



Your Retirement Income Gap Worksheet

How much money will you have to enjoy the future you want?

1. My Retirement Goal

My goal is to retire with _____ % of my working income.

According to financial advisers, you may need 80–90 percent of your salary to maintain your standard of living in retirement.

2. Calculate My Gap

$$\frac{\text{Service Credit}}{\text{Age Factor}} \times \text{ \% of Final Compensation} = \text{ \%}$$

$$\frac{\text{My Goal}}{\text{ \% of Final Compensation}} = \text{My Gap}$$

Your percent of final compensation will be less if you choose to elect an option benefit for a loved one.

3. Bridge My Gap

What if I take on outgrowth or extra-pay assignments to increase my Defined Benefit Supplement account?

Current Defined Benefit Supplement account balance \$ _____

Use the annuity calculations at CalSTRS.com/calculators to estimate your Defined Benefit Supplement annuity monthly payments.

What if I start and add to my supplemental savings account, such as a Pension2 403(b) or 457(b) account?

Estimated value of my current 403(b) or 457(b) \$ _____

Estimated value of my 403(b) or 457(b) at retirement \$ _____

Use the savings calculators at CalSTRS.com/calculators. The savings calculators illustrate the principle of time and compounding. Investing involves risk, including the possible loss of your contributions.

What percent of my working income do I think I can replace by annuitizing my Defined Benefit Supplement balance and investments? _____ %

What if I extend my career or purchase service credit?

$$\frac{\text{Adjusted Service Credit}}{\text{Adjusted Age Factor}} \times \text{ \% of Final Compensation} = \text{ \%}$$

$$\frac{\text{My Goal}}{\text{Adjusted \% of Final Compensation}} = \text{My Adjusted Gap}$$

$$\text{My Adjusted Gap} - \text{My Gap Filled by My Defined Benefit Supplement and Investment Annuities} = \text{Any Remaining Gap}$$

What is my estimated Social Security benefit, if I will be receiving one from other employment or a spouse?

Be sure to factor in any offsets (see pages 51–52) \$ _____

View The Gap video at CalSTRS.com/videos.

See "Purchasing Service Credit" on page 59 and the Age Factor and Career Factor tables on pages 71–72.

CalSTRS Pension2

CalSTRS Pension2 is CalSTRS' voluntary defined contribution plan, an important piece of the CalSTRS hybrid retirement system. Pension2 offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans with low costs and flexible investment options.



Check out the ebook at Pension2.com.

Pension2 Complements Your Retirement Benefit

The median CalSTRS retirement benefit replaces about 50 to 60 percent of a member's salary. You'll need to close any gap between your retirement income goal and your CalSTRS retirement benefit with savings and investments.

With Pension2, you'll belong to a plan with:

- **Simple, low and transparent costs**—there are no commissions, no load fees and no surrender charges.
- **Easy payroll deductions**
- **Investments for everyone**—Pension2 offers choices selected by CalSTRS to match every type of investor:
 - » **Easy Choice Portfolios** provide ready-made diversified portfolios that simplify your investment decisions.
 - » **Core investment options** to build your own portfolio.
 - » **Self-Directed Brokerage Account** gives investors access to hundreds of mutual funds.
- **Services and a team to help you succeed**—you can manage your account 24/7 online or use the automated toll-free phone line. Online tools can help you plan and make decisions. Experienced retirement specialists can help you define and pursue goals in retirement.

Scan this QR code to learn the advantages of Pension2.



At retirement, consider rolling over the funds in your Defined Benefit Supplement or Cash Balance Benefit account into Pension2.

Tax Advantages of a 403(b) or 457(b)

When you contribute to your 403(b) or 457(b) account directly out of your paycheck, you defer taxes on the money you invest each month. Your earnings grow tax-deferred, and your monthly taxable income is lower. With a Roth 403(b) or Roth 457(b), you invest after-tax dollars, and your contributions and earnings are tax-free at retirement when you withdraw funds.

Online Planning Tools

With Pension2, you have access to workshops, webinars, planning tools and account management features, including myOrangeMoney and the Personal Financial Dashboard.

myOrangeMoney is designed to help you focus on what matters most—how your accumulated savings translate into estimated monthly income in retirement. The Personal Financial Dashboard is an easy way to organize your finances. This tool gives you a secure online environment to set your financial goals, assess where you stand today, create budgets, track spending and more. The consolidation feature lets you add all your accounts to one place, so you always have a current and comprehensive view of your finances.

Three Steps to Opening Your Pension2 Account

1. **Enroll online at Pension2.com or call 844-electP2 (844-353-2872).**
2. **Determine how much you want to invest.**
3. **Fill out your school district's *Salary Reduction Agreement***, available from your payroll office or online at 403bCompare.com (select *Find My Employer*, then look for the link on your district's page).



403bCompare—Find the Right 403(b) for You

403bCompare.com is your online resource for information on the 403(b) products offered by your employer. Here you'll find everything you need to compare, select and start building your personal retirement savings.

Visit 403bCompare to:

- Learn about the advantages of a 403(b) account.
- Find your employer's approved list of 403(b) vendors.
- Compare 403(b) products side by side, including fees, performance and features.
- Get information about how to start easy paycheck contributions.

> Check out 403bCompare.com today.



The Power of Time and Money

How a 403(b) or 457(b) Can Work for You

A monthly contribution of \$50 to your tax-deferred account may reduce your paycheck by only \$32.*

Monthly Contribution	Reduces Your Take-Home Pay By
\$50	\$32
\$100	\$63
\$150	\$95
\$200	\$126
\$250	\$142
\$300	\$173
\$400	\$252
\$500	\$315

Have Other Retirement Savings Accounts?

Bring Them All Together

Consider rolling over money currently held in other qualified retirement plans to Pension2. You'll be able to manage your retirement savings in one place and benefit from some great features. What's more, you may be able to save on fees.

To get a no-cost, no-obligation comparison of the fees you may pay elsewhere and with Pension2, call 888-394-2060.

A Little Now Can Really Add Up Later

Let's say you contribute \$100 a month to your account directly from your paycheck. If your account averages a 5 percent rate of return annually, after 20 years you could have \$41,103. If you increase your monthly contribution to \$300 a month, your savings could grow to \$123,310—an increase of \$104,185. An added benefit of tax-deferred contributions: Your \$300 investment may reduce your paycheck by only \$173.*



*These hypothetical illustrations assume a combined 37 percent state and federal tax rate. They are not meant to represent the performance of any investment product and should not be used to predict investment performance. Any taxes and expenses associated with an actual investment are not reflected. While taxes are paid when funds are withdrawn, investors are often in a lower tax bracket at retirement. CalSTRS Pension2 does not guarantee any rate of return on investments. Investing involves risk, including risk of loss of principal.