 this school year, and you have more than 25 years of service credit, your 12-month final

compensation for a retirement date in January would be:

$57,000 ÷ 12 = $ 4,750 x 6 months =	$28,500
$60,000 ÷ 12 = $ 5,000 x 6 months =	$30,000
	$58,500
$58,500 ÷ 12 =	**$ 4,875**

Your final compensation for your last 12 months would be $4,875 per month.

A mid-year retirement while working under the Reduced Workload Program may negatively affect your final compensation.

Additional assignments at a lower pay rate may also lower your final compensation if you retire mid-year. This is because your annual earnable compensation is prorated to your retirement date and is an average of the various pay rates you receive during that period.

See Section 3, "Benefits for Part-Time Educators."

Benefit Enhancements

You may qualify for one or more benefit enhancements that will increase your monthly benefit. You may use up to two-tenths of one year of unused sick leave credit to qualify for a benefit enhancement, but not to qualify for retirement.

To qualify for service retirement, you must meet the minimum age and service credit requirements without including unused sick leave credit, nonqualified service credit or Retirement Incentive Program credit.

Career Factor

A 0.2 percent career factor will be added to your age factor if you retire with at least 30 years of earned service credit up to the maximum age factor of 2.4 percent.

One-Year Final Compensation

If you have at least 25 years of service credit, the calculation for your final compensation will be based on your highest average earnable compensation for 12 consecutive months.

Longevity Bonus

The longevity bonus is a set dollar amount that will be permanently added to your monthly retirement benefit if you had at least 30 years of service credit on or before December 31, 2010.

The amount of longevity bonus for the Member-Only Benefit depends on your years of service credit at retirement, even if that service was performed after 2010:

If you earned:	You will receive monthly:
30 years	**$200**
31 years	**$300**
32 or more years	**$400**

The longevity bonus is:

- Included in the 2 percent annual benefit adjustment but not in the quarterly supplemental purchasing power protection benefit.
- Partially reduced if you elect an option.
- Partially reduced if you cancel a preretirement election of an option.

Benefit Enhancements

	How You Qualify	Effect on Benefit	
One-Year Final Compensation	25+ years of service credit	Use your one highest school year of salary as final compensation	
Career Factor	30+ years of service credit	Increase age factor by .2% to maximum of 2.4%	
Longevity Bonus	30+ years of service credit by December 31, 2010	**Number of Years at Retirement** 30 31 32 or more	**Increase** $200 $300 $400

Member-Only Benefit

The Member-Only Benefit is usually the highest monthly benefit available when you retire. However, it does not provide for a monthly income to your survivors.

The Member-Only Benefit provides a monthly benefit for your lifetime, but the benefit will stop after you die. Any contributions and interest remaining in your account at the time of your death, minus the total amount already paid to you, will be returned to your designated death benefit recipients.

To provide a monthly CalSTRS benefit to your beneficiaries after your death, you must elect an option. See "Protecting Your Survivors With a Lifetime Benefit."

Protecting Your Survivors With a Lifetime Benefit

To provide a lifetime monthly benefit to another person after you die, you can elect an option. An option allows you to distribute your retirement benefit over your life and the life of your option beneficiaries. Once you retire, your option election is irrevocable, except under certain limited circumstances. See "Adding, Changing or Canceling Your Option Election."

You can elect an option if you are eligible, but not yet ready, to retire. Making a preretirement election of an option provides a lifetime monthly benefit to your beneficiaries if you should die before retirement. See "Protecting Your Loved Ones Before You Retire" in Section 5.

NOTE

You cannot designate a trust, charity, estate, organization or other entity as your option beneficiary.

Option Choices

You can provide a monthly benefit for an option beneficiary by electing the 100% Beneficiary Option, the 75% Beneficiary Option or the 50% Beneficiary Option. You may also elect the Compound Option to provide for one or more option beneficiaries.

100% Beneficiary Option: Provides your option beneficiary with 100 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit.

75% Beneficiary Option: Provides your option beneficiary with 75 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit.

50% Beneficiary Option: Provides your option beneficiary with 50 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit.

Compound Option: Allows various choices. You may:

- Name one option beneficiary if you retain a portion of your benefit as a Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each and retain a portion of your benefit as a Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each and not retain any of your benefit as a Member-Only Benefit.

To find out how each option would affect your retirement benefit, make an appointment with a benefits counselor or use the *Retirement Benefit Calculator* at CalSTRS.com/calculators.

How Choosing an Option Changes Your Benefit

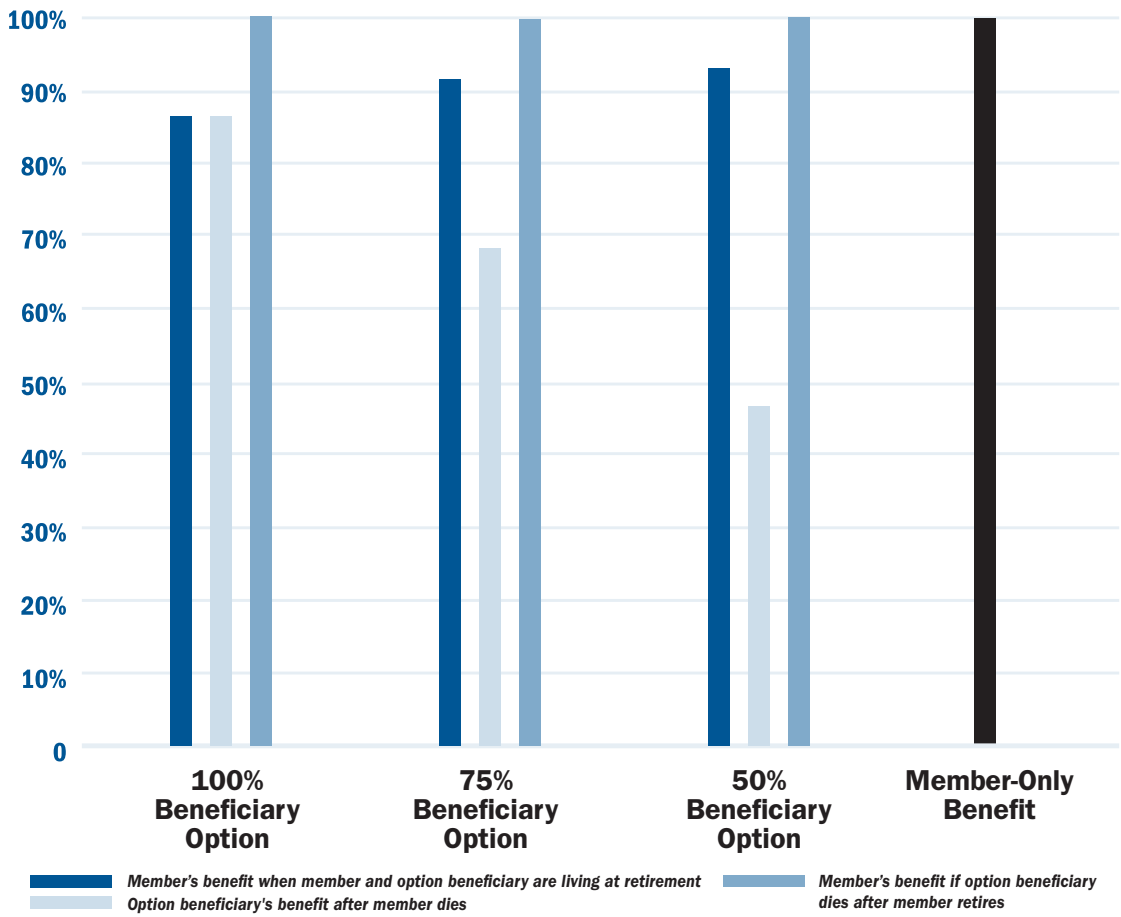
An option provides you with a reduced retirement benefit based on a percentage of your Member-Only Benefit. That percentage, called an option factor, is based on your age and the age of your option beneficiary on the effective date of your retirement or the time of your election of a preretirement option, and on the option you elect. For a sample range of option percentages, see the Option Factor Tables on pages 66-67.

If you choose an option at the time you retire, the option factor is determined by your age and the age of your option beneficiaries as of your effective date of retirement.

NOTE

The options factors will be decreasing for option beneficiary elections occurring on or after September 1, 2011.

Options Comparison Example



The percentages shown here are for a member, age 60, who designates an option beneficiary, age 57.

To find out how each option would affect your retirement benefit, use the *Retirement Benefit Calculator* at CalSTRS.com/calculators.

If you elect an option before retirement, the option factor when you retire will be the higher of the option factor in effect when the option was chosen or on the date of retirement. See "Protecting Your Loved Ones Before You Retire" in Section 5.

The option you elect determines the benefit your option beneficiary receives following your death.

For sample percentages of reduced benefits for each option, see the Options Comparison Example on previous page. Also see the Option Worksheets on page 63.

Adding, Changing or Canceling Your Option Election

Once you retire, you can change your option beneficiary only under the following four circumstances:

Death of Beneficiary: If your original option beneficiary dies after the effective date of your retirement, you may elect a new option beneficiary. To elect a new option beneficiary, complete the required form and submit a copy of the certified death certificate to CalSTRS. The appropriate reduction to your benefit will be made. Even if you do not choose to elect a new beneficiary, you must notify CalSTRS if your beneficiary dies after your retirement effective date and send us a copy of the death certificate.

If you elect a new option beneficiary, the election will be effective six months after CalSTRS receives the new designation. While you can name a new beneficiary, you cannot change the original option you elected.

Divorce: You may cancel your option election if your option beneficiary is your current or former spouse or registered domestic partner, and a final decree of dissolution of marriage or a judgment of nullity has been entered, or an order of separate maintenance has been made on or after January 1, 1978—and you are not required to keep your former spouse or partner as your option beneficiary.

You may elect to receive the Member-Only Benefit from the date we receive your notification. Or you may choose to elect one or more new option beneficiaries, which will result in a modification to your retirement benefit based on your age and the ages of your new option beneficiaries. The notification must include a certified copy of the final judgment, court order or any property settlement agreement.

While you can elect a new option beneficiary, you cannot change the original option you elected.

If the court order requires you to keep your former spouse as an option beneficiary for the community property share only, you may either elect additional option beneficiaries or keep the remaining portion of your retirement benefit as the Member-Only Benefit. Your choice must be consistent with the court order or judgment and must not result in any liability to CalSTRS.

NOTE

If you cancel your option election as a result of a divorce or termination of registered domestic partnership and you elect to receive your Member-Only Benefit, the amount that your Member-Only Benefit was previously reduced will not be reimbursed to you.

Spouse or Partner: If you had previously designated a person other than your current or former spouse or partner as your option beneficiary, you may cancel your option beneficiary election and designate your spouse or partner as your new option beneficiary.

If you elect a new option beneficiary, the election will be effective six months after CalSTRS receives the new designation. While you can name a new beneficiary, you cannot change the original option you elected.

Your benefit will be subject to an actuarial reduction based on your age and the age of your spouse or partner.

NOTE

You can name a new beneficiary if your original beneficiary dies, you divorce or terminate a registered domestic partnership, or your previous beneficiary was someone other than your current or former spouse or partner. You cannot change the option you elected.

Newly Married or Registered in Domestic Partnership: If you were unmarried or unregistered at retirement and receiving a Member-Only Benefit, you can choose an option and name your new spouse or partner as an option beneficiary if you later marry or register. You must be married or registered at least one year before electing the option and naming the option beneficiary. Your benefit will be subject to an actuarial reduction based on your age and the age of your spouse or partner.

Your new option election and beneficiary addition will be effective six months after CalSTRS receives the designation.

Nonspouse Option Beneficiary

Under federal law, if you name someone other than your spouse or a former spouse as your option beneficiary, the type of option you may elect depends on your age and the age of your option beneficiary:

- Under the 75% Beneficiary Option, your nonspouse option beneficiary cannot be more than exactly 19 years younger than you.
- Under the Compound Option, your nonspouse option beneficiary cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Option, or more than exactly 10 years younger than you under the 100% Beneficiary Option.

Federal age restrictions also apply to registered domestic partners and spouses of the same gender.

Benefit Adjustment

When you choose a new option or a new option beneficiary, an adjustment to your benefit will be made. Before changing your option or choosing a new option beneficiary, contact CalSTRS to obtain an estimate of your benefit based on the new choice. Your election is irrevocable once CalSTRS receives it.

See the Option Worksheets later in this section.

Defined Benefit Supplement Program

In addition to the Defined Benefit Program, Defined Benefit Supplement accounts have been accumulating contributions and interest since January 1, 2001. Your most recent *Retirement Progress Report* shows the total reported by your employer in your Defined Benefit Supplement account at the end of the last school year.

If you have less than $3,500 in your Defined Benefit Supplement account at the time you retire, you will receive the account balance as a lump-sum payment. Your lump-sum payment may be mailed directly to you or rolled over to a qualified plan. You may be able to roll over your account balance into CalSTRS Pension2.

If the amount is $3,500 or more, you have choices about how you would like to receive the funds, depending on whether you opted for the Member-Only Benefit or the Modified Benefit (50%, 75% or 100%).

Also see "Your Membership and Benefits" in Section 2. Calculate estimates of the various options and find examples starting on page 63.

Choices for a Member-Only Benefit

If you elect a Member-Only Benefit and have $3,500 or more in your Defined Benefit Supplement account, you have the following payment choices:

Lump-Sum Payment: A one-time payment of the total amount in your Defined Benefit Supplement account, either as a direct payment or as a rollover to a qualified plan.

Member-Only Annuity: A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipients.

Period-Certain Annuity: A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid—the fewer the years, the higher the amount payable. If you die before the annuity period ends, the remaining payments will be paid to your one-time death benefit recipients.

Combination of Lump-Sum Payment and Annuity: If your Defined Benefit Supplement account balance, less the lump-sum amount you elect, is $3,500 or more, you can choose a lump-sum payment and one of the annuities.

Choices for a Modified Benefit

If you elect the Modified Benefit and have $3,500 or more in your Defined Benefit Supplement account, you have the following payment choices:

Lump-Sum Payment: Provides a one-time payment of the total amount in your Defined Benefit Supplement account, as a direct payment or a rollover to a qualified plan.

100% Beneficiary Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

75% Beneficiary Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

50% Beneficiary Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

Period-Certain Annuity: Provides a monthly payment made for any number of whole years from three to 10 years. The monthly amount you receive is based on the number of years over which the annuity is paid—the lower the number of years, the higher the amount payable. If you die before the annuity period ends, the remaining payments will be paid to your one-time death benefit recipients.

Combination of Lump-Sum Payment and Annuity: Provides a lump-sum payment and one of the annuities. To elect this choice, you must have $3,500 or more in your Defined Benefit Supplement account minus your lump sum.

If you elect the Compound Option for your Defined Benefit retirement benefit, you may elect to receive your Defined Benefit Supplement benefit as one of the annuities. However, the annuity you elect will be the same for each of your annuity beneficiaries, and the apportionment of your benefit will remain the same as it is for your Defined Benefit election.

NOTE

Your Defined Benefit Supplement annuity beneficiary is the same person you designated as your Defined Benefit option beneficiary.

Nonspouse Defined Benefit Supplement Annuity Beneficiary

Under federal law, if you name someone other than your current or former spouse to be your annuity beneficiary, the type of option you may elect depends on your age and the age of your option beneficiary:

- Under the 75% Beneficiary Annuity, your nonspouse annuity beneficiary cannot be more than exactly 19 years younger than you.
- If you elect the Compound Option, your nonspouse annuity beneficiaries cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Annuity, or more than exactly 10 years younger than you under the 100% Beneficiary Annuity.

Federal age restrictions also apply to registered domestic partners and spouses of the same gender.

Guidelines for the Service Retirement Application Process

Your Retirement Guide provides step-by-step instructions and tear-out forms to apply for service retirement. Get the booklet early and refer to it as you plan and apply for retirement.

Application Timeline

The chart below shows a general timeline of events that may occur from up to a year before your retirement until you receive your first retirement benefit payment. Your specific timeline may differ, but this will give you a good idea of what to do and when.

Once you choose your retirement date, submit your application as early as possible, but no earlier than six months before your retirement date, to avoid delays that may occur during the peak months of April–July.

If you have not done so, attend the CalSTRS Retirement Check-Up Workshop and schedule an appointment with a benefits counselor. The busiest months for benefits counselors are April, May and June, so it may be easier to get an appointment earlier in the school year or during the summer before retirement. E-mail CalSTRS.com/contactus, use your *my*CalSTRS account or call us to schedule your appointment.

Service Retirement Application Timeline

What to Do	When
Step 1 Plan and research your retirement decisions.	10 to 12 months before your retirement date.
Step 2 Complete, sign, date and submit your *Service Retirement Application* and other forms.	CalSTRS must receive your signed *Service Retirement Application:* · No earlier than six months before your retirement date. · No later than the last day of the month in which you retire. For example, if you want a June 11, 2011, retirement date, you must submit your application no sooner than December 11, 2010, and CalSTRS must receive your application no later than June 30, 2011.
Step 3 CalSTRS sends your initial benefit payment.	Within 45 days of your retirement or the date your application is processed, whichever is later. Note: There could be changes in your monthly payment for several months beyond your retirement date as CalSTRS receives and processes additional information from your employer.

☐ Obtain the *Service Retirement Application*

At least six months before your retirement date, contact CalSTRS, your employer or your county office of education to obtain the current *Your Retirement Guide* booklet. The booklet contains the forms and information you need to apply for a service retirement benefit.

☐ Complete the Application

Complete the *Service Retirement Application* and any other forms, but do not submit them earlier than six months before your retirement date. CalSTRS must receive your application no later than the last day of the month in which your retirement is to become effective.

Whether you choose the Member-Only Benefit or the Modified Benefit, it will be your final election unless you notify us in writing no later than the last day of the month in which your retirement is to become effective.

☐ Complete and Return the *Recipient Designation* Form

Always keep your CalSTRS one-time death benefit recipient information up to date, even after you retire. This designation applies to the one-time death benefit payable upon your death and is *not* related to the election of an option beneficiary.

☐ Verify Dates of Birth and Marriage or Registration as a Domestic Partner

If you elect an option, you must submit documentation verifying the date of birth of your option beneficiaries unless they are CalSTRS members. Under some circumstances, CalSTRS will request verification of your birth date. Acceptable documentation includes clear, unaltered photocopies of one of the following:

- Certified birth record
- Passport photo ID page
- Certain military IDs

If any name has been changed from the name shown on the record of birth, CalSTRS requires a copy of the certified marriage certificate or court order documenting the change.

If you have the birth and marriage certificates required for election of an option, enclose copies with your application. However, do not postpone submitting your application until you obtain the required documents.

If a required document cannot be secured, forward the notice you receive from the official record keeper showing that no record is available. CalSTRS will help you obtain other acceptable documentation.

☐ Submit Your Application

Hand deliver your application to a CalSTRS benefits counseling office. See page 36 for a current listing of offices.

Mail to:

CalSTRS
P.O. Box 15275, MS 65
Sacramento, CA 95851-0275

Fax to:
916-414-5964 or
916-414-5965

Overnight or special mailing service to:

CalSTRS
Member Services
100 Waterfront Place
West Sacramento, CA 95605

☐ Plan Ahead

CalSTRS must receive your application no later than the last day of the month in which you are requesting to retire.

NOTE

Do not submit your application to your employer. Your employer is not responsible for submitting your retirement application to CalSTRS–you are. You will need to notify your employer that you intend to retire and complete any forms your employer requires. CalSTRS will not notify your employer of your retirement.

What to Expect From CalSTRS

Acknowledgment Letter

CalSTRS will typically process your application within three weeks and send you an acknowledgment letter. It may take longer during peak times, typically spring and summer, when we receive a large number of applications. In these cases, applications of those closest to retirement are processed first.

Estimated Retirement Benefit Letter

CalSTRS will send you a letter detailing your monthly estimated benefit before issuing your first benefit payment.

Your Retirement Benefit

CalSTRS will issue your first monthly benefit within 45 days after the effective date of retirement or the date your application is processed—whichever is later. You will receive your Defined Benefit Supplement funds as a separate payment, whether you request a lump sum or a monthly annuity.

Adjustment Letters

Your employer may send CalSTRS information after your retirement date, possibly relating to unused sick leave, a retirement incentive or additional salary information. This information could affect your service credit or final compensation and may adjust your monthly benefit. These adjustments will be made effective as of your retirement date. When these changes occur, CalSTRS will send you a letter detailing any changes. It takes approximately six months after your effective retirement date for CalSTRS to receive and process all updates from your employer. If a retroactive amount is due, it will be paid shortly after an adjustment letter is mailed.

Adjustment letters will also show the total amount of your contributions as a Defined Benefit member. You should save the last letter to assist in determining your income tax liability.

Signing Up for Direct Deposit

For the quickest access to your monthly retirement payment, sign up for CalSTRS direct deposit service. Funds will be deposited into an account at any U.S. financial institution you choose. Direct deposit is the fastest, safest and most convenient method of receiving your monthly payment:

- Fast because your money is deposited immediately and automatically into your account. If your check is sent to your home, there is a delay from the time the check is mailed to the time you can access your money.
- Safe because your money goes from one source directly to the other electronically. You do not have to worry about a check being stolen, lost or delayed in the mail.
- Convenient because your money is automatically deposited in your financial institution. This is particularly important if you do not have easy access to your financial institution.

With direct deposit, your money is credited electronically to your bank account on the day your check is issued. You may view your benefit payment stub online by registering for *my*CalSTRS at CalSTRS.com. To receive a payment stub by mail, contact us.

Sign up for direct deposit from your *my*CalSTRS account. You can also find the *Direct Deposit Authorization* form at CalSTRS.com (select *Forms & Publications*). If you later change your bank, you can update your direct deposit instructions using your *my*CalSTRS account or by submitting a new form.

Worksheets

Benefit Estimate Worksheet

Learn more about your benefits by attending a workshop to prepare for your retirement. If you still have questions, make an appointment to talk to a CalSTRS benefits counselor.

Your Estimate	
You plan to retire at age	_____
Step 1: Determine Service Credit and Age Factor	
Service Credit *(years of service)*	= _____
Age Factor *(See Age Factor Table, next page.* *If applicable, include career factor.)*	= _____
Step 2: Determine Final Compensation	
Enter your highest three consecutive school years of earnable compensation (or one-year final compensation, if eligible). See "Final Compensation" on page 50.	
	$ _____
	$ _____
	$ _____
Total Earnable Compensation	= $ _____
(if eligible, use one-year final compensation ÷ 12 months)	÷ 36 months
Monthly Final Compensation	= $ _____
Step 3: Calculate Benefit	
Service Credit	_____
x Age Factor	x _____
x Final Compensation	x _____
+ Longevity Bonus *(if eligible)*	+ _____
Your Member-Only Monthly Benefit	**= $ _____**

Example	
Mary is retiring at age 60 with 24.250 years of service.	
Step 1: Determine Service Credit and Age Factor	
Service Credit *(years of service)*	= 24.250
Age Factor *(based on Mary's age at retirement, see Age Factor Table, next page)*	= 2%
Step 2: Determine Final Compensation	
Mary's highest three consecutive school years of earnable compensation	
2009–2010	$ 48,000
2008–2009	$ 47,000
2007–2008	$ 45,000
Total Earnable Compensation	= $ 140,000
	÷ 36 months
Monthly Final Compensation	= $ 3,888.89
Step 3: Calculate Benefit	
Service Credit	24.250
x Age Factor	x .02
x Final Compensation	x $3,888.89
+ Longevity Bonus *(if eligible)*	0
Mary's Member-Only Monthly Benefit	**= $ 1,886.11**

Age Factor Table

The age factor is a percentage determined by your age in years and months on the last day of the month in which your retirement is effective. The age factor is increased by a career factor of 0.2 percent if you have 30 or more years of service credit on the day you retire.

The age factor equals 2 percent at age 60.

From age 55 to 60, the factor is reduced by 0.01 (one one-hundredth) of a percent for each month or fraction of a month in which you are under age 60. For example, if you are age 55 and six months when you retire, your age factor is 1.46 percent.

Between ages 60 and 63, the 2 percent age factor is increased by 0.033 of a percent for each quarter year of age you are over age 60, up to a maximum age factor of 2.4 percent.

If you qualify for the 0.2 percent career factor by having at least 30 years of service credit, you reach the maximum age factor of 2.4 percent at age 61 and six months.

Age Factor Table (expressed as percentages)

	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
63	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
62	2.267	2.267	2.267	2.300	2.300	2.300	2.333	2.333	2.333	2.367	2.367	2.367
61	2.133	2.133	2.133	2.167	2.167	2.167	2.200	2.200	2.200	2.233	2.233	2.233
60	2.00	2.00	2.00	2.033	2.033	2.033	2.067	2.067	2.067	2.100	2.100	2.100
59	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99
58	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87
57	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75
56	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63
55	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51
54	1.34	1.345	1.35	1.355	1.36	1.365	1.37	1.375	1.38	1.385	1.39	1.395
53	1.28	1.285	1.29	1.295	1.30	1.305	1.31	1.315	1.32	1.325	1.33	1.335
52	1.22	1.225	1.23	1.235	1.24	1.245	1.25	1.255	1.26	1.265	1.27	1.275
51	1.16	1.165	1.17	1.175	1.18	1.185	1.19	1.195	1.20	1.205	1.21	1.215
50	1.10	1.105	1.11	1.115	1.12	1.125	1.13	1.135	1.14	1.145	1.15	1.155

Note: You must have 30 years of service credit to retire between the ages of 50 and 55.

Career Factor

If you have 30 or more years of service credit, add 0.2 percent to the age factor on the chart above.
The maximum age factor with the career factor is 2.4 percent.

Example:	Age	Without Career Factor	With Career Factor	
	61 – 3 mos.	2.167%	2.367%	
	61 – 9 mos.	2.23%	2.400%*	** Maximum age factor*

Option Worksheets

If you are considering an option, use these worksheets to estimate your own reduced retirement benefit, using the Age Factor and Option Factor tables. You can also get a benefit estimate at CalSTRS.com/calculators.

NOTE

These examples are based on factors taken from the Option Factor Tables later in this section and applied to the Member-Only Benefit calculated on page 61. Minor differences may occur when actual calculations are performed as your age and the age of your option beneficiary are based on the nearest quarter year of age.

The examples show reduced retirement benefits based on both you and your option beneficiary being age 60 on the effective date of retirement.

100% Beneficiary Option

Under the 100% Beneficiary Option, upon your death, your option beneficiary will continue to receive the same reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example		Your Estimate
$1,886.11 *(payable to you upon the death of your option beneficiary)*		$
x Option Factor* .891		x
= 100% Beneficiary Option Benefit to you or your option beneficiary	$1,680.52	$

75% Beneficiary Option

Under the 75% Beneficiary Option, upon your death, your option beneficiary will receive 75 percent of the reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example		Your Estimate
$1,886.11 *(payable to you upon the death of your option beneficiary)*		$
x Option Factor* .925		x
= 75% Beneficiary Option Benefit to you	$1,744.65	$
75% to your option beneficiary	$1,308.49	$

50% Beneficiary Option

Under the 50% Beneficiary Option, upon your death, your option beneficiary will receive 50 percent of the reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example		Your Estimate
$1,886.11 *(payable to you upon the death of your option beneficiary)*		$
x Option Factor* .951		x
= 50% Beneficiary Option Benefit to you	$1,793.69	$
50% to your option beneficiary	$ 896.85	$

** To find the option factor, find your age, your option beneficiary's age and option number starting on page 66. Option factors will be decreasing for option beneficiary elections on or after September 1, 2011.*

Compound Option

Under the Compound Option, you will receive a reduced retirement benefit. When you die, your option beneficiaries will each receive a reduced benefit as provided by the calculation formula used according to each option elected. You may elect two or more beneficiaries under the Compound Option, or you may elect one beneficiary and retain a portion as Member-Only.

Following the example below, use the worksheet on the following page to estimate how much you and your option beneficiaries will receive if you elect this option.

Use additional worksheets if electing more than two option beneficiaries.

Compound Option Example

	Member	Beneficiary 1	Beneficiary 2
1. Your Member-Only Benefit	$1,886.11		
2. Percentages of Member-Only Benefit allotted as Member-Only to you (if any) and to each beneficiary	40%	40%	20%
3. Amount of Member-Only Benefit allotted to you and each beneficiary *(multiply #1 by #2)*	$754.44	$754.44	$377.22
4. Option selected for each beneficiary		50% Beneficiary Option	75% Beneficiary Option
5. Age	60	60	45
6. Option factor *(using the Option Factor Tables, locate factor based on your age, your beneficiary's age and option)*		.951	.876
7. Reduced benefit to member *(multiply amounts in #3, columns 2 and 3, by #6, columns 2 and 3, respectively)*		$717.47	$330.44
8. Benefit to each option beneficiary upon your death *(multiply #7 by #4)*		$358.74	$247.83
9. Your reduced benefit *(add amounts in #7 to column 1 of #3)*	$754.44 + $717.47 + $330.44 = **$1,802.35**		

Compound Option Worksheet			
Your Estimate	**Member**	**Beneficiary 1**	**Beneficiary 2**
1. Your Member-Only Benefit	$		
2. Percentages of Member-Only Benefit allotted as Member-Only to you (if any) and to each beneficiary*	%	%	%
3. Amount of Member-Only Benefit allotted to you and each beneficiary *(multiply #1 by #2)*	$	$	$
4. Option selected for each beneficiary			
5. Age**			
6. Option factor *(using the Option Factor Tables, locate factor based on your age, your beneficiary's age and option)*†			
7. Reduced benefit to member *(multiply amounts in #3, columns 2 and 3, by #6, columns 2 and 3, respectively)*		$	$
8. Benefit to each option beneficiary upon your death *(multiply #7 by #4)*		$	$
9. Your reduced benefit *(add amounts in #7 to column 1 of #3)*	$		

**Percentages assigned to all option beneficiaries and the percentage, if any, retained as Member-Only must equal 100 percent.*

***See page 55 for age restrictions for nonspouse option beneficiaries.*

†To find the option factor, find your age, your option beneficiary's age and option selection starting on page 66. The option factors will be decreasing for option beneficiary elections on or after September 1, 2011.

Service Retirement Option Factor Tables

MBR	BEN	100% Option	75% Option	50% Option
55	5	0.830	0.873	0.913
55	10	0.832	0.875	0.914
55	15	0.835	0.877	0.916
55	20	0.839	0.880	0.918
55	25	0.844	0.885	0.922
55	30	0.851	0.891	0.926
55	35	0.861	0.898	0.931
55	40	0.872	0.907	0.938
55	45	0.886	0.918	0.946
55	50	0.902	0.931	0.954
55	55	0.918	0.944	0.963
55	60	0.934	0.956	0.971
55	65	0.948	0.966	0.978
55	70	0.960	0.975	0.984
56	5	0.819	0.865	0.907
56	10	0.822	0.866	0.908
56	15	0.825	0.869	0.910
56	20	0.829	0.872	0.913
56	25	0.834	0.877	0.916
56	30	0.841	0.883	0.920
56	35	0.850	0.890	0.926
56	40	0.862	0.900	0.932
56	45	0.876	0.911	0.941
56	50	0.892	0.924	0.950
56	55	0.910	0.938	0.959
56	60	0.927	0.951	0.968
56	65	0.943	0.963	0.976
56	70	0.956	0.972	0.982
57	5	0.809	0.856	0.901
57	10	0.811	0.858	0.902
57	15	0.814	0.860	0.904
57	20	0.818	0.864	0.907
57	25	0.823	0.868	0.910
57	30	0.830	0.874	0.914
57	35	0.839	0.882	0.920
57	40	0.851	0.892	0.927
57	45	0.866	0.903	0.935
57	50	0.883	0.917	0.945
57	55	0.901	0.931	0.955
57	60	0.919	0.945	0.964
57	65	0.936	0.958	0.973
57	70	0.951	0.969	0.980
58	5	0.797	0.847	0.894
58	10	0.799	0.849	0.896
58	15	0.802	0.851	0.898
58	20	0.806	0.855	0.900
58	25	0.811	0.859	0.903
58	30	0.818	0.865	0.908
58	35	0.828	0.873	0.913
58	40	0.840	0.883	0.921
58	45	0.854	0.895	0.929
58	50	0.872	0.909	0.939
58	55	0.891	0.924	0.950
58	60	0.911	0.939	0.960
58	65	0.929	0.953	0.970
58	70	0.945	0.965	0.978

MBR	BEN	100% Option	75% Option	50% Option
59	5	0.785	0.838	0.887
59	10	0.787	0.840	0.889
59	15	0.790	0.842	0.891
59	20	0.794	0.845	0.893
59	25	0.799	0.850	0.896
59	30	0.806	0.856	0.901
59	35	0.815	0.864	0.907
59	40	0.827	0.874	0.914
59	45	0.843	0.886	0.923
59	50	0.860	0.900	0.933
59	55	0.881	0.916	0.945
59	60	0.901	0.933	0.956
59	65	0.921	0.948	0.966
59	70	0.939	0.961	0.975
60	5	0.772	0.828	0.880
60	10	0.774	0.829	0.881
60	15	0.777	0.832	0.883
60	20	0.781	0.835	0.886
60	25	0.786	0.840	0.889
60	30	0.793	0.846	0.894
60	35	0.802	0.854	0.899
60	40	0.814	0.864	0.907
60	45	0.830	0.876	0.916
60	50	0.848	0.891	0.927
60	55	0.869	0.908	0.939
60	60	0.891	0.925	0.951
60	65	0.912	0.942	0.962
60	70	0.932	0.956	0.972
61	5	0.758	0.817	0.872
61	10	0.761	0.819	0.874
61	15	0.763	0.821	0.875
61	20	0.767	0.825	0.878
61	25	0.772	0.829	0.881
61	30	0.779	0.835	0.886
61	35	0.789	0.843	0.892
61	40	0.801	0.853	0.899
61	45	0.816	0.866	0.909
61	50	0.835	0.881	0.920
61	55	0.856	0.899	0.932
61	60	0.880	0.917	0.945
61	65	0.903	0.935	0.958
61	70	0.923	0.951	0.968
62	5	0.744	0.806	0.864
62	10	0.746	0.808	0.865
62	15	0.749	0.810	0.867
62	20	0.753	0.814	0.870
62	25	0.758	0.818	0.873
62	30	0.765	0.824	0.878
62	35	0.774	0.832	0.884
62	40	0.786	0.842	0.891
62	45	0.802	0.855	0.901
62	50	0.821	0.871	0.913
62	55	0.843	0.889	0.926
62	60	0.867	0.909	0.939
62	65	0.892	0.928	0.953
62	70	0.915	0.945	0.964

MBR	BEN	100% Option	75% Option	50% Option
63	5	0.730	0.794	0.855
63	10	0.732	0.796	0.856
63	15	0.734	0.799	0.858
63	20	0.738	0.802	0.861
63	25	0.743	0.806	0.864
63	30	0.750	0.812	0.869
63	35	0.759	0.820	0.875
63	40	0.771	0.831	0.883
63	45	0.787	0.844	0.893
63	50	0.806	0.860	0.905
63	55	0.829	0.879	0.918
63	60	0.854	0.900	0.933
63	65	0.880	0.920	0.947
63	70	0.905	0.939	0.960
64	5	0.714	0.782	0.846
64	10	0.716	0.784	0.847
64	15	0.719	0.786	0.849
64	20	0.722	0.790	0.852
64	25	0.727	0.794	0.855
64	30	0.734	0.800	0.860
64	35	0.743	0.808	0.866
64	40	0.755	0.818	0.874
64	45	0.771	0.832	0.884
64	50	0.790	0.848	0.896
64	55	0.814	0.868	0.910
64	60	0.840	0.889	0.926
64	65	0.867	0.911	0.941
64	70	0.894	0.932	0.955
65	5	0.698	0.769	0.836
65	10	0.700	0.771	0.837
65	15	0.702	0.774	0.839
65	20	0.706	0.777	0.842
65	25	0.711	0.781	0.845
65	30	0.718	0.787	0.850
65	35	0.727	0.795	0.856
65	40	0.738	0.805	0.864
65	45	0.754	0.819	0.874
65	50	0.773	0.836	0.887
65	55	0.797	0.856	0.902
65	60	0.825	0.879	0.918
65	65	0.854	0.902	0.935
65	70	0.882	0.924	0.950
66	5	0.681	0.756	0.826
66	10	0.683	0.758	0.827
66	15	0.685	0.760	0.829
66	20	0.689	0.763	0.831
66	25	0.694	0.768	0.835
66	30	0.700	0.774	0.840
66	35	0.709	0.782	0.846
66	40	0.721	0.792	0.854
66	45	0.736	0.806	0.864
66	50	0.756	0.823	0.877
66	55	0.780	0.843	0.893
66	60	0.808	0.867	0.910
66	65	0.838	0.892	0.928
66	70	0.869	0.916	0.944

MBR	BEN	100% Option	75% Option	50% Option
67	5	0.663	0.742	0.815
67	10	0.665	0.744	0.816
67	15	0.668	0.746	0.818
67	20	0.671	0.749	0.821
67	25	0.676	0.754	0.824
67	30	0.682	0.760	0.829
67	35	0.691	0.767	0.835
67	40	0.703	0.778	0.843
67	45	0.718	0.792	0.854
67	50	0.738	0.809	0.867
67	55	0.762	0.830	0.883
67	60	0.791	0.854	0.901
67	65	0.822	0.881	0.920
67	70	0.854	0.906	0.938
68	5	0.645	0.728	0.803
68	10	0.647	0.729	0.805
68	15	0.650	0.732	0.807
68	20	0.653	0.735	0.809
68	25	0.658	0.739	0.813
68	30	0.664	0.745	0.817
68	35	0.672	0.753	0.824
68	40	0.684	0.763	0.832
68	45	0.699	0.777	0.843
68	50	0.718	0.794	0.856
68	55	0.743	0.816	0.873
68	60	0.772	0.841	0.891
68	65	0.805	0.869	0.911
68	70	0.839	0.896	0.931
69	5	0.627	0.713	0.791
69	10	0.629	0.715	0.793
69	15	0.631	0.717	0.795
69	20	0.634	0.720	0.797
69	25	0.639	0.724	0.801
69	30	0.645	0.730	0.805
69	35	0.653	0.738	0.812
69	40	0.665	0.748	0.820
69	45	0.679	0.762	0.831
69	50	0.699	0.779	0.845
69	55	0.723	0.801	0.862
69	60	0.753	0.827	0.881
69	65	0.787	0.856	0.902
69	70	0.823	0.885	0.923
70	5	0.608	0.697	0.779
70	10	0.610	0.699	0.780
70	15	0.612	0.701	0.782
70	20	0.615	0.704	0.785
70	25	0.620	0.709	0.788
70	30	0.626	0.714	0.793
70	35	0.634	0.722	0.799
70	40	0.645	0.732	0.807
70	45	0.659	0.746	0.818
70	50	0.679	0.763	0.832
70	55	0.703	0.786	0.850
70	60	0.733	0.812	0.870
70	65	0.768	0.842	0.892
70	70	0.805	0.873	0.915

Note: These option factors will be decreasing for option beneficiary elections on or after September 1, 2011.

Defined Benefit Supplement Annuity Calculation Estimates

Member-Only Annuity

This provides a lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipients.

Defined Benefit Supplement Account Balance	Your Age at Retirement			
	50	55	60	65
$3,500	$24	$25	$27	$28
$5,000	$35	$36	$38	$41
$7,500	$53	$55	$57	$61
$10,000	$70	$73	$77	$82
$15,000	$105	$110	$115	$123
$20,000	$141	$146	$154	$164
$25,000	$176	$183	$192	$205

Defined Benefit Supplement 100% Beneficiary Annuity

This choice provides a monthly annuity for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your benefit will rise to the Member-Only annuity amount.

Defined Benefit Supplement Account Balance	Your Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
$3,500	$23	$23	$24	$24	$23	$23	$24	$24	$23	$23	$24	$24	$23	$24	$24	$25
$5,000	$32	$33	$33	$33	$33	$34	$34	$35	$33	$34	$34	$35	$32	$33	$34	$35
$7,500	$49	$50	$50	$51	$49	$50	$51	$51	$50	$51	$52	$53	$50	$51	$52	$54
$10,000	$66	$67	$68	$68	$66	$67	$68	$69	$67	$68	$70	$71	$66	$68	$69	$71
$15,000	$99	$100	$101	$102	$100	$101	$103	$104	$100	$102	$104	$106	$100	$102	$105	$108
$20,000	$133	$134	$135	$137	$133	$135	$137	$139	$133	$136	$139	$141	$132	$136	$139	$143
$25,000	$166	$167	$169	$170	$167	$169	$171	$174	$167	$170	$174	$177	$166	$170	$175	$180

Note: The Defined Benefit Supplement annuity estimates above are not valid for CalSTRS disability benefit recipients. These amounts will be decreasing for annuity beneficiary elections made on or after September 1, 2011.

Defined Benefit Supplement 75% Beneficiary Annuity

This choice provides a monthly annuity for your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your benefit will rise to the Member-Only annuity amount.

Defined Benefit Supplement Account Balance	Your Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
$3,500	$24	$24	$24	$24	$24	$24	$25	$25	$24	$25	$25	$26	$25	$25	$26	$26
$5,000	$34	$34	$34	$35	$34	$35	$35	$36	$35	$35	$36	$37	$35	$36	$37	$38
$7,500	$51	$51	$52	$52	$52	$52	$53	$53	$52	$53	$54	$55	$53	$54	$55	$56
$10,000	$68	$68	$69	$69	$69	$70	$70	$71	$70	$71	$72	$73	$71	$72	$74	$75
$15,000	$102	$103	$103	$104	$103	$104	$105	$106	$105	$106	$108	$110	$106	$108	$111	$113
$20,000	$136	$137	$138	$138	$138	$139	$141	$142	$140	$142	$144	$146	$142	$144	$147	$151
$25,000	$170	$171	$172	$173	$172	$17	$176	$177	$175	$177	$180	$183	$177	$180	$184	$188

Note: The Defined Benefit Supplement annuity estimates above are not valid for CalSTRS disability benefit recipients. These amounts will be decreasing for annuity beneficiary elections made on or after September 1, 2011.

Defined Benefit Supplement 50% Beneficiary Annuity

This choice provides a monthly annuity for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your benefit will rise to the Member-Only annuity.

Defined Benefit Supplement Account Balance	Your Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
$3,500	$24	$24	$24	$24	$25	$25	$25	$25	$25	$25	$25	$26	$27	$27	$27	$28
$5,000	$34	$34	$34	$34	$35	$35	$36	$36	$36	$36	$37	$37	$37	$38	$38	$39
$7,500	$51	$52	$52	$52	$52	$53	$53	$54	$55	$55	$56	$56	$57	$58	$59	$60
$10,000	$69	$69	$69	$70	$70	$71	$71	$72	$73	$74	$75	$76	$76	$77	$78	$79
$15,000	$103	$103	$104	$104	$106	$107	$107	$108	$110	$111	$112	$113	$114	$116	$117	$119
$20,000	$138	$139	$139	$140	$141	$142	$143	$144	$146	$147	$149	$150	$152	$154	$156	$158
$25,000	$172	$173	$174	$174	$177	$178	$179	$180	$183	$185	$187	$189	$190	$193	$196	$199

Note: The Defined Benefit Supplement annuity estimates above are not valid for CalSTRS disability benefit recipients. These amounts will be decreasing for annuity beneficiary elections made on or after September 1, 2011.

7. After You Retire

Annual Benefit Adjustment

State law provides for an automatic benefit increase equal to 2 percent of your initial benefit, beginning on September 1 after the first anniversary of your retirement. The adjustment will appear in your October 1 payment. These adjustments are not compounded or tied to changes in the cost of living.

The California Legislature can reduce or eliminate the amount of the annual benefit adjustment for new and existing members, even if they have already retired, if economic conditions dictate.

Purchasing Power Protection

Purchasing power is a measurement of how your retirement benefit keeps pace with inflation. For example, if your benefit stays the same, but prices have doubled, your purchasing power is only 50 percent of what it was.

In addition to the annual benefit adjustment, two types of postretirement benefit enhancements support the purchasing power of retired CalSTRS members:

- One-year supplemental benefit payments, payable in quarterly installments. CalSTRS makes these payments to retired members and beneficiaries whose benefits have fallen below a certain level of purchasing power. Purchasing power protection level is currently set at up to 85 percent of your initial benefit.
- The Legislature occasionally grants ad hoc, or one-time, permanent increases to your monthly benefit.

Medicare Premium Payment Program

Under the CalSTRS Medicare Premium Payment Program, CalSTRS will pay your Medicare Part A premium if you are not eligible for premium-free Medicare Part A and meeting the CalSTRS requirements. See "Medicare Premium Payment Program" in Section 5.

Working After Retirement

Your only restriction on working after service retirement is within the California public school system. State law prohibits retired members from working in a classified position except, under certain circumstances, as a teacher's aide.

Purchasing power is a measurement of how your retirement benefit keeps pace with inflation.

The law restricts the amount you can earn without affecting your CalSTRS retirement benefit if you work in a CalSTRS-covered position as an employee of a public school district, an independent contractor, or an employee of a third party.

If you received additional service credit under the CalSTRS Retirement Incentive Program, you will lose the additional service credit if you return to work within five years of retirement for the employer that offered the incentive.

Separation From Service Requirement

Federal law prohibits pension plans from distributing benefits before either the normal retirement age or a separation from service. To ensure that separation from service has occurred, if you are under age 60, your CalSTRS retirement benefit will be reduced by the amount that you earn in CalSTRS-covered employment for six months immediately following your retirement effective date or until your 60th birthday, whichever is sooner. The requirement for this deduction began July 1, 2010, regardless of your retirement date. There are no exemptions.

Earnings Limit

If you return to work in a CalSTRS-covered position, there is a limit to the amount you can earn in a school year without affecting your benefit. Your CalSTRS benefit will be reduced dollar for dollar by the amount of creditable earnings from public school employment in excess of the earnings limit.

If you are under age 60 and do not have a separation from service, you will be subject to the earnings limit as well as the separation of service requirement.

The Teachers' Retirement Board adjusts the earnings limit annually. The earnings limit for the 2010-11 school year is $31,020.

Exemptions From the Earnings Limit

You may qualify for an earnings limit exemption under certain circumstances. Contact your employer if you believe you qualify. If you are under age 60, however, there are no exemptions from the separation from service requirement.

In most cases, your employer must submit documentation to substantiate your eligibility for an exemption by June 30 of the applicable school year. It is up to you to contact your employer to verify that the required documentation has been submitted.

CalSTRS has the final authority to approve an exemption request. Keep in mind you are subject to the earnings limit unless CalSTRS approves your exemption.

The following postretirement earnings are exempt from the earnings limit subject to CalSTRS approval:

- If you do not perform CalSTRS-covered employment for at least 12 consecutive months after your most recent retirement, you are automatically exempt from the earnings limit (this exemption does not require employer documentation).
- If you retired on or before January 1, 2009, and return to any of the following:
  - » Provide direct instruction in a K-12 classroom.
  - » Provide direct remedial education in a classroom for grades 2 through 12.
  - » Support or assess new teachers in the Beginning Teacher Support and Assessment Program.
  - » Provide support to individuals completing student teaching assignments, in alternate certification programs or in the School Paraprofessional Teacher Training Program.
  - » Provide pupil services and instruction in Special Education or instruction in English Language Learner programs.
- If you return to work as a trustee or administrator for a financially insolvent employer, or under the Immediate Intervention/Underperforming Schools

Program or the High Priority Schools Grant Program (this exemption is limited to a 24-month term).

- If you return to work in certain emergency situations in an administrative position requiring highly specialized skills as long as your termination did not create the vacancy (this exemption may not exceed one-half of the full-time position and is limited to a 24-month term).

These exemptions are available through June 30, 2012, unless extended by law.

NOTE

In some cases, these exemptions may be limited by collective bargaining agreements.

Reinstatement to Active Member Status

If you plan to reinstate to active member status, first make an appointment with a CalSTRS benefits counselor. The counselor will discuss important considerations, including how your future benefits may be affected by your reinstatement. Call your local CalSTRS benefits counseling office or 800-228-5453 to make an appointment.

You may also request an estimate of your future benefits by writing to CalSTRS. In your letter, include your full name, Client ID or Social Security number, address and telephone number. In addition, provide your estimated salary, how long you plan to be an active member again and if you currently have an option or intend to elect an option before your subsequent retirement.

You can reinstate to active membership by submitting the *Reinstatement After Retirement* form available at CalSTRS.com or by calling us. After we receive your request, your retirement and monthly benefits will end.

NOTE

For security and privacy, all members are given a randomly generated Client ID number for identification. Your number is available on any letter from us and on your annual *Retirement Progress Report*. You may use it in communications to us about your account.

One Year Before Your Next Retirement

At least one year must elapse from the date of your reinstatement to active member status from either service retirement or disability retirement before you may retire again from CalSTRS.

Disability or Survivor Benefits

You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability or survivor benefits.

Retirement Incentive Program

If you retired on or after January 1, 1985, and reinstate, you will lose any additional service credit you may have acquired by participating in the Retirement Incentive Program.

Preretirement Election of an Option

You are not eligible to file a preretirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired with an option, that option will automatically become a preretirement election when you reinstate.

Coverage A or B

For most members, if you retire and then reinstate, you will maintain the coverage you had prior to your retirement. Under certain circumstances, if you retired under Coverage A, your coverage may change to Coverage B for survivor and disability benefits. Contact CalSTRS for further information regarding your specific situation.

Discontinuing Deductions for Health Insurance Premiums

If CalSTRS is paying your Medicare Part A premium or deducting health insurance premiums from your benefit and you decide to reinstate, you will need to make premium payment arrangements with your health insurance carrier.

Discontinuing Payment for Deduction of Medicare Premiums

If CalSTRS is paying your Medicare Part A premiums or deducting your Medicare Part B premiums under the Medicare Premium Payment Program, you will have to pay these premiums yourself when you reinstate. To arrange payment, contact the Social Security Administration at 800-772-1213. When you retire again, you may reapply for the Medicare Premium Payment Program.

Benefit Calculation If Reinstating

Reinstate for Fewer Than Two Years

When you retire a second time with fewer than two years of new service credit, your new service retirement benefit will be equal to the sum of both the following:

- An amount equal to the last Member-Only Benefit received immediately before reinstatement, increased by the 2 percent annual benefit adjustment that would have been applied to the benefit if you had not reinstated.
- An amount based on service earned since your last reinstatement, your age at the subsequent retirement, and your final compensation. If your total service credit is 30 or more years, you may be eligible for the career factor on the service credit earned following reinstatement. Also, if you retired with 30 years of service credit on or before December 31, 2010, and reinstate, you may be eligible for the increased longevity bonus ($300 for 31 years, $400 for 32 or more years) upon subsequent retirement.

Reinstate for Two Years or More

If you service retire with two or more years of service credit after your most recent reinstatement, your monthly benefit will be equal to the sum of:

- An amount based on the service credit you earned before your last retirement, multiplied by an adjusted age factor, multiplied by your highest final compensation.
- An amount based on the service credit you earned since your last reinstatement, your age at subsequent retirement, and your highest final compensation.

8. Disability Benefits

As a member of the Defined Benefit Program, you have disability protection under one of the CalSTRS disability benefit programs: Disability Allowance Program—Coverage A, or the Disability Retirement Program—Coverage B. See Coverage A or Coverage B on page 80 or your *Retirement Progress Report* to learn which coverage you have.

You may receive disability benefits if you meet both of these conditions:

- You meet the eligibility requirements, including age, service credit and timelines for application and medical documentation.
- You meet the definition of disabled as established for CalSTRS by the California Education Code and have a medically determined physical or mental impairment that is permanent or expected to last at least 12 continuous months. The impairment must prevent you from performing:
  - » Your usual duties with or without reasonable modification from your employer.
  - » Duties of a comparable level to your usual duties, which you are qualified for or can become qualified for in a reasonable period of time with education, training or experience.
  - » Employment at a comparable level at which you can earn at least two-thirds of your final compensation.

Before Filing a Disability Application

If you are considering applying for a disability benefit, learn about your choices and important considerations. For instance:

- If you return to work and later retire, your benefit will be calculated differently than if you had not received disability benefits and may result in a lower benefit.
- If you are age 55 or older and have 25 years or more of service credit, you may want to consider a service retirement instead of a disability benefit.

A CalSTRS benefits counselor can provide details to help you make an informed decision. When scheduling an interview, inform our scheduling coordinator that you wish to discuss a disability application.

For a current listing of benefits counseling offices and telephone numbers, see page 36.

Reasonable Accommodation

Sometimes modifications in your work environment can enable you to continue working. Making such adjustments is known as reasonable accommodation. Federal and state laws require employers to make reasonable accommodations for employees. CalSTRS may require you to request reasonable accommodation from your employer as a condition for receiving a disability benefit.

If you have questions about reasonable accommodation, contact your school district or CalSTRS.

Steps in the Disability Application Process

Consult a CalSTRS benefits counselor before beginning the disability application process. However, if you cannot talk with a counselor right away or you prefer not to talk to a benefits counselor, do not delay submitting your application. The date CalSTRS receives your application can affect your eligibility, the effective date of your benefit, or both. You may talk to a benefits counselor any time during the process and withdraw your application later, if necessary.

Steps in the disability application process include:

1. Request the *Your Disability Benefits Guide* booklet, which includes the *Disability Benefits Application.*
2. Submit your completed application and any pertinent documents to CalSTRS in person or by mail. The date CalSTRS receives your application may establish your benefit effective date. If approved, your disability benefit will go into effect on whichever date occurs later:
   - » The first day of the month CalSTRS receives your completed application.
   - » The day after your last day of compensation, including sick leave and subdifferential pay.
3. CalSTRS receives and acknowledges receiving your disability application.
4. CalSTRS reviews your application and eligibility and mails you requests for medical and other required documents.
5. CalSTRS receives your information and sends follow-up requests for missing or additional documents.
6. CalSTRS verifies the employment information you provided in your completed application.
7. CalSTRS notifies you if an independent medical examination or an independent vocational evaluation must be scheduled.
8. CalSTRS reviews all the information submitted and determines if you qualify for disability benefits.
9. CalSTRS sends you written notification of its decision.

Filing a Disability Benefits Application

How to File

You will find the *Disability Benefits Application* and related forms in *Your Disability Benefits Guide,* available at CalSTRS.com (select *Forms and Publications* under *Tools*), or contact us to request the publication.

You can apply for service retirement and disability at the same time if you are otherwise eligible to service retire. This will enable you to receive a monthly retirement income while your disability application is being evaluated.

When to File

You can submit the *Disability Benefits Application* while you are working or receiving sick leave or differential pay benefits from your employer. Your disability benefit effective date cannot be earlier than the first day of the month CalSTRS receives your application, but it must be later than the last day of service for which you are paid.

You should apply for disability benefits before you exhaust other benefits available to you.

You can submit an application if you are not working if you meet one of the following conditions:

- You apply within four months of terminating your CalSTRS-covered employment unless termination was due to a change of position and subsequent election of membership in the California Public Employees' Retirement System and you are not yet vested in CalPERS.
- You apply within four months of your last day of actual performance of service if you are on a personal leave of absence.
- You apply within 12 months of your last day of actual performance of service if you are on an employer-approved leave to study at an approved college or university.
- You have been physically or mentally incapacitated from performing service, and the incapacity has been continuous from your last day of actual performance of service.

For more information, visit CalSTRS.com or contact CalSTRS to request a disability interview with a benefits counselor.

You can apply for service retirement and disability at the same time if you are otherwise eligible to service retire. This will enable you to receive a monthly retirement income while your disability application is being evaluated.

Conservators, guardians or others caring for a physically or mentally incapacitated CalSTRS member are also encouraged to contact us to determine if the member qualifies for disability benefits.

Time Frame for Processing an Application

Processing times vary depending on individual cases. To avoid processing delays, submit a complete and properly signed application, including relevant physician and hospital reports, and promptly provide any other required documentation.

Do not delay submitting your application while waiting for your medical documents. Submit it as soon as possible. You may submit the medical documents later.

Information to Provide

If you believe you are eligible to file for disability benefits, you will need to provide information, including medical records, hospital reports and employer-related information. You are responsible for submitting the medical documents and paying any fees charged for providing information to us.

If additional medical information is necessary, an independent medical examination may be scheduled. We will notify you if this is necessary and pay for the examination and any reasonable related costs.

Independent Vocational Evaluation

An independent vocational evaluation may be required to determine if you can perform your essential core duties at a comparable level. Duties of a comparable level are defined as any job that you may be qualified to perform that will provide earnings of 66⅔ percent or more of your indexed final compensation.

The independent vocational evaluation usually begins with an interview with a vocational consultant. The consultant will discuss your job history and residual functional capabilities and limitations. Your employer may be interviewed to determine if your job can be modified and to see if reasonable accommodation would allow you to continue working.

Notification

CalSTRS will notify you in writing after we reach a decision on your disability application.

Application Approval

If we approve your disability application and you are still working, you must stop working before we can begin paying your benefits. We will notify your employer that your application was approved.

If you do not stop working within 90 days of being notified of the approval, CalSTRS will reverse the approval and reject your application.

You should receive your first disability benefit payment within 45 days after we receive all necessary information. The payment will include any retroactive disability payments due.

After receiving your first payment, you will receive a regular disability payment on or about the first day of each month.

Prescribed Treatment Program

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a prescribed treatment program developed by your attending physician.

Limited-Term Disability Benefits

If your condition is expected to improve with mental, physical or vocational rehabilitation, you may be approved for limited-term disability benefits. These benefits are granted for a specific time period and can be renewed if your condition does not improve.

Vocational Rehabilitation Program

The CalSTRS Rehabilitation Program provides services to certain members receiving a disability benefit.

If CalSTRS determines you are a potential candidate for its rehabilitation program, a vocational consultant will conduct an independent vocational evaluation to assess your current capabilities and limitations. The consultant will also discuss your career interests and work with you to develop a rehabilitation plan with the goal of helping you return to comparable level employment.

You are required to make a good faith effort in developing a rehabilitation plan. Upon development and approval of your plan, CalSTRS will pay reasonable costs for tuition, fees, books and materials related to a college or vocational training program, transportation, job placement assistance and other activities that prepare you to return to comparable level employment.

If your medical condition worsens and you cannot continue your vocational rehabilitation program, your benefit will not be terminated.

Application Rejection

If your disability application is rejected, CalSTRS will send you a letter explaining the reason and your right to reapply, request a review or appeal.

Reapply

If you have additional or new information you did not submit in your original application, you can reapply. Your benefit effective date then will be based on the date we receive your second application or your last day of compensation, whichever is later.

If you receive a service retirement benefit during evaluation of your disability application, you will not be eligible to reapply.

Once you retire for service, you are no longer eligible to apply for a disability benefit.

Executive Review and Right to Appeal

An Executive Review is an internal, high-level review of your application and the original decision. If you disagree with the initial decision from CalSTRS, you may request an Executive Review of the decision.

If you are not satisfied with the outcome of the Executive Review, you may request an administrative appeal. See "Your Rights–The Appeals Process" in Section 10, "Tax Information and Legal Matters."

Service Retirement During Evaluation of a Disability Application

If you are applying for a disability benefit, you may be eligible to receive a service retirement benefit while your application for disability benefits is being evaluated. Visit CalSTRS.com or contact us for the booklet, *Your Disability Benefits Guide,* which includes the *Disability Benefits Application* and important considerations.

If your application for disability is approved, your service retirement benefit will be canceled and retroactively converted to a disability benefit.

Information to Consider Before Filing for Service Retirement During Evaluation of Your Disability Application

- You will remain retired from service if your application for disability is rejected.
- The election that you make for your service retirement benefit will remain in effect if your application for disability is not approved. For example, if you elect a Member-Only Benefit and begin receiving a service retirement benefit, your Member-Only Benefit will continue.
- If your application for disability is rejected and you remain on service retirement, you will not be eligible to reapply for a disability benefit unless you terminate your service retirement, return

to CalSTRS-covered employment and earn one year of service credit. In that case, any physical or mental conditions known to exist when you return to active membership may be considered pre-existing conditions, and you would not be able to apply for a disability benefit for those conditions if they remain substantially unchanged.

You can appeal a rejection of disability benefits. If your appeal is successful, you will be awarded disability benefits.

Effect on Service Retirement

If you receive a service retirement benefit while your disability application is being evaluated, you will:

- Not be eligible to participate in the Reduced Benefit Election.
- Not receive credit for unused sick leave before an evaluation is made regarding your application for disability. If your application for disability is rejected, your service retirement benefit will be recalculated to include your eligible unused sick leave, adjusted to the effective date of your service retirement.

Benefits to Survivors

If you receive a service retirement benefit during evaluation of your application for disability benefits and you die before a determination is made, any subsequent benefits payable will be based on your service retirement elections.

If you are approved for disability benefits and die before receiving notification of your approval, any subsequent benefits will be paid as if you had died while receiving disability benefits.

Coverage A or Coverage B

You have disability benefits under either the Disability Allowance Program–Coverage A, or the Disability Retirement Program–Coverage B.

If you became a CalSTRS member on or after October 16, 1992, you are covered under Coverage B. If you were a CalSTRS member on or before October 15, 1992, you remain under Coverage A unless you elected Coverage B before April 1993.

To confirm whether you have Coverage A or Coverage B disability benefits, check your *Retirement Progress Report* or contact us.

Coverage A—Disability Allowance Program

The information in this section is for individuals who became members of CalSTRS on or before October 16, 1992, and did not elect Coverage B before April 1993. If you elected Coverage B, see "Coverage B–Disability Retirement Program" later in this section.

Under Coverage A, disability benefits will be paid as long as you remain disabled or until you reach age 60.

At age 60, your disability benefit will end and you must apply for service retirement to receive a monthly benefit. Your disability benefit may continue beyond age 60 only if you have eligible dependent children and remain disabled. For a definition of eligible dependent children, see the glossary.

Eligibility Requirements

To qualify for a disability benefit under Coverage A, you must meet the following requirements:

- You must be under age 60.
- You must have five or more years of service credit. (If you were the victim of an unlawful act on the job, you may qualify for disability benefits with one year of service credit. For more information, contact us.)

- Your last five years of service credit must have been performed in California. Four of the five years of service credit must be for actual performance of creditable service. You must have earned at least one year of service credit following a service retirement termination, or following the most recent refund of your accumulated contributions.

Calculating Coverage A—Disability Allowance

Most disability benefits under Coverage A are 50 percent of final compensation.

Final compensation for a full-time employee with fewer than 25 years of service credit is generally the highest average annual earnable compensation during any period of three consecutive years (36 consecutive months). For a member with 25 or more years of service credit, final compensation is the highest average annual earnable compensation over 12 consecutive months.

For periods of part-time employment such as hourly, substitute, daily salaries and percentage contracts, final compensation will, in most cases, be computed using your actual salary earned during that period.

For more information, visit CalSTRS.com or contact us.

Benefit Increase for Eligible Dependent Children

If you have eligible dependent children, you will receive an additional 10 percent of final compensation for each child, up to an additional 40 percent.

A child is considered to be your dependent if, on your effective date of the disability benefit, he or she is all of the following:

- Not married or registered as a domestic partner.
- Is your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born within the 10-month period beginning on your benefit effective date of your disability benefit.
- Under age 22.
- Financially dependent on you.

When your child reaches age 22, marries, registers as a domestic partner or dies, your monthly benefit will be reduced by that child's portion.

Defined Benefit Supplement Distribution

If you are approved to receive a disability benefit under Coverage A, you will receive the balance of your Defined Benefit Supplement account. If your balance is $3,500 or more, you can choose from one of several annuities. Learn more about your Defined Benefit Supplement account in Section 6, "Your Retirement Benefit."

Other Benefits That Affect Your CalSTRS Disability Benefit

Under Coverage A, your monthly CalSTRS disability benefit, including the amount received for an eligible dependent child, will be reduced by the full amount paid or payable from other public systems, including:

- Workers' compensation.
- Social Security disability.
- Federal military disability.
- Income protection plans—if premiums were paid by your school employer, not you.
- Other disability programs financed with public funds.

Disability Allowance—More Than 10 Years		
Step A: Final Compensation		
Highest 36 consecutive months average annual earnable compensation		
7/1/09 to 6/30/10 (12 months)		$52,430
7/1/08 to 6/30/09 (12 months)		$49,850
7/1/07 to 6/30/08 (12 months)		$47,700
Final Compensation $149,980 (36 months total) ÷ 36 months		**= $4,166.11**
Step B: 50% Formula		
1. Final Compensation x 50%	$4,166.11 x 50%	$2,083.06
2. Eligible dependent children (1 child @ 10%)	10% x $4,166.11	+ $416.61
3. Monthly benefit before offset for other public benefit	$2,083.06 + 416.61	= $2,499.67
4. Less benefit payable from another public system *(workers' compensation)*		– $300.00
5. Adjusted Monthly Benefit		= $2,199.67

Disability Allowance—Fewer Than 10 Years		
Step A: Final Compensation		
Highest 36 consecutive months average annual earnable compensation		
7/1/09 to 12/31/09 (6 months)		$25,950
7/1/08 to 6/30/09 (12 months)		$49,256
7/1/07 to 6/30/08 (12 months)		$46,624
1/1/07 to 6/30/07 (6 months)		$17,265
Final Compensation $139,095 (36 months total) ÷ 36 months		**= $3,863.75**
Step B:		
Number of years of service credit	8.072	
1. Service Credit x 5% x Final Compensation	8.072 x 5% x $3,863.75	$1,559.41
2. Eligible dependent children	2 x 10% x $3,863.75	+ $772.75
3. Monthly benefit before offset for other public benefit	$1,559.41 + $772.75	= $2,332.16
4. Less benefit payable from other public system *(workers' compensation)*		– $300.00
5. **Adjusted Monthly Benefit**		**= $2,032.16**

Coverage A—Disability Allowance Examples

Your final compensation must be determined before your monthly disability benefit can be calculated. Service credit is used to determine your monthly benefit when you have fewer than 10 years of service credit and you are between the ages of 45 and 60.

Disability Allowance
More than 10 years of service, with children

Charles is granted disability benefits with a benefit effective date of July 1. Charles has one child eligible for benefits, and he receives $300 a month from workers' compensation.

Alternative Formula
Fewer than 10 years of service, with children

Sharon is granted disability benefits with a benefit effective date of January 1. She has 8.072 years of service credit and is between age 45 and 60. She has two eligible children and receives $300 a month from workers' compensation.

Coverage A Earnings Limits

You can earn income while you are receiving a Coverage A disability benefit. You can teach under certain employer conditions, but you are not allowed to earn CalSTRS service credit or contribute to CalSTRS while receiving a disability benefit.

The law establishes two separate earnings limits for members receiving a disability benefit: a single-month earnings limit and a six-month earnings limit. Both limits apply to all earned income. The earnings limits are initially based on your final compensation. In subsequent years an index factor, developed from the average salary increase of all CalSTRS active members, is used to determine indexed final compensation. Indexed final compensation serves as a measure of current salaries.

You must provide CalSTRS with an annual report of your gross earnings from all employment.

Single-Month Earnings Limit

Your disability benefit, including cost of living adjustments but not including any child's portion or offsets for other public benefits, plus your earnings from all employment is compared to your indexed final compensation. A comparison is made to determine if your earnings have exceeded the single-month earnings limit.

If your earnings exceed the limit, the excess amount is considered an overpayment and CalSTRS will collect it back by deducting 15 percent of future benefit payments until paid in full.

Six-Month Earnings Limit

CalSTRS makes a separate calculation that compares your earnings to 66⅔ percent of your indexed final compensation.

If your average earnings over a continuous six-month period exceed 66⅔ percent of your indexed final compensation, you are no longer considered disabled. Your disability benefit will be terminated, effective on the first day of the month following the six-month period. Any benefit payments made after this termination date will be recovered by CalSTRS from the total benefit or any subsequent benefits.

Periodic Review of Status

CalSTRS will periodically review your medical and work status for continuing eligibility for disability benefits. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry regarding other disability benefits.

As part of the review, CalSTRS may ask you to verify your earnings with documentation from the Employment Development Department, your employer and your tax returns.

Notify us if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in benefits from another public agency or the benefits end.
- Have a child who marries, becomes a registered domestic partner or dies.

Keep CalSTRS informed of events that may affect your benefit eligibility to avoid overpayment of benefits.

Single-Month Earnings Limit

Margaret has a base disability benefit of $1,500 and employment earnings of $2,075 in a single month. Her employment earnings plus her disability benefit exceed 100 percent of her indexed final compensation ($3,100).

$1,500	Disability benefit and annual benefit adjustments
+ 2,075	Monthly employment earnings
= 3,575	Total monthly income
– 3,100	Indexed final compensation
= $475	Overpayment, which will be recovered by CalSTRS

Six-Month Earnings Limit

Bob earns $2,075 monthly from employment earnings over any continuous six-month period.

$3,100.00	Indexed final compensation
x .66667	66⅔%
x 6	Months
= $12,400.06	6-month earnings limit
$2,075.00	Monthly employment earnings
x 6	Months
= $12,450.00	6 mos. employment earnings
– $12,400.06	6-month earnings limit
= $49.94	Earnings in excess of 6-month earnings limit, which will be recovered by CalSTRS

Preretirement Election of an Option

A preretirement election of an option may be available if you want to ensure a monthly lifetime income to someone if you should die before retirement. See "Protecting Your Survivor with a Lifetime Benefit," in Section 6 for more information about preretirement election of an option.

You are not required to change or cancel a preretirement election of an option to be eligible for a disability benefit. If you are not eligible to elect a preretirement option at the time you apply for disability benefits, you may make a preretirement election of an option while receiving a disability benefit after reaching age 55.

A survivor benefit under Coverage A will not be payable if you made a preretirement election of an option. Instead, your option beneficiary will receive a lifetime benefit. See Section 9, "Survivor Benefits."

Transitioning to Service Retirement

When You Reach Age 60

Approximately six months before your 60th birthday, we will notify you of the pending termination of your disability benefit and your eligibility to apply for service retirement. The notification includes an estimate of your Member-Only service retirement benefit and the *Service Retirement Application.* If you still have eligible dependent children, you will continue to be eligible for disability benefits.

Before calculating your service retirement benefit, we will project your service credit through the duration of your disability. The final compensation used for your disability benefit will be projected forward at the rate of 2 percent per year. Your retirement benefit will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement benefit or the disability benefit you were receiving before your 60th birthday, whichever is less.

You also may elect the Modified Benefit for your service retirement benefit by naming an option beneficiary. If you have a preretirement election of an option on file, you may change your option election when you transition to service retirement. However, if you do make a change, your service retirement benefit will be reduced for life.

To learn more, go to CalSTRS.com.

Coverage B—Disability Retirement Program

The information in this section is for those individuals who became members on or after October 15, 1992, and for members who elected Coverage B before April 1993.

You will not receive service credit while you receive a disability retirement benefit. Your benefit will continue to be paid as long as you remain disabled, without respect to age. If we determine you are no longer disabled or you return to full-time or comparable-level employment, your disability retirement will be terminated.

Effect on Service Retirement

If you return to active service as a CalSTRS Defined Benefit member or if your disability retirement is terminated, your service retirement benefit calculation will be adjusted to account for the time you received a disability retirement benefit. As noted above, you do not receive service credit for the time you receive a disability retirement benefit.

Eligibility Requirements

To apply for a disability retirement benefit, you must meet the following requirements:

- You must have five or more years of service credit. (If you were the victim of an unlawful act on the job, you may qualify for disability benefits if you have one year of service credit. For more information, contact us.)
- Your last five years of service credit must have been performed in California. Four of the five years of credit must be for

actual performance of creditable service. At least one year of service credit must have been earned for one of the following:

- After receiving a disability benefit.
- Following a service retirement.
- Following the most recent refund of your accumulated contributions.

There are no age restrictions.

Option Beneficiary

An option is a plan feature that allows you to distribute your disability retirement benefit over both your lifetime and the lifetime of someone after your death. An option provides a reduced disability benefit based on a percentage of the Member-Only Benefit level.

Option factor tables for disability are not included in this handbook. Contact a CalSTRS benefits counselor for an estimate of your benefit and the benefit of your beneficiaries under each of the options.

Calculating Coverage B—Disability Retirement

A disability retirement benefit is 50 percent of your final compensation. This is also referred to as the Member-Only Benefit. A Member-Only Benefit is usually the highest monthly CalSTRS benefit you can receive.

Upon your death, your Member-Only Benefit will stop. It does not provide for a monthly benefit to a survivor after your death. If you elect an option beneficiary, your disability retirement will be reduced and provide a monthly benefit for your beneficiary if you should die while receiving the benefit.

Final compensation for a full-time employee with 25 years of service credit is the member's highest average monthly earnable compensation during any period of one year (12 consecutive months) of credited service. For those with fewer than 25 years of service credit, final compensation is the member's highest average monthly earnable compensation during any period of three consecutive years (36 consecutive months). One-year final compensation for members with fewer than 25 years of service credit, as well as nonconsecutive final compensation, may be available under your bargaining agreement.

See "Final Compensation" in Section 6.

For periods of part-time employment, such as hourly, substitute, daily salaries and percentage contracts, final compensation usually will be computed using the actual salary earned during that period. For more information, visit CalSTRS.com or contact us.

Increased Benefit for Eligible Dependent Children

If you have eligible dependent children, each child's portion will be 10 percent of your final compensation up to an additional 40 percent. If you have more than four children, each child will share equally in the maximum benefit of 40 percent. The maximum benefit you can receive, including portions for eligible dependent children, is 90 percent of your final compensation.

Disability Retirement Calculation		
Jack is granted disability retirement with an effective date of September 1. He has three eligible dependent children. Jack has elected to receive a Member-Only Benefit. He is not eligible for workers' compensation.		
Step A: Final Compensation		
36 consecutive months earnable compensation		
7/1/10–8/31/10 (2 months)		$5,727.30
7/1/09–6/30/10 (12 months)		$33,099.00
7/1/08–6/30/09 (12 months)		$30,375.60
9/1/07–6/30/08 (10 months)		$24,908.30
Final Compensation $94,110.20 (36 months total) ÷ 36 months		**= $2,614.17**
Step B: Calculate Disability Retirement Benefit		
1. Final Compensation x 50% = Member-Only Benefit ($2,614.17 x 50%)		= $1,307.09
2. Benefit payable from workers' compensation		– $0.00
3. Number of eligible children	(3 x 10% x $2,614.17)	+ $784.25
4. **Adjusted Monthly Benefit**		**= $2,091.34**

Your child is eligible if, on the effective date of your disability retirement, he or she is all of the following:

- Your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born no later than 10 months after the effective date of your disability benefit.
- Under age 21.
- Financially dependent on you.

When your child reaches age 21 or dies, your monthly benefit will be reduced by that child's portion. Your children's CalSTRS benefits are not affected if you receive other benefits.

Workers' Compensation

If you receive both a CalSTRS disability retirement benefit and a disability benefit under a workers' compensation program for the same impairment, your CalSTRS benefit will be reduced by an amount equal to your workers' compensation benefit.

Calculating Disability Retirement

Your final compensation must be determined before your monthly benefit can be calculated. Service credit is not a factor in determining your disability retirement benefit. (See example on page 85.)

Your Member-Only Benefit will be adjusted depending on the disability retirement option you elected.

Defined Benefit Supplement Distribution

If you are approved to receive a disability retirement benefit, you will receive the balance of your Defined Benefit Supplement account. If your balance is $3,500 or more, you may choose to receive your funds as an annuity.

Learn more about your Defined Benefit Supplement account in Section 6, "Your Retirement Benefit."

Earnings Limit

You can earn money after you begin receiving a disability retirement benefit. It may be helpful for you to work. You can teach under certain employer conditions, but you are not allowed to earn CalSTRS service credit or contribute to CalSTRS while receiving a disability retirement benefit. However, your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are participating in an approved CalSTRS rehabilitation plan.

Your CalSTRS disability retirement benefit will be reduced dollar-for-dollar by the total amount of earnings from all employment in excess of the 12-month calendar year limit. You will be required to provide CalSTRS with an annual report of your gross earnings from all employment. The Employment Development Department and your employer will verify your reported earnings.

The 2011 calendar year earnings limit is $25,950. The limit is determined early each calendar year.

Periodic Review of Status

CalSTRS will periodically review your medical and vocational status to determine your continuing eligibility. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment, if any.
- An annual inquiry about other disability benefits.

Notify CalSTRS if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in workers' compensation benefits.

Keep CalSTRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur. If you do not respond to requests for information, we may terminate your benefits.

9. Survivor Benefits

The Defined Benefit Program provides benefits to survivors whether your death occurs before or after retirement. These benefits provide a basic level of security for your survivors. There are two types of coverage: Coverage A, Family Allowance, and Coverage B, Survivor Benefit.

Coverage A or Coverage B—Family Allowance or Survivor Benefit

If you became a CalSTRS member after October 15, 1992, your survivors are protected under Coverage B, Survivor Benefit. If you were a CalSTRS member before that date, you were offered the choice of Coverage A or Coverage B. Check your *Retirement Progress Report* for your coverage. You can also view your information using *my*CalSTRS at CalSTRS.com.

One-Time Death Benefit

Under both Coverage A and B, a one-time death benefit is payable to your eligible designated recipients. The amount of this benefit depends on your coverage and whether you die before or after retirement. If you do not name a recipient, your estate will receive the one-time death benefit.

See "Approaching Retirement" in Section 5 for more information on one-time death benefit recipients.

Monthly Benefits

Monthly benefits may be paid to your eligible survivors if you die before retirement or if you are receiving a disability benefit at the time of death.

Less Than One Year of Service Credit

If you have less than one year of service credit, the benefit payable to your designated benefit recipient is a refund of your accumulated Defined Benefit and Defined Benefit Supplement contributions and interest.

Reporting the Death of a Member or Benefit Recipient

Call or write CalSTRS as soon as possible to notify us of the death of a member, option beneficiary or CalSTRS benefit recipient.

The Defined Benefit Program provides benefits to your survivors whether your death occurs before or after your retirement.

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 member in active teaching status, option beneficiary or other benefit recipient.
- Name, address and telephone number of a contact person.

Survivor Benefit Processing

After we learn of a member's death, we will assign a caseworker who will contact benefit recipients by letter. The letter includes the caseworker's name, telephone number and other important information.

To process an application for benefits, CalSTRS must receive a copy of the death certificate and any additional information or documentation requested. CalSTRS payments issued to the deceased member after the date of death must be returned to us or they may be deducted from subsequent benefits.

Payment of Benefits

CalSTRS generally pays benefits to beneficiaries or your estate within 45 days of receiving all of the requested information. Payment may be delayed if CalSTRS does not:

- Receive required documentation such as marriage or death certificates in a timely manner.
- Have a current *Recipient Designation* form (or the *One-Time Death Benefit Recipient* form) on file that identifies the name and address of your recipient.

Coverage A—Family Allowance If You Die Before Retirement

Under Coverage A, benefits are payable to your survivors if you became a member of CalSTRS on or before October 16, 1992, and did not elect Coverage B in the election held between October 1992 and April 1993.

One-Time Death Benefit

Under Coverage A, if you die before retirement, CalSTRS pays a one-time death benefit to your designated recipients. The benefit amount through June 30, 2011, is $6,163. This amount is adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specify other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

For CalSTRS to pay this benefit, you must have earned at least one year of service credit and your death must have occurred during one of the following periods:

- While performing creditable service or receiving a disability benefit.
- Within four months after you terminated employment or last earned creditable service.
- Within four months after you terminated a disability benefit if no service was performed after the termination.
- Within 12 months of the last day for which compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after ending employment or earning service credit.

In addition, if you took a refund of accumulated retirement contributions, the benefit can be paid only if you have subsequently earned or accumulated one year of service credit.

Eligibility for Family Allowance

For your survivors to be eligible for the monthly family benefit, you must have met the same eligibility requirements as those for the one-time death benefit described earlier and you:

- Cannot have a preretirement election of an option in effect.

- Must have earned at least one year of CalSTRS service credit since reinstatement from service retirement, if applicable.
- Must have earned at least one-half year of service credit after a break in service of more than one year, if applicable.

Under Coverage A, a monthly family benefit is payable to:

1. Your surviving spouse or registered domestic partner with eligible dependent children

A child is an eligible dependent if he or she is all of the following:

- Your natural child, adopted child or stepchild and not adopted by a person other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 22.
- Unmarried or unregistered as a domestic partner at the time of your death.
- Financially dependent on you on the date of your death or on the effective date of your disability, if you died while receiving a disability benefit.

Your surviving spouse or registered domestic partner will receive 40 percent of your final compensation and 10 percent of your final compensation for each eligible dependent child up to 50 percent for five or more children. The maximum family benefit is 90 percent of your final compensation. The benefit is payable as long as your eligible dependent child is under age 22 and is neither married nor a registered domestic partner. See the Family Allowance example on the next page.

2. Your eligible dependent children, but no surviving spouse or registered domestic partner

If you have eligible dependent children, but no surviving spouse or partner, your children are eligible to receive 10 percent of your final compensation for each child up to 50 percent. If you have more than five eligible children, they will share equally in the total 50 percent of final compensation. Benefits to each eligible dependent child will end on the day before each child reaches age 22, marries or registers as a domestic partner, or dies.

When all of your children are no longer eligible for a benefit, any remaining contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

3. Your surviving spouse or partner with no eligible dependent children

If you have no eligible dependent children, or when your last child is no longer eligible, your surviving spouse or registered domestic partner may elect to receive either:

- A return of your accumulated Defined Benefit contributions and interest at the time of your death, less all monthly benefits paid.

OR

- A monthly benefit payable for their lifetime. The benefit calculation is based on a factor using your and your spouse's or partner's birth dates, the projected service credit and final compensation you would have accrued if you had lived to retire at age 60, and service credit for your unused sick leave. Your spouse or partner is eligible for 50 percent of your benefit based on these factors when he or she reaches age 60. He or she may choose to receive the benefit sooner at an actuarially reduced rate.

Neither the longevity bonus nor career factor is part of the calculation for monthly coverage at age 60 because your death occurred before retirement. See "Your Retirement Benefit" in Section 6 to learn more.

4. Your dependent parents

Your dependent parents may receive a benefit if you have no surviving spouse, registered domestic partner or eligible children. Your parent will be paid a monthly payment for life beginning at age 60. If your dependent parent

is under age 60, he or she may elect to receive an actuarially reduced benefit for life. For more information, contact CalSTRS.

5. Your named recipient
If you have no surviving spouse, partner, eligible dependent children or dependent parents, any remaining Defined Benefit contributions and interest in your account will be paid to the recipients you named to receive your one-time death benefit. If you did not name a recipient, CalSTRS will make the payment to your estate.

Benefit Reductions

CalSTRS must reduce the family allowance benefit under Coverage A by the amount of benefits payable by other public systems because of your death. Other public systems include Social Security, federal civil service retirement, federal military disability, railroad retirement, and any other public retirement system, including disability programs financed from public funds.

Family Allowance Example			
Coverage A			
Member:	Rob, age 40		
Spouse:	Linda, age 40		
Children:	Mike, 15; Robert, 10; & Sandy, 5		
Service Credit:	10 years		
Final Compensation			$3,220
a. Spouse's benefit	40% x $3,220	=	$1,288
b. Children's increment	3 x 10% x $3,220	+	$966
Family allowance benefit with eligible children	(a+b)	=	$2,254
Less Social Security offset		-	$500
Monthly CalSTRS benefit to Linda		=	$1,754

Family allowance benefit recipients must send us a copy of any other public system award letters, so that we can adjust their payments.

Family Allowance Example

Rob dies at age 40. Rob's survivors include his wife Linda and three eligible dependent children.

Linda will receive a monthly family benefit of $1,754 as long as her children are eligible. As each child becomes ineligible, that child's increment will no longer be included in the basic benefit. In addition, an annual benefit adjustment increase of 2 percent of the basic benefit will be added to the monthly payment each September, beginning a year after Rob's death.

When her youngest child reaches age 22 or is no longer eligible, Linda can choose one of these three options:

- Take the remaining Defined Benefit contributions and interest in Rob's account, less all previously paid benefits.
- Receive the surviving spouse benefit payable for her lifetime once she reaches age 60. She will receive a monthly payment of $1,353.85, based on Rob's projected service credit and projected final compensation.
- Receive a reduced surviving spouse benefit for her lifetime before age 60, based on her age at that time.

Coverage B—Survivor Benefit If You Die Before Retirement

Under Coverage B, benefits are payable to your survivors if you became a member of CalSTRS on or after October 16, 1992, or elected Coverage B in the election held between October 1992 and April 1993.

Coverage B—One-Time Death Benefit

Under Coverage B, if you die before retirement, CalSTRS pays a one-time death benefit to your designated recipients. The one-time death benefit is $24,652. This amount is adjusted periodically by the

Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS must make the payment to your estate.

For CalSTRS to pay this benefit, you must have earned at least one year of service credit, and your death must have occurred during one of the following periods:

- While performing creditable service.
- Within four months after you terminated employment or last earned creditable service.
- Within 12 months of the last day for which creditable compensation is paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after you ended employment or earned service credit. In addition, if you had taken a refund of contributions or had reinstated after retirement:

- You must have earned at least one year of service credit after your refund or reinstatement.

OR

- Six months must have elapsed since your reinstatement from disability retirement.

Eligibility for Survivor Benefits

For your survivors to be eligible for monthly survivor benefits, you must have met the same eligibility requirements as those for the one-time death benefit and you:

- Cannot have a preretirement election of an option in effect.
- Must have earned at least one year of CalSTRS service credit since reinstatement from service retirement, if applicable.
- Must have earned at least six months of service credit after a break in service of more than one year, if applicable.
- Must have died within four months after reinstatement from disability retirement, if you had reinstated to active membership from disability retirement.

Who Can Receive Survivor Benefits

Under Coverage B, a monthly survivor benefit is payable to:

1. Your surviving spouse or registered domestic partner

Your surviving spouse or partner has the choice of receiving either a monthly benefit for his or her lifetime or a return of your Defined Benefit contributions and interest, whether or not you have eligible dependent children.

Your surviving spouse or registered domestic partner can begin receiving a survivor benefit either:

- Immediately as of the date of your death. The benefit is actuarially reduced if you were under age 60 at the time of death.

OR

- When you would have reached age 60.

The monthly benefit is calculated on your actual service credit and actual final compensation at the time of your death. If you die on or before age 60, your age and your spouse's or partner's age as of the date you would have attained age 60 are used in the calculation. The benefit your spouse or partner would receive would be one-half of the Modified Retirement Allowance Benefit.

If you die after age 60, your age and your spouse's or partner's age as of the date of death will be used in the calculation. The survivor benefit calculation will also include service credit for your unused sick leave.

Neither the longevity bonus nor the career factor is part of the calculation for a monthly Coverage B survivor benefit because your death occurred before retirement. See "Your Retirement Benefit" in Section 6.

2. Your eligible dependent children

If you have eligible dependent children and your spouse or partner decides to take a monthly survivor benefit, each child will also receive a monthly benefit.

If you have no surviving spouse or partner, but have eligible dependent children, each child will be eligible to receive a monthly benefit.

NOTE

A benefit is not payable to your eligible dependent children if your surviving spouse or partner decides to receive a return of your Defined Benefit contributions and interest.

Your child is eligible if he or she is all of the following:

- Your natural or adopted child or stepchild and not adopted by a person other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 21.
- Financially dependent on you at the time of your death.

Your child's benefit begins on the day following the date of your death, even if your spouse elects to wait to receive a monthly survivor benefit until your 60th birthday. The benefit is payable until the day before your eligible dependent child reaches age 21 or dies, whichever occurs first, even if your spouse elects to wait to receive a monthly survivor benefit until your 60th birthday.

If your surviving spouse or partner dies before your eligible dependent children become ineligible, your children's benefits are still payable until the day before each eligible child reaches age 21 or dies. Once all children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient.

Each child's benefit is 10 percent of your final compensation, up to 50 percent for five or more children.

3. Your eligible dependent children, but no surviving spouse or registered domestic partner

If you have dependent children, but no surviving spouse or registered domestic partner, each child is eligible for 10 percent of your final compensation for each child, up to 50 percent. If you have more than five eligible dependent children, they will share equally in the total 50 percent of final compensation. Benefits will end on the day before your child reaches age 21 or dies, whichever occurs first.

When all of your children are no longer eligible for a benefit, any remaining contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS must make the payment to your estate.

4. If you have no surviving spouse, registered domestic partner or eligible dependent children

No monthly benefits are payable to your survivors if you have no surviving spouse, registered domestic partner or eligible dependent children. Your Defined Benefit accumulated retirement contributions and interest will be paid to your one-time death benefit recipients.

If you did not name a recipient, CalSTRS must make the payment to your estate.

Benefit Reductions

The monthly survivor benefit under Coverage B is not reduced by benefits payable from other public systems such as Social Security.

Survivor Benefit Example

Sharon dies at age 40. Her survivors include a spouse, David, and three children eligible for benefits. Her final compensation is $3,220.

David's choices: David can choose the surviving spouse benefit or he can choose to take a refund of the contributions and interest in Sharon's Defined Benefit account. However, if he does not elect a monthly benefit, the children are not entitled to monthly benefits.

If David elects the survivor benefit, he will immediately receive 10 percent of final compensation for each child ($322 each) as of the date of Sharon's death, until each eligible dependent child reaches age 21.

Then David can choose whether to receive his surviving spouse benefit when Sharon would have reached her 60th birthday (normal retirement age) and receive the full amount, or he can choose to receive a reduced benefit immediately.

NOTE

The surviving spouse benefit is calculated based on the amount of service credit at death, as if the member lived to age 60 and had retired naming her spouse as a 50% Option Beneficiary, which provides 50 percent of the reduced benefit.

If David's choice is to defer receiving his surviving spouse benefit, their children will receive the following benefit immediately as of the date of Sharon's death:

10% of final compensation for each child:
$322 x 3 children = $966

David would receive no surviving spouse benefit until Sharon would have reached age 60, which would be 20 years. He would then receive a spouse benefit of $302.94 for the rest of his life. See the calculation in the Survivor Benefit Example.

If David elects to take his surviving spouse benefit immediately, the family will receive the following survivor benefit:

David's reduced spouse benefit (see the next calculation) = $52.86

10% of final compensation for each child
($322 x 3 children) = $966
Total = $1,018.86

Each dependent child's benefit will stop when that child reaches age 21. After David's last child is no longer eligible, he will continue to receive his spouse's benefit, $52.86 per month, for his lifetime. In addition, an annual benefit adjustment increase of 2 percent of the basic benefit will be added each September, beginning a year after Sharon's death.

Here are the choices David must make for the spouse's monthly benefit:

Defer benefit until Sharon's 60th birthday (see the Survivor Benefit example):
$644 x 0.9408 ÷ 2 = $302.94

OR

Start benefit as of the date of Sharon's death
$302.94 x 17.45% (age 40 50% Beneficiary Option age factor) = $52.86

Defined Benefit Supplement Distribution

If you die before retirement, your one-time death benefit recipient will receive a benefit based on the balance in your Defined Benefit Supplement account. If you have $3,500 or more per named recipient, your recipients will have a choice of a lump-sum payment or a period-certain annuity.

Survivor Benefit Example	
Coverage B	
Member:	Sharon, age 40
Spouse:	David, age 40
Children:	Joe, 12; Sam, 9; & Jake, 7
Service Credit:	10 years
Final Compensation:	$3,220

Sharon's Member-Only Benefit, as if she were age 60 2% x 10 years of service credit x $3,220 Final Compensation	= $644.00
Reduced benefit, based on option factor of 94.08% *(member and spouse age 60)* 0.9408 x $644	= $605.88
David would receive, when Sharon would have reached 60, one-half of Sharon's reduced benefit $605.88 ÷ 2	= $302.94
David could begin receiving, as of the date of Sharon's death, actuarially reduced, $302.94 x 17.45%	= $52.86

If you die after retirement, you will have already made your Defined Benefit Supplement annuity election. An ongoing monthly annuity will be paid depending on your election at retirement.

Coverage A or B—When You Die After Retirement

Coverage A or B—One-Time Death Benefit

If you die after retirement, the one-time death benefit is the same under both Coverage A, Family Allowance, and Coverage B, Survivor Benefit.

CalSTRS pays a one-time death benefit to your named recipients if you are a retired member. The one-time death benefit is $6,163. The amount of the payment may be adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the benefit is divided equally, unless you specified other percentages of distribution. If you did not name a one-time death benefit recipient, CalSTRS must make the payment to your estate.

Defined Benefit Supplement Distribution

If you die after retirement, depending on your Defined Benefit Supplement annuity option, your Defined Benefit Supplement balance may be distributed to your recipients named on your *Recipient Designation* form (formerly the *One-Time Death Benefit Recipient* form).

Monthly Benefit With an Option

Once you have retired, no monthly benefit is payable to your survivors unless you have chosen one of the options described in Section 6, "Your Retirement Benefit." If you have chosen an option, your option beneficiary will receive the monthly benefit payable under that particular option. If you are retired and have not chosen an option, you have been receiving a Member-Only monthly benefit.

The option beneficiary who is receiving a monthly Defined Benefit and Defined Benefit Supplement payment may name their own beneficiary to receive any remaining accrued benefit after their death.

Monthly Benefit Without an Option

If you are retired and you elected the Member-Only Benefit for your Defined Benefit pension, you will receive it for your lifetime. No continuing monthly benefit will be payable after your death.

However, your one-time death benefit recipient will receive the monthly retirement benefit that accrued and was not paid during the month of death, plus any residual contributions and interest that may be in your Defined Benefit account, less benefit payments made to you.

In addition, your one-time death benefit recipient will receive any residual contributions and interest in your Defined Benefit Supplement account, less payments made to you. If you had elected a Member-Only Annuity for your Defined Benefit Supplement account distribution, your one-time death benefit recipient will receive the monthly annuity payment that accrued and was not paid during the month of death.

Member Death After Retirement Example

Member-Only Benefit

Elaine had been retired for 10 years at the time of her death on the 15th of the month. Elaine's monthly benefit was $950. She had $35,000 in contributions and interest at the time of retirement and received $115,000 in retirement benefits before her death.

The amount payable to Elaine's recipient would be calculated as follows:

Contribution and interest balance at retirement	$ 35,000
Less retirement benefit paid	– $ 115,000
Remaining contributions and interest	0
Accrued monthly benefit during the month of death (½ month x $950)	$ 475
Current one-time death benefit	$ 6,163
Total Payable	$ 6,638

10. Tax Information and Legal Matters

Income Tax Withholding

Federal and California law require income tax withholding on distributions from pension plans, annuities and deferred compensation plans. We will withhold income tax from the taxable portion of your benefit unless you take action not to have taxes withheld. To do that, you must file an *Income Tax Withholding Preference Certificate* with us. One is included as part of the *Service Retirement Application*. You can also download the certificate at CalSTRS.com.

If you do not have taxes withheld or if you do not have enough taxes withheld, you may need to make estimated tax payments. Generally, your withholding or estimated tax payments or the total of both must cover at least 90 percent of your total tax liability for the current year. If you fail to meet the 90 percent limit, you could be subject to penalties.

View and make changes to tax withholding preferences using your *my*CalSTRS account.

A portion of your benefit may not be taxable if you made previously taxed contributions to CalSTRS during your career. CalSTRS uses the Simplified Method established by the IRS to determine the taxable portion of your benefit. You may use any acceptable method when reporting to the IRS. For details on the Simplified Method, see *Pension and Annuity Income,* IRS publication 575, available at irs.gov or refer to *Pension and Annuity Guidelines,* FTB publication 1005, from the California Franchise Tax Board at ftb.ca.gov.

Periodic Payments

Unless you tell us otherwise, we will withhold income tax on your periodic payments—payments received in installments at regular intervals—as if you were married and claiming three dependents. To change this withholding, see the information on how to file an *Income Tax Withholding Preference Certificate* on next page.

Eligible Rollover Distributions

CalSTRS withholds income tax from eligible rollover distributions such as a one-time lump-sum distribution, the one-time death benefit or the benefit accrued and unpaid

on the date of death of a CalSTRS benefit recipient. Federal tax withholding from eligible rollover distributions is mandatory and set at 20 percent. If you choose to have California state income tax withheld, CalSTRS will withhold at 6 percent. This state percentage will change to 10 percent of your federal income tax withholding in spring 2011. You or your beneficiaries can elect not to have state taxes withheld from eligible rollover distributions.

Income Tax Withholding Preference Certificate

To request a change to your income tax withholding status, you must complete the CalSTRS *Income Tax Withholding Preference Certificate* form. CalSTRS must receive this form no later than the first day of the month preceding the month you wish the change to take effect. Download or order the form at CalSTRS.com or contact us to request a copy.

To take advantage of these rollover provisions, the distribution must be made by a trustee-to-trustee transfer. For more information on rollovers, see the CalSTRS *Tax Considerations for Rollovers* booklet, available at CalSTRS.com.

Tax Withholding for Out-of-State Residents

Under federal law, if you are not a resident of California, you are not subject to California state tax. However, CalSTRS benefits may be subject to taxation in the state where you live. CalSTRS cannot withhold taxes for another state.

CalSTRS will not withhold California state income taxes for benefit payees who live outside California unless the payee files the *Income Tax Withholding Preference Certificate*.

If you or your beneficiaries reside outside the U.S. or its possessions, federal and California state tax is mandatory.

Contact the IRS, the California Franchise Tax Board or a qualified tax adviser for information relevant to your individual situation. For general information on withholding tax from CalSTRS benefits, go to CalSTRS.com or contact us.

Internal Revenue Codes Affecting Benefits

Section 401(a)(9)

Internal Revenue Code section 401(a)(9) and the California Education Code require CalSTRS to begin a minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 70½, provided you are no longer performing CalSTRS creditable service. For example, if your birthday is October 5, you would turn 70½ on April 5, so you would have until April 1 of the following year before you would be required to take a minimum distribution.

If you are age 70½ or older and no longer working in a CalSTRS-covered position and request a 100 percent rollover of your account balance based upon the above IRC regulation, CalSTRS will calculate and pay your minimum distribution directly to you and rollover any remaining funds. The rollover will be considered a complete rollover, even though 100 percent of your account balance is not rolled over.

CalSTRS will not be required to begin distribution of your account if:

- You are currently employed in a CalSTRS covered position.
- Your current employment is covered by, or you are retired from, another public retirement system. For a listing of other public retirement systems, see "Retiring From More Than One Public Retirement System" in Section 6.

CalSTRS sends courtesy notification letters twice to both active and inactive members: the first letter is sent the month after you reach age 69; the second letter is sent the month after you reach age 70. Therefore, it is important CalSTRS always have your current mailing address.

If you are currently rolling over your Defined Benefit Supplement Period-Certain Annuity of three to nine years and turn 70½ before the annuity payments have terminated, you will have your annuity terminated with the December payment, the year before you turn 70½. You are not eligible to rollover funds once you reach 70½ even if there are remaining years for your period-certain annuity.

NOTE

The IRS may impose an excise tax of 50 percent of the minimum required distribution if you receive less than the minimum required distribution for a taxable year. Contact the IRS or your tax professional for details.

Section 401(a)(17)
Internal Revenue Code section 401(a)(17) limits the compensation that can be used to provide a benefit by a governmental plan such as CalSTRS. The compensation limit applies to everyone who became a member or participant of CalSTRS on or after July 1, 1996.

The compensation limit for 2011 is $245,000. Any compensation in excess of this limit is not creditable compensation, and neither employer nor member contributions to the Defined Benefit Program, the Defined Benefit Supplement Program or the Cash Balance Benefit Program should be paid to CalSTRS on the excess amount.

Section 415
Internal Revenue Code section 415 limits the benefits that can be paid by a state or local government defined benefit plan such as that administered by CalSTRS. Benefits are limited to an absolute dollar amount that is indexed for inflation. If you choose to receive a lump-sum payment from the Defined Benefit Program, your service retirement will no longer qualify as a joint and survivor annuity under Internal Revenue Code section 415, and it may therefore exceed the section 415 benefit limit.

For calendar year 2011, the Internal Revenue Code dollar limit is $195,000 at ages 62 through 65. The limit is lower below these ages and higher above these ages. However, while the IRC limit serves as a general guideline, there are other considerations that could make you subject to the provisions of IRC 415.

Currently, few CalSTRS members have been, or are likely to be, affected by the limits of section 415. Once we receive your *Service Retirement Application,* we will notify you if your benefit will be affected by the section 415 benefit limit. Consistent with federal law, CalSTRS has established the Replacement Benefits Program from which benefits in excess of the section 415 limits can be paid. If your benefit is limited by section 415, you will receive a separate payment from the Replacement Benefits Program in addition to the limited benefit.

Legal Matters

CalSTRS Right to Recover Costs

When a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation, CalSTRS must be informed. We have a right to recover an amount equal to the actuarial equivalent of benefits paid under the plan because of the injury or death of the member. The process that permits this participation is called subrogation.

Power of Attorney

You can arrange to have a third party manage your CalSTRS benefits. We can provide you with some of the necessary forms.

When a CalSTRS benefit payee becomes incapacitated and can no longer manage his or her financial affairs, we may need to determine who has the legal authority to act on the payee's behalf regarding the payee's CalSTRS account and benefits. That authority could extend to changing the recipient's address, instituting or changing direct deposit authorizations and changing tax withholding preferences.

A durable power of attorney is the most common method used by a benefit payee to delegate authority to act for the payee. This document permits a benefit payee to act as a principal and appoint an agent. The document also identifies the extent of authority granted to the agent.

A durable power of attorney can be drafted by an attorney or purchased as a commercially available fill-in-the-blank form. CalSTRS has a *Special Power of Attorney* form available. This form enables your named agent to handle all matters pertaining to a CalSTRS account, unless barred by law.

In addition, we require an agent to execute an affidavit affirming the agent's authority under the durable power of attorney. For the agent's convenience, the CalSTRS form, *Declaration of Attorney in Fact,* can be completed by the agent each time he or she makes a request.

Download the *Limited Power of Attorney* or the *Declaration of Attorney in Fact* form at CalSTRS.com or contact us to request a copy.

Your Rights—The Appeals Process

Any party who disagrees with a decision by CalSTRS staff at any level may request review of that decision by a higher authority. Your rights and the procedure will be provided early in the written correspondence and may be found at CalSTRS.com (select *FAQ* under *Tools*). The following is a brief description of the appeals process. It is not intended to take the place of the law or the detailed written procedures.

Requesting an Executive Review

If you disagree with the initial decision from CalSTRS, you may request an Executive Review. The Executive Review Committee, which is typically the final level of review within CalSTRS, is made up of members of the executive staff, program managers and staff, the ombudsman and staff counsel. The committee reviews the situation based on any additional information you provide, the law and facts and prepares its written analysis and decision. Not every case merits an Executive Review.

Requesting a Hearing

You may appeal the Executive Review Committee's decision by requesting an administrative hearing, held before an independent administrative law judge employed by the Office of Administrative Hearings. The request for a hearing must be made within 90 days from the date of the committee's decision.

The Office of Administrative Hearings will schedule the hearing and notify all parties regarding the time, date and location. The hearing is a full evidentiary hearing, meaning witnesses may be called. CalSTRS may be represented by the state attorney general or in-house counsel. You may be represented by an attorney or you may represent yourself. Following the hearing, the administrative law judge will submit a Proposed Decision to CalSTRS. CalSTRS will provide all parties with a copy of the Proposed Decision within 30 days.

Proposed Decision and Further Action

The Proposed Decision of the administrative law judge is not the final decision. The Teachers' Retirement Board must decide whether or not to adopt the Proposed Decision within 100 days of receiving it. The board's Appeals Committee has the final authority to act on behalf of the board in these matters. When you receive your copy of the Proposed Decision, you will be given the date that the Appeals Committee will act on your case, staff recommendations regarding your case and procedures for submitting further written argument.

The Appeals Committee may not adopt the Proposed Decision and order the matter be returned to the administrative law judge for further hearing or be brought back before the Appeals Committee at a later meeting based on the record, including the transcript, with or without taking additional evidence. If your case is heard by the Appeals Committee, the committee will make its own independent decision after hearing arguments from both sides.

If you are dissatisfied with the Appeals Committee's decision, you may ask the committee to reconsider its decision or you may appeal to Superior Court. You will be notified of this right when you receive your copy of the Appeals Committee's decision shortly after the hearing takes place.

Community Property

If you have been divorced or have terminated your registered domestic partnership, or you are presently going through a divorce or termination, your spouse or partner may have a community property interest in your CalSTRS benefits. You may need to refer to your settlement agreement or contact an attorney for legal advice on how your benefits may be affected.

The designation of any additional beneficiaries named on your *Recipient Designation* form (formerly the *One-Time Death Benefit Recipient* form) remains valid. However, a court order may specify that a former spouse or partner has an entitlement to certain death benefits.

If you choose to have your former spouse as your one-time death benefit recipient, you must submit a new *Recipient Designation* form after your final dissolution judgment. To learn how CalSTRS benefits are affected by divorce or legal separation, refer to the CalSTRS *Community Property Guide*, available at CalSTRS.com or by contacting us.

Glossary

A

Age Factor

The percentage of your final compensation that you will receive as a retirement benefit for every year you work. The age factor 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.

For example, if you retire at age 60 and have 20 years of service, you will receive 2 percent (your age factor at age 60) of your final compensation multiplied by the 20 years you worked, or 40 percent of your final compensation (2 percent x 20).

Air Time

See nonqualified service credit.

Annual Benefit Adjustment

An automatic annual increase to your monthly benefit provided by state law. The increase is effective on September 1 of each year after the first anniversary of your benefit effective date and appears on your October 1 payment. Annual benefit adjustments are calculated at 2 percent of your initial benefit. The increase is not compounded or tied to changes in the cost of living.

Annuity

Member-Only Defined Benefit Supplement or Participant-Only Cash Balance Annuity: A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipient or recipients.

100% Beneficiary Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity will be paid to your option beneficiary upon your death.

75% Beneficiary Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity will be paid to your option beneficiary upon your death.

50% Beneficiary Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity will be paid to your option beneficiary upon your death.

For the 100%, 75% and 50% beneficiary annuities, if your beneficiary dies before you, your benefit will rise to the Member-Only amount.

Period-Certain Annuity: A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid; the lower the number of years, the higher the annuity. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipients.

B

Beneficiary

Any person or entity receiving or entitled to receive payments after your death. Only a person (not an estate, trust or corporation) may be designated to receive an option benefit after your death.

Benefit

A monthly amount payable to a retired member, disabled member or beneficiary.

Benefit Formula (Service Retirement)

For the Member-Only Benefit, the formula is Service Credit x Age Factor x Final Compensation. If choosing an option, multiply the Member-Only Benefit by the appropriate option factor.

Benefit Formula (Disability Coverage B)

For the Member-Only disability benefit, the formula is generally 50 percent of your final compensation.

C

CalPERS

California Public Employees' Retirement System

CalSTRS

California State Teachers' Retirement System

CalSTRS Pension2® Personal Wealth Plan

A supplemental savings plan with both pre-tax and post-tax plans that complement the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs.

Career Factor

For members who retire on or after January 1, 1999, with at least 30 years of earned service credit, 0.2 percent is added to the age factor up to a maximum age factor of 2.4 percent, which is reached at age 61½.

The career factor does not apply if you die before retirement without a preretirement election of an option on file at CalSTRS.

Cash Balance Benefit Program

Alternative CalSTRS retirement plan for educators hired to work part time. The Cash Balance Benefit Program is an alternative to Social Security, private plans and the CalSTRS Defined Benefit Program.

Client ID

CalSTRS randomly generated numbers used to identify members. CalSTRS uses your Client ID instead of your Social Security number to protect your identity. Find your Client ID on your *Retirement Progress Report* and CalSTRS correspondence.

Comparable Level Position

Any job in which you can earn 66⅔ percent or more of indexed final compensation.

Concurrent Retirement

Retiring at the same time from CalSTRS and from certain other California public retirement systems (Legislators' Retirement System, California Public Employees' Retirement System, San Francisco Employees' Retirement System, University of California Retirement System or those systems established under the County Employees' Retirement Law of 1937). CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement benefit if the service was not performed during the same pay period as the CalSTRS service.

County Employees' Retirement Law of 1937

The 1937 law includes retirement systems from the following counties: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura.

Coverage A

Disability and survivor benefit programs available to those who became members on or before October 15, 1992. Coverage A is mandatory for all members of the Defined Benefit Program who were receiving a disability benefit or a service retirement benefit with an effective date on or before October 15, 1992. Members who were not receiving a benefit on or before that date could choose to retain this coverage or elect Coverage B.

Coverage B

The disability and survivor benefit programs for new members after October 15, 1992. Active members who were hired on or before October 15, 1992, could have elected this coverage.

Creditable Compensation

Salary and other remuneration paid in cash by an employer to everyone in the same class of employees and paid to an employee for performing creditable service.

Creditable Service

Specific employment activities such as teaching, vocational or guidance counseling, services related to school curriculum and of administrative duties performed for an employer in a position requiring a credential, certificate or permit, or under minimum standards adopted by the Board of Governors of the California Community Colleges.

Credited Interest Rate

At the end of each fiscal year, interest is credited to the accumulated Defined Benefit contributions and interest in each active and inactive member's account at the interest rate adopted by the Teachers' Retirement Board. The current rate approximates the yield on two-year Treasury notes.

Credited Service

See service credit.

D

Defined Benefit Retirement Benefit

A retirement benefit in which the benefit is guaranteed and generally based on a formula.

Defined Benefit Program

A benefit program within the State Teachers' Retirement Plan that provides lifetime retirement benefits (based on a formula using age, service credit and final compensation) and ancillary benefits for California's public school educators who are members of the program.

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 December 31, 2010, funds came from 25 percent of your monthly CalSTRS contribution. Starting July 1, 2002, funds also come from compensation earned from service in one school year in excess of one year of service credit.

Defined Contribution Benefit or Plan

A retirement benefit or plan in which the benefit is based on your contributions plus interest earnings and is not guaranteed.

Disability Allowance (Coverage A)

A feature of the Defined Benefit Program elected by and offered to individuals who became members on or before October 15, 1992, that provides income replacement for disabled members. The benefit is paid as long as the individual is disabled up to age of 60, when the member becomes eligible for service retirement.

Disability or Disabled

A medically determinable physical or mental impairment that is permanent or that can be expected to last continuously for at least 12 months. The disability must prevent you from performing your usual duties with reasonable accommodation or the duties of a comparable level for which you are qualified or can become qualified by education, training or experience. You may apply for disability while still employed. Any impairment from a willful self-inflicted injury does not constitute a disability.

Disability Retirement (Coverage B)

A feature of the Defined Benefit Program for individuals who became members after October 15, 1992, or elected this feature during the special election held October 1992 to April 1993. Those receiving payments under Coverage B are "retired" and will be paid as long as they are disabled, without respect to age.

E

Earnable Compensation

Compensation you could earn in a school year for creditable service performed full time (also known as compensation earnable).

Earnings Limit

The amount a disabled or retired member may earn from employment in a month or year without a reduction in the CalSTRS benefit. The earnings limits are different for disabled and retired members, and may be adjusted each year by the Teachers' Retirement Board.

Eligible Dependent Children

Coverage A: Your unmarried children or children not in a registered domestic partnership, or adopted or stepchildren under age 22 who are financially dependent on you on the effective date of your disability benefit or the date of the your death.

Coverage B: Your children, adopted children or stepchildren, under age 21, if financially dependent on you on the effective date of your disability retirement or the date of your death.

F

Family Allowance (Coverage A)

A monthly amount paid to your surviving spouse or registered domestic partner with eligible dependent children after your death. The maximum amount is 90 percent of your final compensation—40 percent for your spouse or partner plus 10 percent for each eligible dependent child up to an additional 50 percent.

Final Compensation

The highest average annual earnable compensation during a specified period of CalSTRS-covered paid employment. The period is one year if you have at least 25 years of credited service or if it is included in a written collective bargaining agreement for classroom teachers. Otherwise, the period is three consecutive years (36 consecutive months) if you have fewer than 25 years of service credit.

Full Time

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement to receive the earnable compensation.

H

Home Loan Program

A CalSTRS program for Defined Benefit Program members and Cash Balance Benefit Program participants to apply for conventional, fixed-rate and first-mortgage loans to purchase or refinance primary residences (CalSTRS Home Loan Program).

I

Indexed Final Compensation

The final compensation used to determine your disability benefits, multiplied by the Indexed Final Compensation factor, based on the year of your initial benefit.

L

Longevity Bonus

A benefit enhancement that increases your monthly benefit if you earned at least 30 years of qualified service credit on or before December 31, 2010. The bonus will be reduced by the option factor if you choose an option.

M

Member

Any person who has performed creditable service in the Defined Benefit Program for an employer and has earned creditable compensation for that service and has not received a refund for that service, unless specifically excluded by law.

Active Member: A member who is not retired or disabled and who earns creditable compensation during the school year.

Inactive Member: A member who is not retired or disabled and who has not earned creditable compensation during the current or preceding school year.

Disabled Member: A member who receives a disability benefit.

Retired Member: A member who has terminated employment and has retired from (for) service or has retired for disability and receives a retirement benefit.

Vested Member: A member who has accrued five years of service credit to be eligible for service retirement or a disability benefit.

Member-Only Benefit

The highest monthly benefit you can receive when you retire from (for) service or disability before any reduction to provide for an option beneficiary.

N

Nonconsecutive Final Compensation

The highest average annual earnable compensation during any period of three years of paid employment covered by CalSTRS. Available if you received a salary reduction due to a reduction in school funds. Upon certification from your employer, CalSTRS will use your highest three nonconsecutive school years to determine your final compensation.

Nonqualified Service Credit

Service not connected to any prior specific employment. You may purchase up to five years of nonqualified service credit.

O

One-Time Death Benefit

A one-time benefit paid to your death benefit recipients after you die.

Option

Plan feature that allows you to distribute your retirement benefit over your lifetime and the lifetime of other people.

100% Beneficiary Option: Upon your death, the reduced benefit will be paid to the option beneficiary for life. If your option beneficiary dies before 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 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 was elected for that beneficiary, and what percentage of the total benefit was subject to the option and beneficiary elected.

Option Beneficiary

The person you name to receive a lifetime monthly benefit after your death.

Option Factor

An actuarially determined factor used to calculate the amount of monthly benefit when an option is elected to provide a lifetime monthly benefit to a designated option beneficiary after your death.

P

Parent

A natural parent or a parent who adopted you before you either reached age 18, married or registered as a domestic partner, whichever occurred first.

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 or is receiving an annuity under the Cash Balance Benefit Program.

Post-Tax Contributions

Member contributions paid into the CalSTRS Defined Benefit Program based on creditable compensation from which federal and state income taxes have been withheld.

Projected Final Compensation

The final compensation used to determine your disability or family allowance benefit under Coverage A, increased by 2 percent, compounded annually, to the earlier of age 60 or the date the disability benefit is terminated.

Projected Service

Service credit plus the service you would have earned to age 60 (or termination of the disability benefit, whichever comes first) had you continued to work and receive service credit at the same rate as the highest of any one of the three school years immediately preceding your death or the date your disability benefit began to accrue under Coverage A.

R

Reasonable Accommodation

Federal and state laws give you the right to request accommodation that would allow you to continue working and obligates employers to make a good faith effort to accommodate these requests. Before making a final decision on your application for disability benefits, CalSTRS may require you to pursue a request for reasonable accommodation. This would enable you to continue employment in your same position, or in one with comparable

responsibilities. Reasonable accommodation could be accomplished by changing the duties of your position or reassigning you to alternate duties you are qualified to perform through modification of your work site or other measures.

Recipient

The beneficiary you name to receive your one-time death benefit.

Redeposit

The purchase of service credit represented by previously refunded contributions after terminating CalSTRS-covered employment. Redeposit costs include the interest the refunded amount would have earned had the funds remained in the CalSTRS account.

Reduced Benefit Election (Early Retirement Limited-Term Reduction Program)

A retirement alternative for Defined Benefit members. You must be at least age 55, but under age 60, and have at least five years of service credit to retire under this alternative. You receive one-half your monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, you will receive your normal service retirement benefit.

Reduced Workload Program

Under this CalSTRS program, you may reduce your workload from full time to part time (a minimum of 50 percent of full time) and still receive a full year of service credit. You may participate in this program for up to 10 years before retirement. The opportunity to participate is available only if your employer offers the program.

Refund

A distribution of all your post-tax contributions, tax-deferred contributions and interest credited on those contributions after you terminated employment with the California public school system.

Registered Domestic Partner

A registered domestic partner has many of the same rights and responsibilities as a spouse under California law, including laws concerning community property, child custody and support, and access to family court for the dissolution of a partnership. To register a domestic partnership with the California Secretary of State's office, you and your partner must be of the same sex, or if you and your partner are opposite sexes, one of you must be at least 62 years old.

Reinstatement

Returning to employment in a position requiring CalSTRS membership and terminating a CalSTRS benefit, such as a retired educator returning to the classroom in a credentialed position.

Retirement Benefit

A monthly benefit paid to a member each month after retirement.

Retirement Benefit Calculation

The formula used to calculate the Member-Only amount CalSTRS members will receive each month after retiring from (for) service. The formula is: Service Credit x Age Factor (2 percent at age 60) x Final Compensation = Member-Only Benefit.

Retirement Incentive Program

A program provided by employers that would increase the service credit used in calculating the CalSTRS service retirement benefit. This program allows Defined Benefit members who are eligible to retire to receive two additional years of service credit. If you return to work

for the same employer within five years of retirement, or if you reinstate, you will lose the ongoing increase in your benefit.

Retirement Progress Report

An annual report for active and inactive members that includes:

- A summary of Defined Benefit and Defined Benefit Supplement program transactions during the prior year.
- Service credit.
- Contribution and interest balances.
- Key provisions of the CalSTRS Defined Benefit and Defined Benefit Supplement programs.
- Death benefit recipient and beneficiary information.
- Two projections of your retirement benefit if you are at least age 45.

CalSTRS also provides a *Retirement Progress Report* for participants of the Cash Balance Benefit Program.

Return of Member Contributions

A one-time payment of all your accumulated contributions. Payment equals your total contributions and interest at time of retirement, disability or death, less the sum of all monthly benefit payments received. This is payable when there are no longer any option beneficiaries or survivors who qualify for a continuing monthly benefit from the program.

S

Service Credit

Accumulated period in years, including partial years, for which you earned creditable compensation and made contributions under the Defined Benefit Program. Service credit is one of the factors used to determine your eligibility for benefits under the Defined Benefit Program. Service credit cannot exceed 1.000 in any given school year.

Service Retirement During Evaluation of a Disability Application

If you are applying for a disability benefit, you may be eligible to receive a service retirement benefit while CalSTRS evaluates your application for disability benefits. This will enable you to receive monthly retirement income while awaiting the determination. However, you will not be eligible for the Reduced Benefit Election.

Single-Month Earnings Limit (Disability Allowance, Coverage A)

The amount a disabled member may earn in any month without a reduction in the disability benefit. Your disability benefit and employment earnings in a single month are added together and compared to the indexed final compensation for the month. Amounts in excess of the limit will be collected by CalSTRS dollar for dollar.

Six-Month Earnings Limit (Disability Allowance, Coverage A)

Your average earnings and disability benefit over any continuous six-month period are compared to two-thirds of the indexed final compensation. If you exceed this limit, your disability benefit can be terminated.

Subrogation

A process that permits CalSTRS to participate in an action to recoup benefits paid, expenses and legal costs when a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation.

Supplemental Benefit Maintenance Account

The account from which payments are made to members and beneficiaries whose current benefit is worth less than a specified percent of the original benefit when adjusted for increases in the California Consumer Price Index. The percentage is currently set at up to 85 percent.

Surviving Spouse or Registered Domestic Partner

A person who was one of the following:

- Married to you or registered as your domestic partner for at least 12 months before your death.
- Married or registered as your domestic partner fewer than 12 months if a child was born during the marriage or partnership or if your surviving spouse or partner is pregnant with your child.
- Continuously married to you or registered as your domestic partner for fewer than 12 months before your accidental death or for the period beginning before the occurrence of the injury or diagnosis of the illness that resulted in your death.

Survivor Benefit (Coverage B)

If you die before retirement and had a preretirement election of an option in place, a lifetime benefit will be payable to your elected option beneficiary. If you do not have a preretirement election of an option, a survivor benefit may be payable to your surviving spouse or registered domestic partner and eligible dependent children. See also Coverage B.

V

Vested Member

A member of the CalSTRS Defined Benefit Program with five years of service credit or eligible to retire concurrent with another public retirement system.

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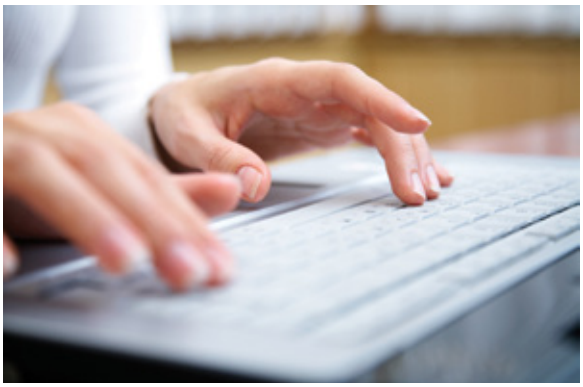

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