

# My Retirement Decisions

Learn more about choosing my retirement date, beneficiary options, and how to receive my benefit once I retire.

Date \_\_\_\_\_

## Section 1: Membership Information and Resources

- My benefit structure determines how my retirement benefit is calculated.  
I am a CalSTRS 2% at \_\_\_\_\_ member.
- **CalSTRS.com**—access information on my benefits, forms and publications, videos and calculators.
- **myCalSTRS**—view and update account information, submit forms and messages, and access my *Retirement Progress Report*.
- **Retirement Progress Report**—track my membership and benefit information, service credit and account balances, and other information reported by my employer.

### My Action Items

- Verify my benefit structure on my *Retirement Progress Report*, if needed.
- Read the *Your Retirement Guide* booklet at **CalSTRS.com**.
- Register for **myCalSTRS** and update my contact information and communication preferences at **myCalSTRS.com**.
- Review my *Retirement Progress Report* each September and contact my employer immediately if there are discrepancies.

## Section 2: Choosing a Retirement Date

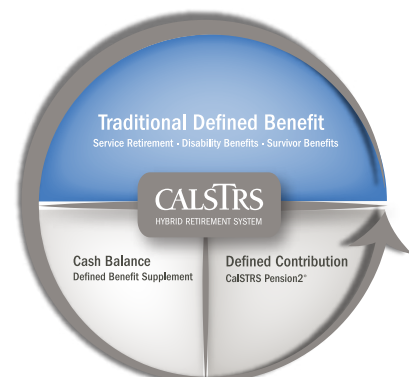
- I can retire as early as age 55 with five years of service credit.
- CalSTRS does not offer health benefits. I am responsible for my own coverage. My employer may offer special benefit packages or incentives if I retire within a certain time period.
- Once I am eligible for retirement, I can retire as early as the day after my last day of work, vacation or compensated approved leave.
- My benefit may depend on my retirement date.

### My Action Items

- See the *Your Retirement Guide* booklet for more information on retirement eligibility.
- Check with my employer about health benefits and retirement incentives for retirees.
- Verify my last day of work with my employer when I intend to retire and ask about forms my employer may require.

## Section 3: CalSTRS Hybrid System

- My membership includes the Defined Benefit and Defined Benefit Supplement programs.
- The CalSTRS Pension2® program is a voluntary defined contribution plan.



## Section 4: Retirement Benefits

- My retirement benefit is based on the following formula:

$$\text{Service Credit} \times \text{Age Factor} \times \text{Final Compensation} = \text{Monthly Retirement Benefit}$$

	What it is	How to increase it
<b>Service Credit</b>	Time worked for which contributions were paid	Work longer or purchase eligible service
<b>Age Factor</b>	Percentage based on age at retirement We add 0.20 percent up to the maximum of 2.40 percent for CalSTRS 2% at 60 members with 30 or more years of service credit at retirement	Work longer or wait to retire
<b>Final Compensation</b>	Highest average annual compensation earnable We use the highest average 36 consecutive months for CalSTRS 2% at 62 members and CalSTRS 2% at 60 members with less than 25 years of service credit We use 12 consecutive months for 2% at 60 members with 25 or more years of service at retirement	Work at higher pay rates

### My Action Items

- Review the *Understanding the Formula* fact sheet and video on **CalSTRS.com**.
- Track my service credit balance on my *Retirement Progress Report* and transfer my unused sick leave balances if I change employers.
- View the complete age factor tables in the *Member Handbook*.
- Use the *Retirement Benefits Calculator* at CalSTRS.com to generate estimates.
- Read the *Purchase Additional Service Credit* booklet.

### Calculating Jake's Retirement Benefit

Calculate Jake's retirement benefit assuming the following:

- Jake is a CalSTRS 2% at 60 member who wants to retire at 63.
- He is 48 years old with 12 years of service credit and plans to work full time for 15 more years.
- His one-year monthly final compensation is \$5,208.

Service Credit \_\_\_\_\_

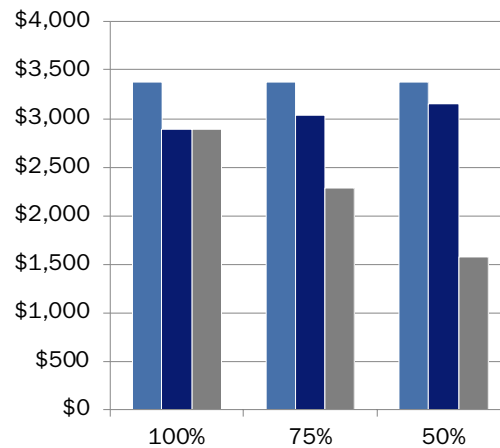
x Age Factor \_\_\_\_\_

x Final Compensation \_\_\_\_\_

Jake's Monthly Benefit = \_\_\_\_\_

## Section 5: Defined Benefit Decision

- The Member-Only Benefit is the highest benefit I can receive and ends when I die. Any remaining account balance is paid to my one-time death benefit recipient.
- The Modified Benefit is a reduced benefit that provides a lifetime monthly benefit to one or more beneficiaries when I die. The reduction is based on the option I elect and my age and the age of my beneficiaries when I make the election. I can choose to leave my beneficiary 100%, 75% or 50% of my reduced benefit.
- Once eligible to retire, I can make a preretirement election of an option to secure an option benefit if I should die before retirement.



### Jake's Modified Benefit

- Member-Only Benefit
- Modified Benefit
- Beneficiary Benefit

#### My Action Items

- View the *Beneficiary Options* video on **CalSTRS.com**.
- Use the *Retirement Benefits Calculator* on **CalSTRS.com** to estimate your modified benefit.
- Learn about the Compound Option in the *Member Handbook*.
- Attend a benefits planning session or obtain an estimate before electing an option.

## Section 6: Defined Benefit Supplement Choices

- The Defined Benefit Supplement Program is a cash balance plan with a guaranteed benefit based on contributions and credits. I can choose between the following distributions at retirement:

<b>Lump Sum</b>	Return of account balance
<b>Annuity</b>	<ul style="list-style-type: none"> <li>• Lifetime—separate monthly payment for my lifetime or for my lifetime and the lifetime of my option beneficiary if I elect the Modified Benefit</li> <li>• Period Certain—separate monthly payment for three to 10 years</li> </ul>
<b>Combination</b>	Lump-sum payment and annuity based on remaining account balance

#### My Action Items

- View my account balance on **myCalSTRS** and watch the video series on **CalSTRS.com** to review funding sources, distribution choices and tax considerations.
- Consider working additional extra-pay assignments to increase my account balance.
- Review your choices and tax considerations with a tax professional.

## Section 7: CalSTRS Pension2

- CalSTRS Pension2, a voluntary defined contribution plan, provides additional income in retirement. It offers 403(b), 457(b), Roth 403(b) and Roth 457(b) accounts with low fees and a variety of investments.

#### My Action Items

- Visit **Pension2.com** or call 888-394-2060 for more information, educational videos and contribution calculators.
- Research supplemental savings plans offered by my employer at **403bCompare.com**.

## Section 8: Application Process and After Retirement

- I can submit my *Service Retirement Application* as early as six months before my retirement date. Resigning with my employer is a separate process.
- The Windfall Elimination Provision can reduce but will not eliminate my earned Social Security benefit.
- The Government Pension Offset can reduce or eliminate my spousal/widow(er) Social Security benefit.
- I have a separation-from-service requirement. If I return to CalSTRS-covered employment within 180 calendar days of retirement, my benefit will be reduced dollar for dollar by the amount I earn.
- After the first 180 days of retirement, I can work in CalSTRS-covered employment up to the annual postretirement earnings limit. The limit is \$ \_\_\_\_\_ for \_\_\_\_\_ / \_\_\_\_\_.

### My Action Items

- Submit my *Service Retirement Application* as early as six months before my retirement date
- Verify my resignation process with my employer.
- Contact the Social Security Administration for more information on benefit reductions.
- Track my gross earnings to avoid exceeding the earnings limits.

## Section 9: Benefit Inflation Protection

- I will receive an increase in my monthly benefit each September after the one-year anniversary of my retirement. The increase is equal to 2 percent of my initial benefit and is not compounded.
- If the purchasing power of my current benefit falls below a certain percent (currently 85 percent) of the purchasing power of my initial benefit, I will receive a supplemental benefit payment.

### My Action Items

- View the *Member Handbook* for more information.

## Section 10: Learn More

- Financial Awareness Workshops
  - **Save for Your Future**—budgeting basics, savings and investing, credit and debt
  - **Plan for Your Future**—retirement lifestyle, expenses, income and obstacles
  - **Protect Your Future**—retirement distributions, maximizing and protecting income
  - **CalSTRS and Your Retirement**—personalized benefit estimates, electing an option, application process and after retirement

### Action Items

- Visit [CalSTRS.com/financial-awareness](https://www.calstrs.com/financial-awareness) for more information.
- Contact CalSTRS to schedule a CalSTRS and Your Retirement group session.
- Send an online message using **myCalSTRS** or call 800-228-5453 if I have questions.

