

## Benefits for Part-Time Educators

As a part-time educator, you have access to all the benefits CalSTRS offers and may have a choice of retirement plans. Your employer must offer the Defined Benefit Program and may also offer an alternative retirement plan such as the CalSTRS Cash Balance Benefit Program or Social Security. Contact your employer to determine your plan eligibility.

### Retirement Plans and Options

If you are performing creditable service in a public school and your time base is less than half time, your employer must offer you either Social Security or an alternate program, in addition to the Defined Benefit Program. The CalSTRS Cash Balance Benefit Program is an alternative program to Social Security.

Contact your employer for details about the programs it offers. In addition, offering the Cash Balance Benefit Program may be bargained. Contact your district, county superintendent of schools or union representative to find out if the Cash Balance Benefit Program is available to you.

### Defined Benefit Program

If you choose to be a member of the Defined Benefit Program, your retirement benefit calculation uses the same components as a member who works full time:

**your retirement benefit = service credit x age factor x final compensation**

Your final compensation and service credit depend on the amount you would have earned if you were working full time at the pay rate in your position. The minimum amount of hours required to complete a full-time contract is called full-time equivalent. The amount of annual compensation for the full-time equivalent is called compensation earnable.

### Full-Time Equivalent

The full-time equivalent is the time that a member who is employed part time would be required to perform service in one school year if he or she were employed full time in that position. It also must be at least the minimum number of days or hours specified by law.

Be sure your employer determines your FTE properly. Different assignments, even with the same employer, may have different FTEs. Refer to your employment agreement or collective bargaining agreement for your employing district's established FTE for your type of employment. If you see a discrepancy, contact your employer.

The FTEs listed in the tables on the next page are minimum standards. Your individual FTE could be higher if your employer requires full-time employees to work more days or hours in the same activity in a school year.

As a part-time educator, you may choose the Defined Benefit Program at any time during your career.

Your part-time status presents special considerations for retirement planning. CalSTRS benefits specialists receive special training to help them understand your needs.

## Minimum Full-Time Equivalent

If you are a:	Then the <i>minimum</i> FTE per school year is:
Part-time community college instructor	525 instructional hours, plus mandatory office hours, if paid
Full-time or part-time community college librarian or counselor	1,050 hours
Community college instructor employed in adult education programs	875 instructional hours, plus mandatory office hours, if paid
PreK–12 teacher or any other person who works directly with pupils, including an instructor in an adult education program	175 days or 1,050 hours

## Part-Time Community College and Adult Education Instructor Service Credit Example

In one school year, Veronica teaches as a community college instructor for 270 hours, which is 45 percent of the full-time equivalent, FTE, in her district. She also works as an adult education instructor for 350 hours, or 40 percent of the FTE for that position.

	Percent Time Worked	FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
Community College Instructor	45% (270 hours)	600 hours	\$21,600	÷	\$48,000	=	.450
Adult Education Instructor	40% (350 hours)	875 hours	\$16,800	÷	\$42,000	=	.400
Total Service Credit						=	.850

Veronica would earn .850 of service credit for the year.

## Part-Time PreK–12 Teacher Service Credit Example

During the school year, John taught 30 percent of the FTE for preK–12 teachers in his district, or 315 hours. The full-time pay rate was \$42,000. Because he worked every day of his 30-percent teaching contract, he earned \$12,600 for the school year.

	Percent Time Worked	FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
PreK–12 Instructor	30% (315 hours)	1,050 hours	\$12,600	÷	\$42,000	=	.300

John would earn .300 of service credit for the year.

## Calculating Your Compensation Earnable

Your compensation earnable is not the salary you actually were paid, but what you would have been paid if you had worked in those assignments full time based on your pay rate. To determine your compensation earnable, take the hourly or daily rate for the position and multiply it by the FTE for the position.

For 2% at 60 members, the cap on compensation that can be used to provide a CalSTRS benefit if you became a CalSTRS member or Cash Balance Benefit participant on or after July 1, 1996, is \$275,000 for calendar year 2018 (see "Section 401(a)(17)," page 113).

- **CalSTRS 2% at 62:** The cap on compensation, even if earned through a combination of employers, for 2017–18 is \$143,082. The cap is adjusted each July based on changes in the Consumer Price Index for All Urban Consumers: U.S. City Average. To learn more about the compensation cap, see page 113.

## Calculating Your Final Compensation

Another key component of your service retirement calculation is your final compensation. For 2% at 60 members, your final compensation is equal to the highest average annual compensation earnable for 36 consecutive months, or any 12 consecutive months of your highest average annual compensation earnable if you have earned 25 or more years of service credit.

- **CalSTRS 2% at 62:** Your final compensation is based on your highest average annual compensation earnable for 36 consecutive months. You're not eligible for the one-year final compensation benefit enhancement.

## Calculating Your Service Credit

For part-time, temporary, substitute or adjunct educators, service credit for one school year is equal to the compensation you actually earned in an assignment divided by your compensation earnable for that assignment. If you work multiple assignments, your service credit is the total service credit you earn from all your individual assignments, up to one year of service credit in a school year.

## Increasing Your Retirement Benefit

### Increase Service Credit With Additional Assignments

As a part-time educator, you may wish to consider taking on additional assignments to earn more service credit if you are not earning one full year of service credit under your existing assignment. Additional service credit will be included in calculating your total service credit for that school year.

### Consider Final Compensation If Working in Multiple Positions

When you work in multiple assignments for the same or different employers, your annual compensation earnable is the sum of all your actual earnings divided by the sum of all the service credit you earned for the school year.

Your final compensation for service retirement is the average annual compensation earnable during your final compensation period, which is generally your highest consecutive 36 months. If your salary rates and service credit vary within a school year for your different assignments, your final compensation may be lower, which can lower your retirement benefit. This means it's possible to earn a larger retirement benefit if you reduce the number of different assignments you work in during your final compensation period. See calculations on the next page.

- See also "Your Defined Benefit Membership," page 21.

The way final compensation is calculated can negatively affect your retirement benefit if you're a part-time educator working in multiple positions for one or more employers (see page 34). Plan to meet with a CalSTRS benefits specialist at least three years before you want to retire to discuss your particular situation.

## Working in Multiple Positions

### EXAMPLE

In this example, Kali decided that the increase of \$178 per month in his retirement benefit was significant enough to terminate two of his part-time jobs 36 months before he retires. Over the lifetime of his retirement, the difference in income would likely be about \$53,000, not including the 2 percent annual benefit adjustment and purchasing power payments.

However, Kali could not afford to work at only one part-time job during his final 36 months before retirement. To compensate for the loss in salary, he found part-time work outside the public school system in addition to teaching.

**Working in Multiple Positions**

Kali works part time at two high schools and a community college. He has 8.95 years of service credit. If he continues to work for all three employers during his last 36 months before retirement at age 63, here is how his annual compensation earnable would be calculated:

Employer	Earnings	Service Credit
A	\$ 3,360	.100
B	30,250	.500
C	6,563	.250
<b>Total</b>	<b>\$ 40,173</b>	<b>.850</b>

Kali's annual compensation earnable:  $\$40,173 \div .850 = \$47,262$

To increase his retirement benefit, Kali could terminate the employment where he receives the lowest annual pay rate 36 months before he retires, and his retirement benefit would be higher:

Employer	Earnings	Service Credit
A	\$ 3,360	.100
B	30,250	.500
<b>Total</b>	<b>\$33,610</b>	<b>.600</b>

Kali's annual compensation earnable:  $\$33,610 \div .600 = \$56,017$

However, if Kali also terminates the position with the next lowest annual pay rate 36 months before he retires, his annual compensation earnable would be even higher:

Employer	Earnings	Service Credit
B	\$30,250	.500
<b>Total</b>	<b>\$30,250</b>	<b>.500</b>

Kali's annual compensation earnable:  $\$30,250 \div .500 = \$60,500$

Here's the impact of the three alternatives on Kali's retirement benefit calculation:

Works all three jobs for all 36 months:

Service Credit	Age Factor	Monthly Final Compensation
11.500 x	2.4% x	\$3,938 = <b>\$1,087 per month</b>

Terminates job with Employer C at the lowest annual pay rate 36 months before he retires:

Service Credit	Age Factor	Monthly Final Compensation
10.750 x	2.4% x	\$4,668 = <b>\$1,204 per month</b> or \$117 more per month

Terminates all jobs except one with Employer B at the highest annual pay rate 36 months before he retires:

Service Credit	Age Factor	Monthly Final Compensation
10.450 x	2.4% x	\$5,042 = <b>\$1,265 per month</b> or \$178 more per month

## Cash Balance Benefit Program

The Cash Balance Benefit Program is the CalSTRS retirement plan for part-time, substitute, adjunct or temporary educators. Your district may offer the Cash Balance Benefit Program as an alternative to Social Security. Your eligibility to participate in the program is determined by your basis of employment rather than the actual number of hours or days you work, and whether your employer offers the program.

Your Cash Balance Benefit contributions are made through pre-tax payroll deductions. There are no fees or expenses. In addition to a retirement benefit, you're eligible for survivor and disability benefits.

The California Public Employees' Pension Reform Act of 2013 made changes to the plan structure for Cash Balance Benefit participants first hired to perform CalSTRS creditable service on or after January 1, 2013, unless they were members of a concurrent retirement system on or before December 31, 2012, and performed service in that system within six months of becoming a Cash Balance Benefit participant. For these participants hired on or after January 1, 2013:

- Salary must be paid in cash each pay period in which creditable service is performed for compensation to count toward salary for a Cash Balance benefit.
- Salary credited to CalSTRS from all employers is capped at \$143,082 in 2017–18, adjusted annually based on changes to the Consumer Price Index for All Urban Consumers: U.S. City Average.
- The normal retirement age is 62.

The Cash Balance Benefit Program provides:

- **Immediate vesting**  
You're immediately eligible for a benefit equal to the balance of your account, which includes your contributions, employer contributions, compounded interest earned on the contributions and any additional earnings credits.
- **Variable contribution rates that can be bargained**  
Your employer contributes at least 4 percent of your salary and, generally, you also pay 4 percent. Alternative rates may be bargained; however, the combined employer and employee contribution must be at least 8 percent. In addition, the employee contribution rate cannot be less than the employer contribution rate, starting with contracts entered into or changed on or after January 1, 2014. You can receive a termination benefit equal to the total balance in your member and employer accounts if you terminate public school employment. If you leave your contributions and interest in your accounts, they will continue to earn interest.

If you decide to receive a Cash Balance Termination Benefit before age 59½ and do not roll over your benefit to a qualified retirement plan, you may be subject to additional federal and state income taxes.

- **Guaranteed interest rate**  
The interest rate is set annually by the Teachers' Retirement Board based on the average 30-year Treasury rate. The current rate through June 30, 2018, is 2.64 percent.
- **Additional earnings credit**  
At the end of the year, the Teachers' Retirement Board may grant an additional earnings credit to be added to your account if program assets sufficiently exceed the amount needed to meet liabilities.

For more information, see the booklet, *Cash Balance Benefit Program: A Retirement Plan for Part-Time and Adjunct Educators*, at [CalSTRS.com/publications](http://CalSTRS.com/publications).

All Cash Balance Benefit annuitants are subject to the separation-from-service requirement if they return to work and perform retired member activities. If you receive your retirement benefit as a lump-sum payment, it will not be payable for 180 calendar days after the date you terminated employment.

- **Portability**

In most cases, you can continue to participate in the Cash Balance Benefit Program if you move to another employer that offers it. You also can roll over funds from other outside personal or employer plan pre-tax accounts into your Cash Balance Benefit account. If you become a member of the Defined Benefit Program and are no longer contributing to the Cash Balance Benefit Program, you may elect to receive service credit in the Defined Benefit Program for your eligible Cash Balance Benefit service.

- See "Consolidating Your Cash Balance and Defined Benefit Coverage," next page.

- **Options if you leave teaching**

If you leave CalSTRS-covered employment, you have two options:

- » Leave your funds on deposit with CalSTRS. The contributions in your Cash Balance Benefit account will continue to accrue interest.
- » Receive a termination benefit directly or roll it over to another eligible retirement plan. Your termination benefit may be taxed as income if it isn't rolled over. CalSTRS is required to withhold 20 percent federal income tax on all payments distributed to you. CalSTRS will withhold state income tax at 2 percent unless you elect not to have state income tax withheld or you're not a resident of California. California nonresidents may elect to have state income tax withheld by completing the *Income Tax Withholding Preference Certificate*. If you receive a termination benefit before age 59½ and do not roll over your benefit to a qualified retirement plan, you may be subject to additional federal and state taxes.

If you decide to receive a termination benefit, your benefit will become payable six months after you terminate employment. If you return to CalSTRS-covered employment within the six-month time frame, your termination benefit will be canceled. If you receive a termination benefit and return to CalSTRS-covered work, you will not be eligible to apply for a termination benefit again for five years.

- **Flexibility at retirement**

You can take your contributions and your employers' contributions, plus compounded interest, in a lump sum or as an annuity to provide a monthly retirement benefit if your balance is \$3,500 or more.

If you receive your retirement benefit as an annuity benefit, you'll be subject to the separation-from-service requirement. If you return to work in a CalSTRS-covered position, your annuity benefit will be reduced dollar for dollar by the amount you earn during the first 180 calendar days following your most recent retirement date.

If you receive your retirement benefit as a lump-sum payment, your benefit will not be payable until 180 calendar days after the date you terminate employment. If you return to work in a CalSTRS-covered position during this waiting period, your retirement will be canceled, and you will not receive your benefit.

## Eligibility

When you're hired by a preK–12 district, county office of education, participating charter school or community college district, your employer must inform you that as a part-time employee you can elect membership in the Defined Benefit Program. You have the option to participate in the Cash Balance Benefit Program, if your district offers it, the Defined Benefit Program, or another retirement plan your employer may offer.



If you choose the Cash Balance Benefit Program as a preK–12 educator and your basis of employment changes to 50 percent or more of the full-time position or is no longer defined as a temporary position, you'll automatically become a member of the Defined Benefit Program. If you're a community college educator and your employment changes from temporary to permanent, you'll automatically become a Defined Benefit member.

### **Working for Multiple Employers**

If you're hired to perform temporary or part-time creditable service for more than one employer, you may participate in more than one retirement program with different employers at the same time.

## **Social Security**

Your district must offer Social Security to its part-time employees if it does not offer an alternative retirement plan. If you qualify for Social Security from any employment, including your spouse's, and you receive a benefit from CalSTRS or another retirement plan offered by your employer, your Social Security benefit may be reduced or eliminated under two federal provisions—the Windfall Elimination Provision and the Government Pension Offset.

Your CalSTRS retirement benefits will not be reduced if you receive a Social Security benefit.

The federal Social Security rules are complex. To learn more, contact Social Security at 800-772-1213 or visit [ssa.gov](http://ssa.gov) for publications on the Windfall Elimination Provision (reduction in your Social Security benefits) and the Government Pension Offset (reduction in your spousal Social Security benefits), as well as calculators.

● Also see "Social Security Offsets," page 51.

Your CalSTRS retirement benefits will not be reduced if you receive a Social Security benefit.

## **Consolidating Your Cash Balance and Defined Benefit Coverage**

If you have benefit coverage under both the Defined Benefit and the Cash Balance Benefit programs, you may be able to consolidate your benefit coverage under the Defined Benefit Program. To be eligible, you must:

- Currently be making contributions under the Defined Benefit Program.
- No longer be contributing to your Cash Balance Benefit account.
- Have eligible Cash Balance Benefit service to convert.
- Have funds in your Cash Balance Benefit account.

When you elect to consolidate your benefits, we will transfer your Cash Balance Benefit contributions and interest to your Defined Benefit account and close your Cash Balance Benefit account. We will determine the service credit that can be added to your Defined Benefit account based on your work performed as a Cash Balance Benefit participant, then apply those funds toward the cost of consolidating your eligible Cash Balance service under the Defined Benefit Program.

In most cases, your Cash Balance Benefit contributions and interest will not cover the full cost of all eligible Cash Balance service because the contribution rate to buy Defined Benefit permissive service credit is significantly higher than the Cash Balance contribution rate. You may use other retirement or personal funds to cover the remaining cost.

## Benefits for Qualified Uniformed Service

Under the federal Uniformed Services Employment and Reemployment Rights Act of 1994, you have a right to receive credit toward your eligibility for CalSTRS benefits for the period of your uniformed service if you return to work in an eligible position for the same CalSTRS employer you had immediately before your service. To learn more, see the fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

If you have more funds in your Cash Balance account than are required to cover the cost of your eligible service—perhaps your account includes funds that were rolled over from another retirement plan or you had past overtime service under the Cash Balance Benefit Program—you must specify how you would like CalSTRS to allocate the amount remaining in your Cash Balance account after funds are transferred to cover the cost of consolidating benefits.

You may use the remaining amount to redeposit previously withdrawn contributions in the Defined Benefit Program or use it to pay for additional service that you may be eligible to purchase. Any funds remaining in your account can be transferred to your Defined Benefit Supplement account, and your Cash Balance account will be closed.

### Advantages of consolidating your benefits:

- You may increase the amount of service credit that will be used to determine your retirement benefit, which will increase your monthly retirement benefit.
- Service credit for your eligible Cash Balance Benefit service also may be used toward your eligibility for benefit enhancements under the Defined Benefit Program, such as one-year final compensation and the career factor. CalSTRS 2% at 62 members hired on or after January 1, 2013, are not eligible for these benefit enhancements.

To consolidate your Cash Balance Benefit coverage under the Defined Benefit Program, complete the *Cash Balance Request to Consolidate Benefits Packet*, available at [CalSTRS.com/forms](http://CalSTRS.com/forms).

## Changing From Cash Balance Benefit Program to Defined Benefit Program

If you were first hired to perform service that could be credited to the Defined Benefit Program before January 1, 2013, and were covered under a different retirement system, including Social Security, you would be under the CalSTRS 2% at 60 benefit structure for the Defined Benefit Program.

## Part-Time Educators: Choosing a Plan That Works for You

As a part-time, adjunct or temporary employee, you may have a choice of retirement plans. Your employer must offer the Defined Benefit Program and either Social Security or an alternative to Social Security, including the Cash Balance Benefit Program or another program chosen by the district. Contact your employer to determine your plan eligibility.

### Things to Consider

#### Choose the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to become eligible for a CalSTRS retirement benefit (five years of service credit). This could take up to 10 years of half-time employment.
- Want a monthly benefit that is based on a percentage of your average full-time equivalent salary.
- Are comfortable contributing a higher percentage of your pay toward your retirement. For 2% at 60 members, the contribution rate is 10.25 percent. For 2% at 62 members, the 2017–18 contribution rate is 9.205 percent; the rate for 2% at 62 members is subject to change annually based on the normal cost of benefits and is expected to increase for 2018–19 to 10.205 percent.

#### Choose the Cash Balance Benefit Program if you:

- Want a program that provides immediate vesting of your benefit, which includes your member contributions, your employer's contributions and interest earned.
- Want a lump-sum payment or lifetime monthly benefit based on the total balance of contributions credited to your account, guaranteed interest and any additional earnings credits.
- Are comfortable with the contribution rate, which is typically 4 percent of your earnings, depending on your local bargaining agreement. Your contribution and your employer's contribution must equal at least 8 percent. Employers must contribute at least 4 percent, and your contribution rate cannot be less than the employer contribution rate, starting with contracts entered into or changed on or after January 1, 2014.

### Questions to Ask

If your employer offers an alternative program other than the Cash Balance Benefit Program:

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Do you plan to be a career educator?</li><li>• Does teaching provide supplemental income or is it your primary source of income?</li><li>• Before teaching, did you have employment that required you to pay into Social Security?</li><li>• What is the contribution rate for the plan and does your employer also make contributions?</li><li>• Is there a minimum requirement to be eligible for benefits?</li></ul> | <ul style="list-style-type: none"><li>• Does the plan offer a monthly retirement benefit for life, or is it a non-lifetime benefit based on contributions and interest?</li><li>• Does the plan charge administrative fees?</li><li>• Is there a guaranteed annual interest rate?</li><li>• Does the plan have a sound investment record?</li><li>• When does the plan permit distribution of your account?</li></ul> |
|---|---|