

Social Security, CalSTRS and You

Get the Facts on Social Security

As a California public school educator, you do not contribute to Social Security, so you will not receive a Social Security benefit for your CalSTRS-covered employment when you retire.

If you are counting on Social Security through your spouse or other employment, read this fact sheet carefully. Two federal rules, the Windfall Elimination Provision and the Government Pension Offset, may leave you with a smaller Social Security check or possibly no check at all.

These rules affect only your Social Security benefit. Your CalSTRS retirement benefit will not change.



Windfall Elimination Provision

Affects your Social Security benefit that is based on your earnings from other employment.

- May reduce your Social Security benefit, but it will not eliminate it. For 2016, the maximum reduction is \$428 per month with 20 or fewer years of substantial earnings.
- The reduction to your Social Security benefit cannot be more than half of your monthly CalSTRS benefit.
- Does not apply if you have 30 or more years of substantial earnings under Social Security.
- If you paid Social Security taxes on substantial earnings for:
 - » Up to 20 years, this provision reduces the 90 percent factor of the Social Security computation formula to 40 percent. For an example, see the table to the right describing how your Social Security benefit would be affected if you turn 62 in 2016 with 20 years or fewer of substantial earnings. The dollar value of each part is adjusted annually.
 - » 21 to 29 years, the 40 percent factor increases incrementally from 45 percent to 85 percent.

Social Security Substantial Earnings

Social Security substantial earnings are defined each year. Here is a sampling:

1980	\$5,100
1990	\$9,525
2000	\$14,175
2016	\$22,050

Worker With Average Indexed Monthly Earnings of \$2,000 and Retiring in 2016

Regular Formula

90% of first \$856	\$770.40
32% of next \$1,144	\$366.08
15% of remainder	\$0
Total	\$1,136.48

Windfall Elimination Formula

40% of first \$856	\$342.40
32% of next \$1,144	\$366.08
15% of remainder	\$0
Total	\$708.48

Government Pension Offset

Affects the Social Security benefit you receive as a spouse or surviving spouse.

- May reduce or eliminate your spousal Social Security benefit.
- Will reduce your Social Security benefit by two-thirds of your CalSTRS retirement benefit.

For example: Assume your expected spousal Social Security benefit is \$600 and your CalSTRS retirement benefit is \$1,200. Two-thirds of \$1,200 is \$800. Subtracting \$800 from your spousal \$600 Social Security benefit leaves a negative amount, so you would not get a Social Security benefit.

Consider investing the 6.2 percent of your salary that would have gone to Social Security into a tax-advantaged 403(b), Roth 403(b) or 457(b) plan such as CalSTRS Pension2. Visit Pension2.com to learn more.

Social Security Benefit Fact Sheets and Calculators



Scan to find fact sheets and calculators to help you determine if these federal rules might affect your Social Security benefit. Or visit socialsecurity.gov/gpo-wep or call the Social Security Administration at 800-772-1213.

Important Things to Consider

- Social Security is a federal program and neither CalSTRS nor the State of California has control over eligibility requirements or benefit calculations.
- If you're receiving Social Security now, your Social Security benefit may be reduced or eliminated when you begin receiving your CalSTRS benefit.
- If you take a CalSTRS refund, your Social Security benefit may be offset by both rules.
- Let the Social Security Administration know when you plan to retire so that your Social Security benefit may be adjusted. Otherwise, you will have to repay any excess Social Security benefits you receive once you begin receiving your CalSTRS benefit.
- When you receive your CalSTRS annual benefit adjustment, contact the Social Security Administration. Your Social Security benefit may need to be adjusted.
- These two rules do not affect your Medicare benefits.
- Social Security benefits paid to CalSTRS option beneficiaries and survivor benefit beneficiaries are not affected by these rules.

CalSTRS Pension2

Consider investing the 6.2 percent of your salary that would have gone to Social Security into Pension2®, CalSTRS' voluntary defined contribution plan. Pension2 offers 403(b), Roth 403(b) and 457(b) plans for additional retirement savings.

CalSTRS Pension2:

- Complements your CalSTRS retirement benefit.
- Features low fees and expenses, with no commissions, no load fees and no surrender charges.
- Offers tax-advantaged contributions.
- Offers ready-made, diversified Easy Choice Portfolios, or the option to build your own portfolio from more than 20 investment funds or have a Self-Directed Brokerage Account.
- Provides online planning tools and education resources.

> Pension2.com

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

> 403bCompare.com

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

CalSTRS Resources



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CalSTRS.com
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800-228-5453
7 a.m. to 6 p.m.
Monday through Friday
916-414-1099
Calls from outside the U.S.
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CalSTRS Pension2®
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Pension Abuse Reporting Hotline



WRITE

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