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OR

Have the materials open on another computer or device during the presentation.

Handouts for this session are available at:

 [CaISTRS.com/webinars](https://www.calstrs.com/webinars)

At the end of the webinar, you'll be asked to participate in a survey.

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Click *Show Captions/Hide Captions* to turn them on and off.



My Retirement Decisions

Trust CalSTRS, not impersonators

CalSTRS authorized representatives:

- * Have an email address ending in @CalSTRS.com.
- * Can provide a CalSTRS ID badge or business card.
- * Do not provide refreshments at offsite events.
- * Will never meet at your home.
- * Do not sell insurance products.
- * Have access to your Pension2[®] account information.

Some Voya financial representatives work exclusively with Pension2.

Their names and photos are listed at [CalSTRS.com/trust-CalSTRS](https://www.calstrs.com/trust-CalSTRS).

To verify a CalSTRS representative, contact us at **888-394-2060** or RepCheck@CalSTRS.com.



Objectives

- 01** Understand how to choose a retirement date.
- 02** Know how to provide for loved ones in retirement.
- 03** Consider how to receive your Defined Benefit Supplement account funds.
- 04** Take advantage of CalSTRS resources.



Polling question

Section one


Membership information
and resources

CalSTRS
2% at 60

First hired before
January 1, 2013.

CalSTRS
2% at 62

First hired on or after
January 1, 2013.

-  Fill in your benefit structure on page 1.
- Verify your benefit structure on your *Retirement Progress Report*.



- * Learn about CalSTRS and your benefits.
- * Download forms and publications.
- * Access calculators and watch videos.

☑ Read the *Your Retirement Guide* booklet.

01

myCalSTRS



Register at myCalSTRS.com and update your contact information and communication preferences.

* View and update account information.

* Submit forms and send messages.

* Access your *Retirement Progress Report*.

Use your *Retirement Progress Report* to review:

- * Membership and benefit information.
- * Service credit and account balances.
- * Employer reporting.



Polling question

Section two

Choosing a retirement date

Minimum requirements

Age 55 with five years of service credit.

Early retirement

Age 50 with 30 years of service credit.
(CalSTRS 2% at 60 only)

Concurrent retirement

Age 55 with fewer than five years of service credit if retiring concurrently from certain other retirement systems.



Service retirement date



Health benefits



Benefit amount



Incentive

- ☑ Check with your employer about health benefits and retirement incentives.
- ☑ Verify your last day of work and retirement date with your employer.

Section three

CalSTRS hybrid system



Membership includes:

- * Defined Benefit Program
- * Defined Benefit Supplement Program

Optional:

- * CalSTRS Pension2®

Section four

Retirement benefit

04

Defined Benefit account



- * Your retirement is based on a formula set by law.
- * CalSTRS has two benefit structures:
 - * CalSTRS 2% at 60
 - * CalSTRS 2% at 62

04

Service retirement formula

$$\text{service credit} \times \text{age factor} \times \text{final compensation} \\ = \text{monthly retirement benefit}$$

Service credit:

Time worked and contributed.

04

Service credit

Percentage of contract worked	Service credit
Full time	1.000
75% time	0.750
50% time	0.500

☑ Track your service credit balance on your *Retirement Progress Report* each fall.

04

Service credit

Calculating additional service credit

$$\text{unused sick leave days} \div \text{number of contract days} \\ = \text{additional service credit}$$

Example

$$100 \text{ unused sick leave days} \div 180 \text{ contract days} \\ = 0.556 \text{ years additional service credit}$$

- ☑ Track your service credit balance on your *Retirement Progress Report* each fall.

04

Service retirement formula

$$\text{service credit} \times \text{age factor} \times \text{final compensation} \\ = \text{monthly retirement benefit}$$

Service credit:

Time worked and contributed.

Age factor:

Percentage based on age at retirement.

04

Age factor

Retirement age	CalSTRS 2% at 60	CalSTRS 2% at 62
55	1.40%	1.16%
56	1.52%	1.28%
57	1.64%	1.40%
58	1.76%	1.52%
59	1.88%	1.64%
60	2.00%	1.76%
61	2.13%	1.88%
62	2.27%	2.00%
63	2.40%	2.13%
64	2.40%	2.27%
65	2.40%	2.40%

View the complete age factor tables in the CalSTRS *Member Handbook* at [CalSTRS.com/publications](https://www.calstrs.com/publications).

Career factor:

An increase of 0.20% for CalSTRS 2% at 60 members with 30 or more years of service credit.

$$\text{service credit} \times \text{age factor} \times \text{final compensation} \\ = \text{monthly retirement benefit}$$

Service credit:

Time worked and contributed.

Age factor:

Percentage based on age at retirement.

Final compensation:

Highest average annual compensation earnable for 36 consecutive months.

04

Final compensation

School year	Compensation earnable	Number of months
Year A	\$75,000	12
Year B	\$79,000	12
Year C	\$83,000	12

$$\mathbf{\$237,000} \div \mathbf{36 \text{ months}} = \mathbf{\$6,583}$$

Total combined
compensation earnable

The number of consecutive
months used for the calculation

Final compensation

04

Final compensation

One-year final compensation

Use only 12 consecutive months for CalSTRS 2% at 60 members with 25 or more years of service credit.

School year	Compensation earnable	Number of months
Year A	\$75,000	12
Year B	\$79,000	12
Year C	\$83,000	12

$$\mathbf{\$83,000 \div 12 \text{ months} = \$6,917}$$

04

Final compensation

$$\text{\$6,917} - \text{\$6,583} = \text{\$333}$$

Final compensation
calculated with
12 months

Final compensation
calculated with
36 months

Difference between
final compensation
amounts



Jake's retirement benefit

- * Jake is a CalSTRS 2% at 60 member who works full time.
- * He is 48 years old with 12 years of service credit and wants to retire at age 60.
- * His final compensation is \$6,583.

04

Jake's retirement benefit



$$24 \times 0.020 \times \$6,583 = \$3,160$$

Service credit

12.000 + 12.000
earned between
ages 48 to 60

Age factor

2% at age 60

Final compensation

(\$75,000 + \$79,000 + \$83,000)
÷ 36 months

**Monthly retirement
benefit**



Polling question



What if Jake works longer?

Estimate Jake's retirement benefit on page 2.

04

Jake's retirement benefit



$$27 \times 0.024 \times \$6,917 = \$4,482$$

Service credit

12.000 + 15.000
earned between
ages 48 to 63

Age factor

2.4% at age 63

Final compensation

\$83,000 ÷ 12 months

**Monthly retirement
benefit**

☑ Use the *Retirement Benefits Calculator* at [CaSTRS.com/calculators](https://www.calstrs.com/calculators) to estimate your benefit.

Service credit

- * Work longer.
- * Purchase service credit.

Age factor

- * Work longer.
- * Retire later.

Final compensation

- * Work at higher pay rates.

- ✓ Read the *Purchase Service Credit Now* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications).
- ✓ Use the calculators at [CalSTRS.com/calculators](https://www.calstrs.com/calculators).

Section five

Defined Benefit Program
decision

Member-Only Benefit

- * Highest benefit amount.
- * After you die, your beneficiary receives your remaining account balance.

Modified Benefit

- * Reduced benefit amount.
- * After you die, a percentage of your reduced benefit goes to your option beneficiary.



Polling question

$$\text{Member-Only Benefit} \times \text{option factor} \\ = \text{Modified Benefit}$$

05

Jake's Modified Benefit

Option factor table

MBR age	BEN age	100%	75%	50%
63	50	0.8054	0.8572	0.9036
63	55	0.8301	0.8776	0.9184
63	60	0.8572	0.8997	0.9340
63	65	0.8844	0.9214	0.9490
63	70	0.9094	0.9410	0.9621

☑ Watch the *Beneficiary Options* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

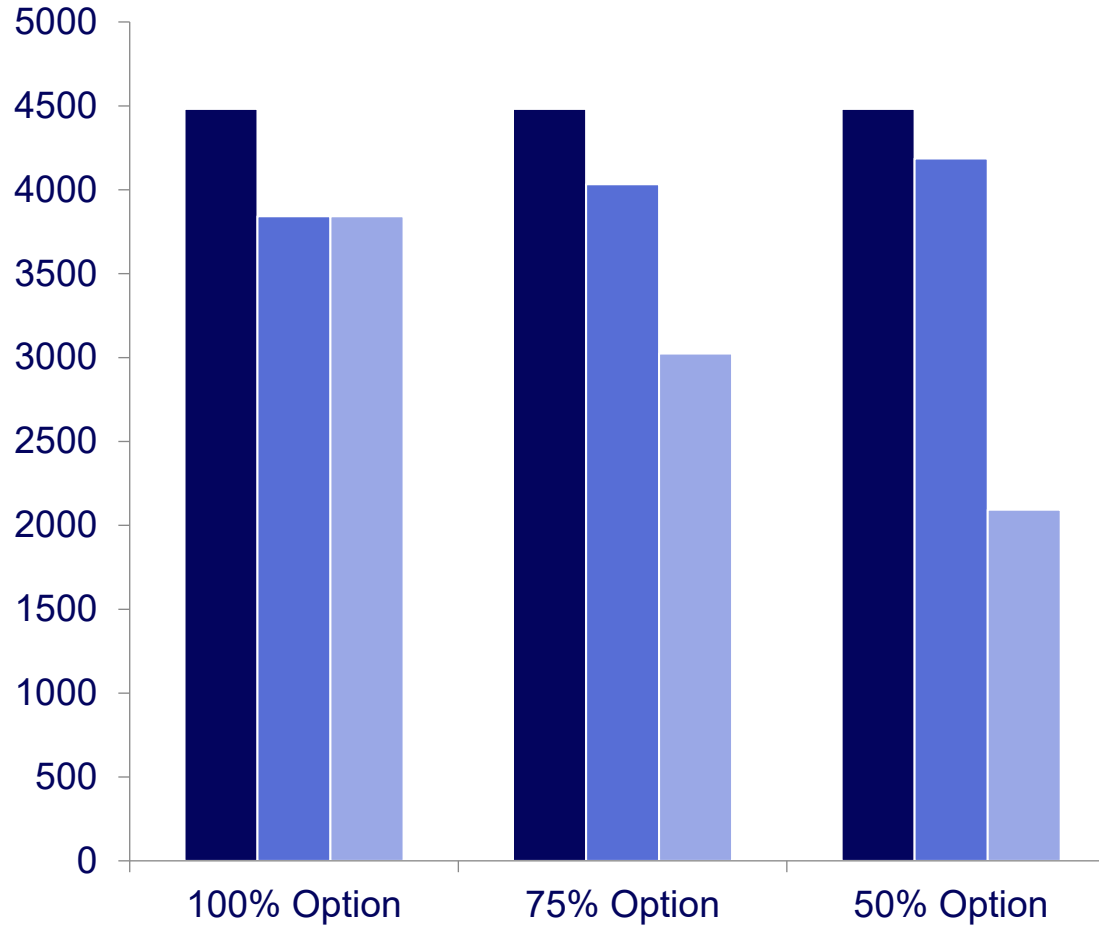
05

Jake's Modified Benefit

$$\begin{array}{ccccc} \$4,482 & \times & .8997 & = & \$4,033 \\ \text{Member-Only Benefit} & & \text{option factor} & & \text{Modified Benefit} \end{array}$$

- ☑ Watch the *Beneficiary Options* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).
- ☑ View the *Retirement Benefits Calculator* at [CalSTRS.com/calculators](https://www.calstrs.com/calculators) to estimate your Modified Benefit.

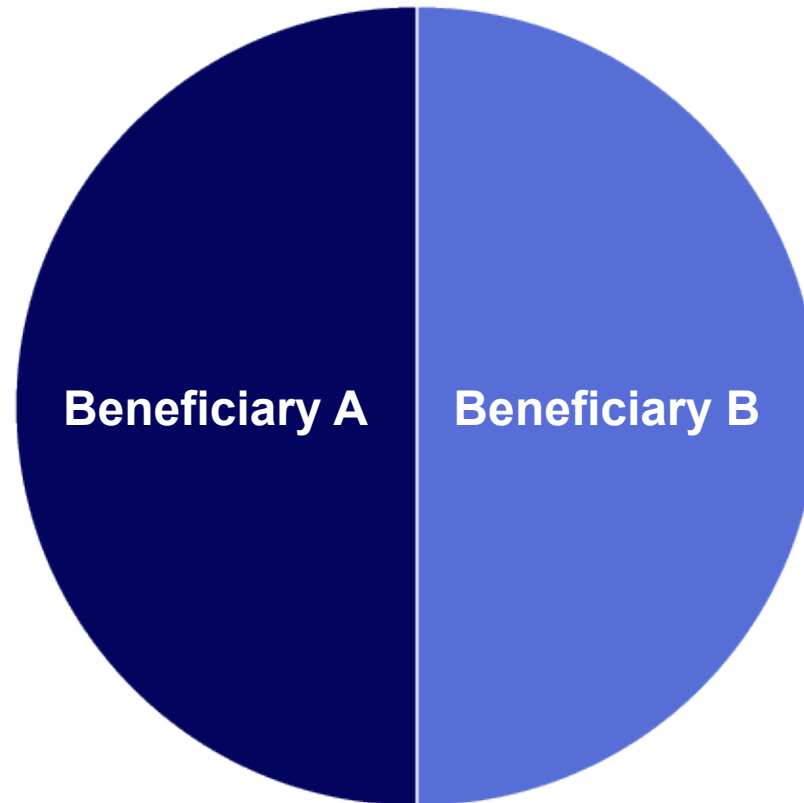
Jake's Modified Benefit

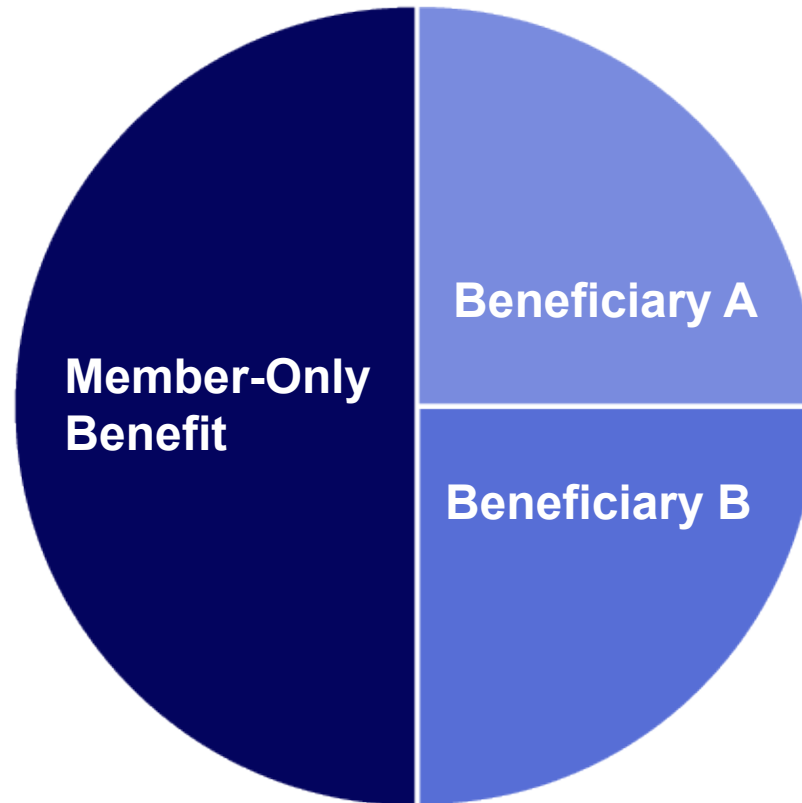


Member-Only Benefit Modified Benefit Beneficiary benefit



**Member-Only
Benefit**





Advantages

- * Secure coverage for beneficiary if you should die before retirement.
- * Option factor tends to be higher the earlier you elect an option.

Disadvantages

- * You'll be subject to an assessment if you change or cancel your option or if your beneficiary dies before you retire.
- * The assessment can reduce your future monthly benefit.

☑ Attend a benefits planning session or obtain an estimate before electing an option.

Section six

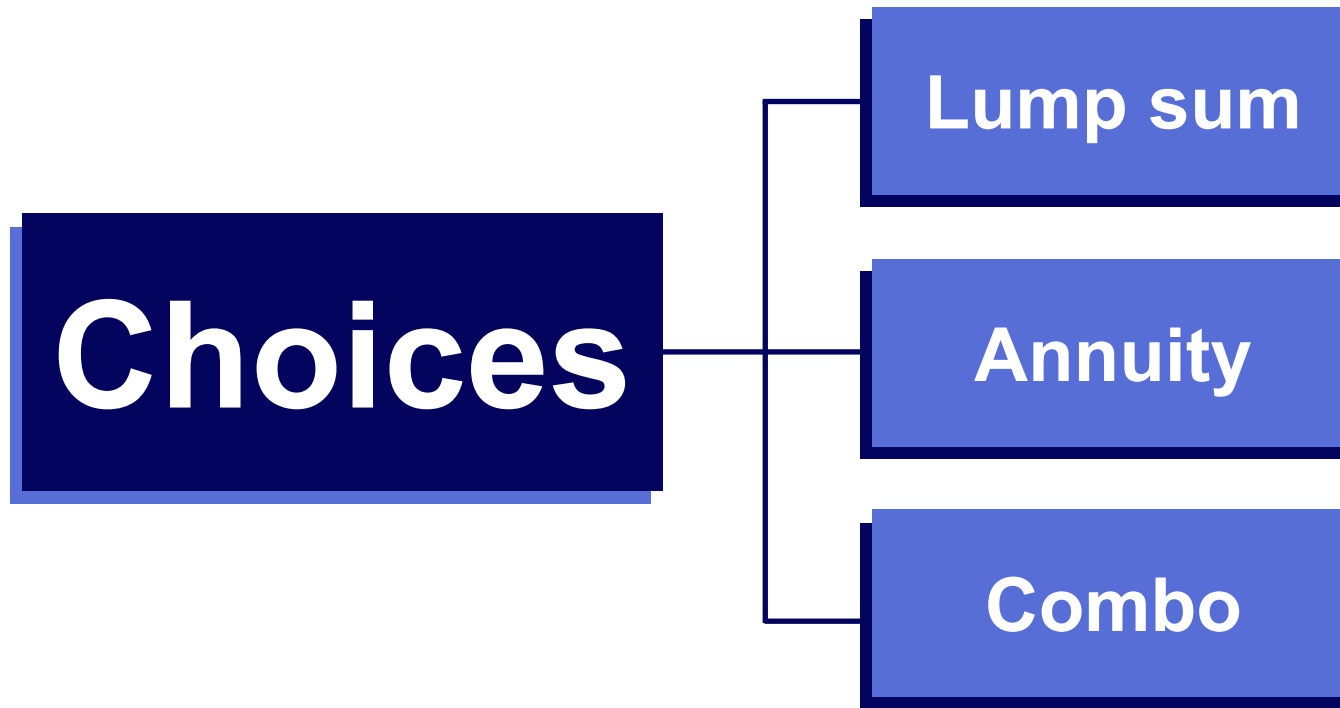
**Defined Benefit Supplement
Program choices**



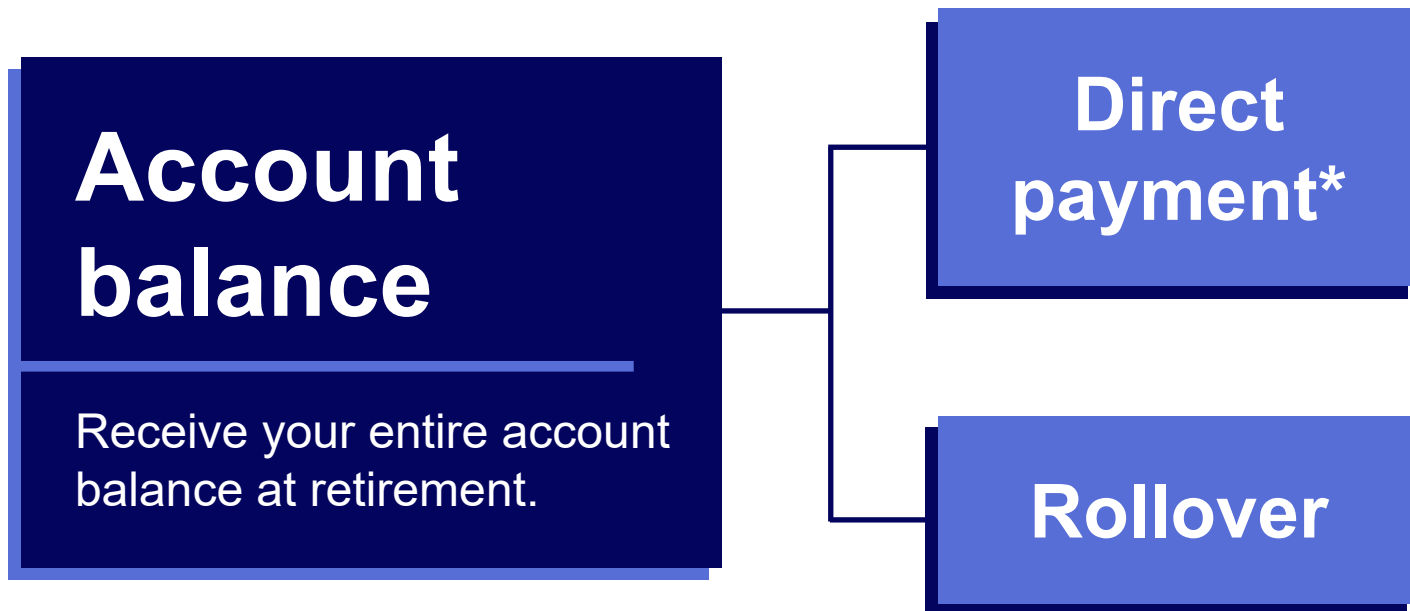
- ✓ View your account balance on *myCalSTRS*.
- ✓ Consider working extra-pay assignments to increase your account balance.

Defined Benefit Supplement account

- * Member contribution rate:
 - * 8% for CalSTRS 2% at 60 members.
 - * 9% for CalSTRS 2% at 62 members.
- * Employer contribution rate is 8%.

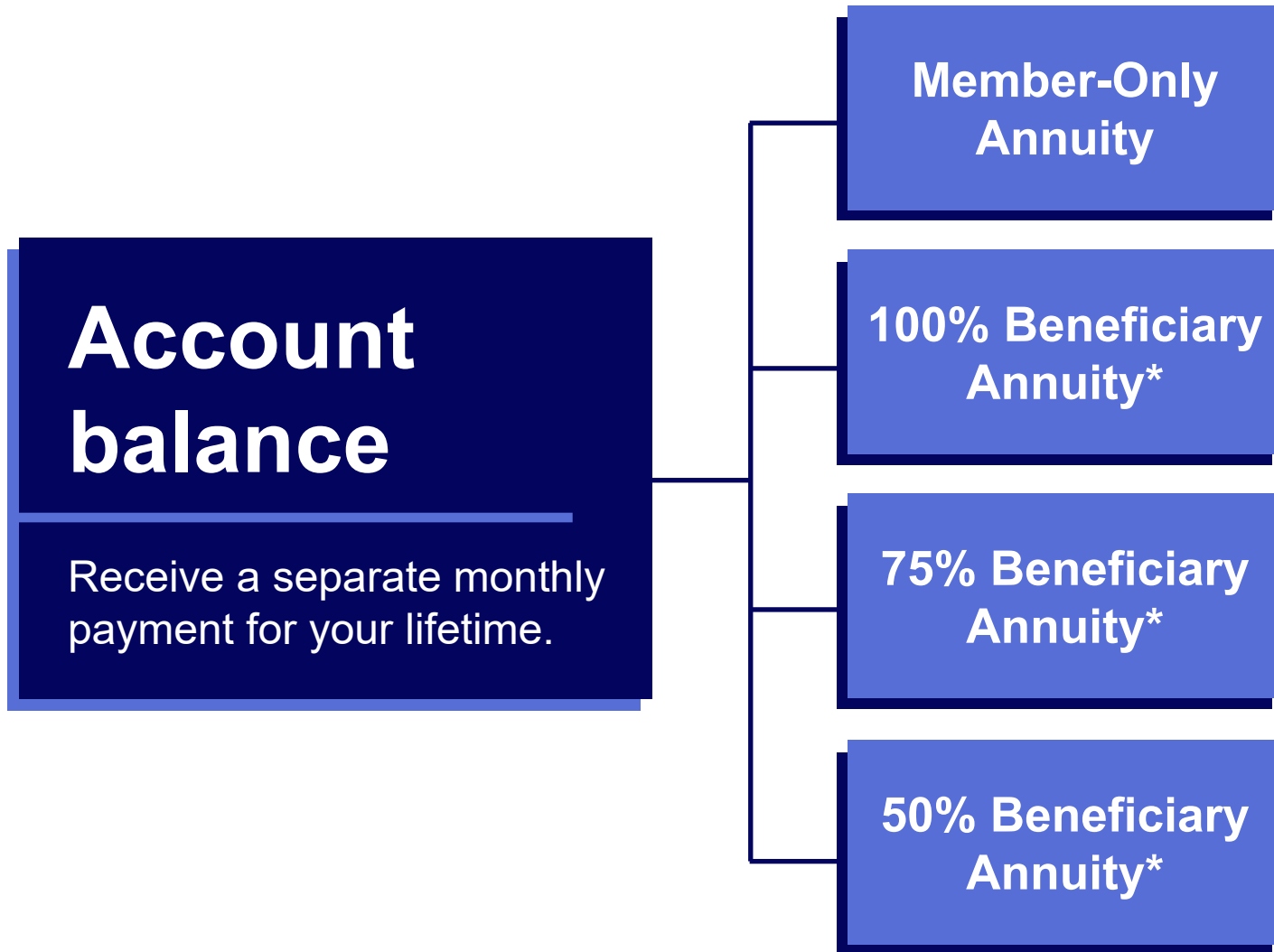


Lump-sum payment



* There is a mandatory 20% federal tax withholding and an optional 2% state tax withholding for direct payments.

Lifetime annuity



*Your annuity beneficiary is your option beneficiary.

Account balance

Receive your account balance as a separate monthly benefit for a specified number of years.

3–9 years

- * Can choose direct payments or rollovers.
- * Mandatory 20% federal tax withholding and optional 2% state tax withholding.

10 years

- * Direct payments only.
- * Can elect federal and state tax withholdings.

Account balance

Receive a lump-sum payment at retirement and monthly payments for the remaining account balance.

Lump sum and lifetime annuity

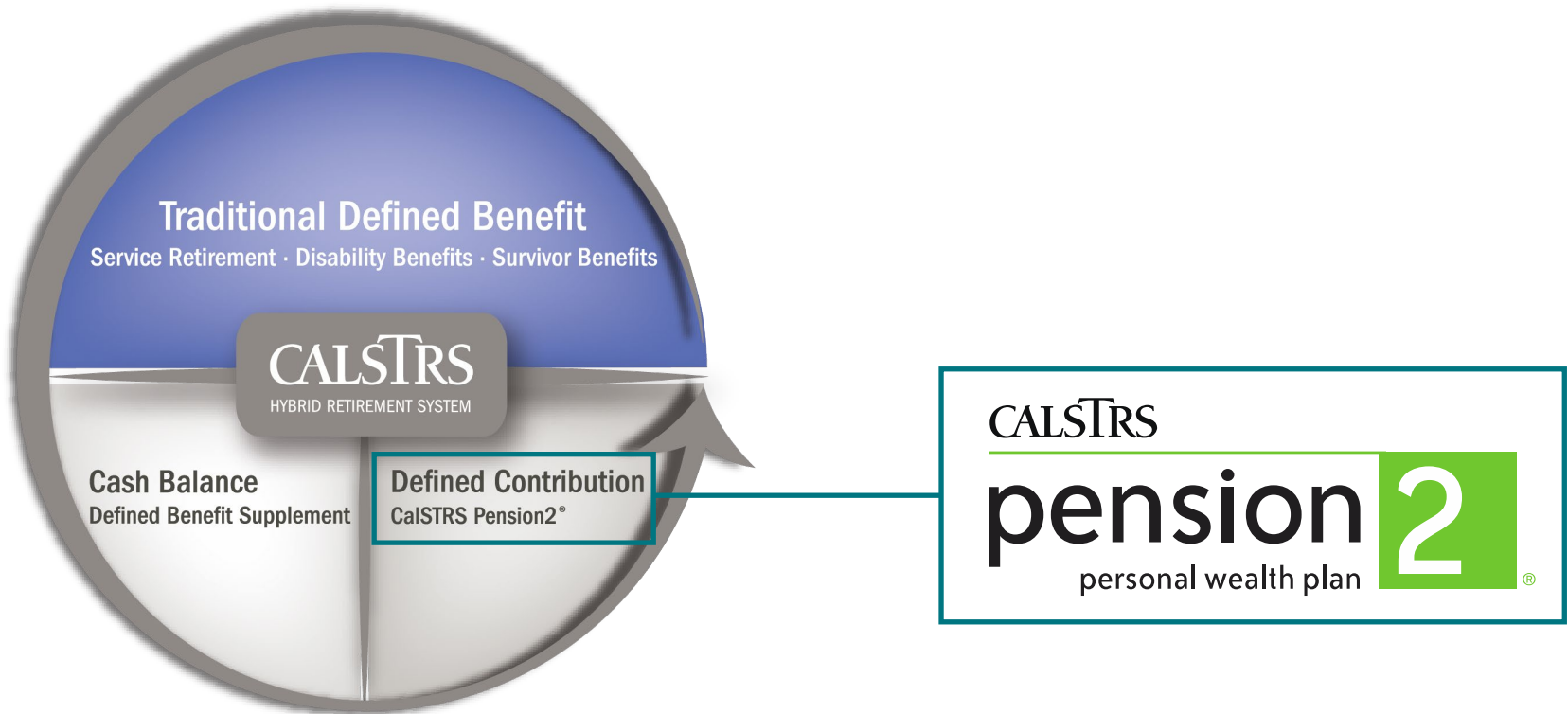
Lump sum and period-certain annuity
(3–10 years)




Polling question

Section seven

CalSTRS Pension2



403(b) * Roth 403(b) * 457(b) * Roth 457(b)



Pension2 can
take you where
you want to go

- * Tax-deferred retirement savings.
- * Low and transparent costs.
- * No commissions, load fees or surrender charges.
- * Flexible investment options.

Visit Pension2.com or call 888-394-2060
for more information.

Research your employer's plans at
403bCompare.com.



Scan the QR code to
visit Pension2.com.



Polling question

Section eight

**Application process and
after retirement**

Decide

Resign

Retire

- ☑ Verify resignation process with your employer.
- ☑ Submit the *Service Retirement Application* to CalSTRS no earlier than six months before retirement.

Windfall Elimination Provision

- * May reduce but **cannot eliminate** your earned Social Security benefit.

Government Pension Offset

- * Reduces and **may eliminate** your spousal or widow/widower Social Security benefit.

Separation-from-service requirement

- * Benefit reduced dollar for dollar for any earnings from CalSTRS-covered employment during first 180 calendar days of retirement.

Annual postretirement earnings limit

- * Benefit reduced dollar for dollar for earnings in excess of the annual limit.
- * Limit changes every fiscal year.



Polling question

Section nine

Benefit inflation protection

$$\text{\$4,482} \times 0.02 = \text{\$90}$$

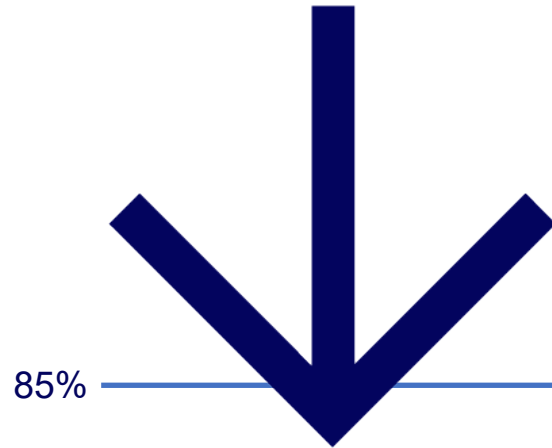
Initial benefit

2%

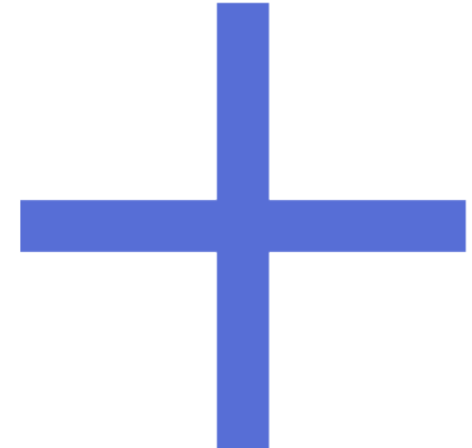
Annual benefit
adjustment



Price



**Purchasing
power**



**Supplemental
benefit**

When prices increase, your purchasing power decreases. When your purchasing power falls below 85%, you'll receive a supplemental benefit in addition to your retirement benefit.

10

Section ten

Learn more



Save for Your Future

- * Budgeting basics, savings and investing, credit and debit.



Plan for Your Future

- * Retirement lifestyle, expenses, income and obstacles.



Protect Your Future

- * Retirement distributions, maximizing and protecting income.



Group sessions

- ☑ Benefit estimates
- ☑ Electing an option
- ☑ Application process
- ☑ After retirement

Questions?

Send us a secure online message using your *myCalSTRS* account.



CalSTRS.com

myCalSTRS.com

800-228-5453



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for attending!**

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