

Understanding the Formula–Lesson Plan

Introduction

This interactive lesson plan uses the *Understanding the Formula* fact sheet to help the presenter explain the CalSTRS Defined Benefit retirement formula.

Objective

New and potential educators will expand their knowledge by:

- Identifying their benefit structure.
- Understanding how their benefit will be calculated.
- Learning where to find the *Understanding the Formula* video and other resources.

Activity 1

Tools

Computer, laptop or smartphone

Understanding the Formula (2% at 60 OR 2% at 62) video

Instructions

- ▶ Explain there are short educational videos at CalSTRS.com/videos.
- ▶ Play the relevant *Understanding the Formula* video for the educator: **2% at 60** or **2% at 62**.
 - Emphasize that the CalSTRS Defined Benefit Program provides guaranteed lifetime monthly payments to eligible members.
 - Answer questions.

Time

6 minutes

Activity 2

Tools

Understanding the Formula fact sheet

Instructions

- ▶ Introduce the *Understanding the Formula* fact sheet.
- ▶ Review and explain these two sections:
 - Benefit Structures
 - The educator’s initial hire date determines their benefit structure.
 - ❖ If the educator was hired on or before December 31, 2012, they’re under the 2% at 60 benefit structure.
 - ❖ If the educator was hired on or after January 1, 2013, they’re under the 2% at 62 benefit structure.
 - Your Retirement Formula
 - The CalSTRS guaranteed lifetime retirement benefit is calculated by multiplying three components.
 - Service credit is the number of years and months an educator has worked and contributed to the Defined Benefit Program.
 - The age factor is a percentage of the educator’s final compensation for every year of service credit, determined by their age at retirement.
 - Final compensation is the educator’s highest average compensation earnable during 12 or 36 consecutive months.

Time

4 minutes

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Additional Resources

- ▶ *CalSTRS Member Handbook*
- ▶ *Welcome to CalSTRS* publication
- ▶ *Welcome to CalSTRS* video

Action Item

- ▶ Encourage the educator to further explore CalSTRS benefits by visiting the Early Career webpage on **CalSTRS.com**.