

My Retirement Decisions

Date _____

Section one Membership information and resources

- * I'm a CalSTRS 2% at _____ member. My benefit structure determines how my retirement benefit is calculated.
- * CalSTRS.com: access information on my benefits, forms and publications, videos and calculators.
- * myCalSTRS: view and update account information, submit forms and messages, 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.

Action items

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

Section two 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'm 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.

Action items

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



Section three 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 four Retirement benefits

My retirement benefit is based on the following formula:

service credit × age factor × final compensation = monthly retirement benefit

Service credit

- * Time worked for which contributions were paid.
- » Increase by working longer or purchasing eligible service credit.

Age factor

- * Percentage based on age at retirement.
- » Increase by working longer or waiting to retire.

Note: For CalSTRS 2% at 60 members with 30 or more years of service credit, a career factor of 0.2% is added.

Final compensation

- * Highest average annual compensation earnable for 36 consecutive months.
- » Increase by working at higher pay rates.

Note: For CalSTRS 2% at 60 members with 25 or more years of service credit, the highest 12 consecutive months are used.

Example

Calculate Jake's retirement benefit assuming the following:

- * Jake is a CalSTRS 2% at 60 member who works full time.
- * He is 48 years old with 12 years of service credit.
- * He wants to retire at age 63 to maximize his age factor.
- * His final compensation will be \$6,583 since he will qualify for one-year final compensation.

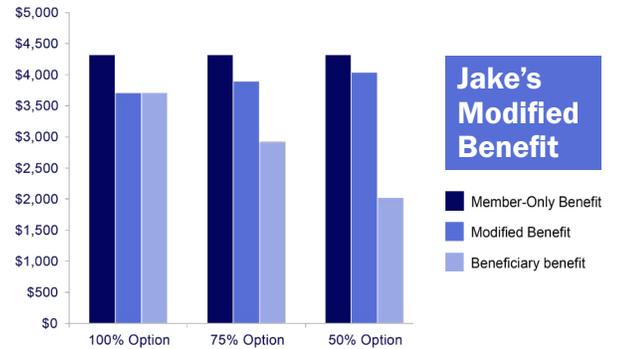
_____ × _____ × _____ = _____
 service credit age factor final compensation Jake's monthly benefit

Action items

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

Section five Defined Benefit Program 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 a beneficiary when I die. The reduction is based on the option I elect and my age and the age of my beneficiary 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.



Action items

- View the *Beneficiary Options* video on [CalSTRS.com/videos](https://www.calstrs.com/videos) and learn about the Compound Option in the *Member Handbook*.
- Use the *Retirement Benefits Calculator* on [CalSTRS.com/calculators](https://www.calstrs.com/calculators) or request estimates of your Modified Benefit before electing an option.

Section six Defined Benefit Supplement Program 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:

- Lump sum** * Return of account balance.
- Annuity** * Lifetime: separate monthly payment for my lifetime or for my lifetime and the lifetime of my option beneficiary if I elect the Modified Benefit.
- * Period certain: separate monthly payment for three to 10 years.
- Combination** * Lump-sum payment and annuity based on remaining account balance.

Action items

- View your account balance on *myCalSTRS* and watch the video series on [CalSTRS.com/videos](https://www.calstrs.com/videos) to review funding sources, distribution choices and tax considerations.
- Consider working additional extra-pay assignments to increase your account balance.

Section seven CalSTRS Pension2

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

Action items

- Visit [Pension2.com](https://www.pension2.com) or call 888-394-2060 for more information.
- Research supplemental savings plans offered by your employer at [403bCompare.com](https://www.403bcompare.com).

Section eight 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 the first 180 calendar days of my 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 for the 20____ - ____ fiscal year is \$_____.

Action items

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

Section nine Benefit inflation protection

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

Section ten Learn more

- * I can make the most of my CalSTRS membership by attending a *CalSTRS and Your Retirement* benefits planning session to receive personalized benefit estimates and learn how to elect an option, complete the application process and manage my benefits after retirement.
- * I can attend the CalSTRS three-part financial awareness series for an in-depth look at financial planning:
 - * *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.

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* benefits planning session.
- Send an online message using *myCalSTRS* or call 800-228-5453 if you have questions.