

Employer Information Circular

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Retirement Option Changes and the Dual Forms Approach

CalSTRS “**Request for Forms and/or Information**” (Form AD-0546) which is used by employers for ordering CalSTRS forms and publications has been revised to offer two versions of certain forms and publications – a 2006 version and a 2007 version.

CalSTRS forms that reference the options and/or annuities have been revised to refer to the new option/annuity structures and new descriptions that come into effect January 1, 2007. The correct form used by members is determined by their retirement date. The newly revised 2007 forms are for members retiring January 1, 2007 or later. Members retiring in 2006 would use the current 2006 version.

In addition to these forms, Your Retirement Guide is also available in two versions. The member’s retirement date determines the appropriate version of the guide.

Forms can be downloaded or ordered online from the CalSTRS Web site at www.CalSTRS.com. Members may also contact CalSTRS at 1-800-228-5453 to request a copy be mailed directly to them.

Employers should continue to keep a supply of the 2006 versions of forms and the guide until December 31, 2006. After that date the 2006 versions should be destroyed.

Information regarding the option and annuity changes will be provided to members in the CalSTRS Connections and Retired Educator news bulletins and in Frequently Asked Questions (FAQs) on the CalSTRS Web site at www.CalSTRS.com.

A copy of Frequently Asked Questions (FAQs) is attached.

Background

Chapter 903, Statutes of 2002 (SB 1983-Soto) required the Teachers’ Retirement Board (Board) to evaluate the existing joint and survivor options and annuities of the State Teachers’ Retirement Plan, which is comprised of the Defined Benefit (DB) Program, the Defined Benefit Supplement (DBS) Program, and Cash Balance (CB) Benefit Program. In addition, Chapter 903 required the Board to adopt as a plan amendment, any appropriate changes to the options and annuities based on the needs of members, participants, and their beneficiaries including, but not limited to, providing economic security for beneficiaries and reducing the complexity in the selection of options and annuities by members and participants.” On June 3, 2004, the Board adopted a plan amendment changing the joint and survivor options and annuities available to eligible CalSTRS members, effective January 1, 2007.

Request for Forms and/or Information

AD-0546 (REV. 08-21-2006)

Ship to: _____ **Address:** _____
(County or District Office Name Only) (No P.O. Boxes)

Attention: _____ **Phone:** _____ **Date:** _____

				CaSTRS Use Only		
Quantity Requested	Form and/or Information Number	Revision Date	Forms and/or Information Title	Quantity Shipped	Date Shipped	Back Order
Service Retirement & Pre-Retirement Election Forms & Information						
	SR-0377	03-2006	For 2006 Retirements Only - Your Retirement Guide			
	SR-0377	07-2006	For 2007 Retirements and Later - Your Retirement Guide			
	SR-0166	04-2002	Service Retirement Checklist			
	SR-0363	03-2006	For 2006 Retirements Only - Option 8 Election			
	SR-0363	07-2006	For 2007 Retirements and Later - Compound Option Election			
	MS-1125A	03-2006	For 2006 Retirements Only - Justification for Non-Signature of Spouse / RDP			
	MS-1125A	07-2006	For 2007 Retirements and Later - Justification for Non-Signature of Spouse / RDP			
	SR-0307	06-2006	For 2006 Retirements Only - Pre-Retirement Election of an Option			
	SR-0307	07-2006	For 2007 Retirements and Later - Pre-Retirement Election of an Option			
	SR-0365	06-2006	For 2006 Retirements Only - Pre-Retirement Option 8 Election			
	SR-0365	07-2006	For 2007 Retirements and Later - Pre-Retirement Compound Option Election			
	SR-0554E	03-2006	Express Benefit Report / Also included in Your Retirement Guide Rev. 07-2006			
	MS-1130	03-2006	Direct Deposit Authorization / Also included in Your Retirement Guide Rev. 07-2006			
	AD-0908	11-2000	Income Tax Withholding Preference Certificate			
	MS-0556	03-2006	Insurance Premium Deduction Authorization Also included in Your Retirement Guide Rev. 07-2006			
	MS-0287	06-2006	Redeposit / Purchase of Permissive / Non-Qualified Service Credit			
	MS-1328	06-2006	For 2006 Retirements Only - Retirement Application Change Request			
	MS-1328	07-2006	For 2007 Retirements and Later - Retirement Application Change Request			
	MS-0002	03-2006	One Time Death Benefit - Beneficiary Designation Also included in Your Retirement Guide Rev. 07-2006			

Disability Packet – Forms & Information

	DS-Packet	07-2006	For 2006 Only - Assembled Disability Packet			
	DS Packet	01-2007	For 2007 and Later - Assembled Disability Packet			
	DS-0072	01-2006	Instructions for Submitting a Disability Packet			
	DS-0260	01-2006	Application for Disability Benefits			
	DS-0569A	07-2006	For use 2006 Only - Disability Retirement Benefit Election (B)			
	DS-0569A	01-2007	For use 2007 and Later - Disability Retirement Benefit Election (B)			
	DS-1351	07-2006	For use 2006 Only - Disability Retirement Benefit Election (B) Info.			
	DS-1351	01-2007	For 2007 and Later - Disability Retirement Benefit Election (B) Info.			

Refund Application & Information

	RF-1360	01-2005	Refund Application			
	MS-1357	08-2005	Tax Considerations For Rollovers / Income Tax Withholding Information			
	PAO-1494	11-2005	REFUND – Consider The Consequences			

System Membership Election Forms & Information

	ES-350	06-2004	Permissive Membership			
	ES-372	06-2004	Retirement System Election			
	MR-373	12-1996	Acknowledgement of Receipt of Election Information			

CalSTRS Member Information Publications

Quantity Requested	Publication #	Current Revision Date		Quantity Shipped	Date Shipped	Back Order
	2006-07		CalSTRS MEMBER HANDBOOK - Your Guide To CalSTRS Benefits			
	PAO-0151 REV. 11-2005		JOIN CalSTRS? JOIN CalPERS?			
	PAO-0210 REV. 06-2006		PURCHASE ADDITIONAL SERVICE CREDIT			
	PAO-0211 REV. 07-2005		COMMUNITY PROPERTY INFORMATION			
	PAO-0523 REV. 08-2006		WELCOME TO CalSTRS			
	COM- 1512 NEW 06-2006		SOCIAL SECURITY, CalSTRS and YOU			
	COM-1560 REV. 02-2006		LET CalSTRS UNLOCK HOME OWNERSHIP FOR YOU			
	COM-1561 REV. 02-2006		RETIREMENT INCOME MANAGEMENT			
	COM-1563 REV. 10-2005		CASH BALANCE			
	COM-1566 REV. 01-2006		PURCHASE SERVICE CREDIT NOW			

**Forms and/or Information
If Present - List Title and Revision Date**

Quantity Requested	List Form or Info. Number	List Revision Date		Quantity Shipped	Date Shipped	Back Order

COMMENTS:

*NOTE: Please allow up to 2 weeks to process and ship this request. Duplicate request CANNOT be processed.

Option Changes Coming January 1, 2007 - Frequently Asked Questions

What is an option?

An option under the [Defined Benefit Program](#) allows you to provide a monthly lifetime income to one or more loved ones after your death. If you elect an option, your monthly benefit is reduced, depending on your age and your option beneficiary's age at the time you elect the option. You may elect an option when you retire or when you are eligible to retire.

What is an annuity?

An annuity is a monthly benefit payment. You may choose an annuity if you have at least \$3,500 in your [Cash Balance Benefit Program](#) or [Defined Benefit Supplement Program](#). You may choose an annuity when you retire or become disabled.

Why is CalSTRS changing the options and annuities?

As part of an effort to reduce the complexity of the choices, CalSTRS analyzed member needs, researched other retirement systems' options and recommended changes which were adopted by the Teachers' Retirement Board. The new options provide better choices to ensure a secure financial future for you and your loved ones.

What are the option changes?

Effective January 1, 2007:

- Unmodified benefit is renamed Member-Only Benefit
- Defined Benefit Program Options 2, 3, 4 and 5 are not available for selection
- Option 6 is renamed 100% Beneficiary Option
- Option 7 is renamed 50% Beneficiary Option
- Option 8 is renamed Compound Option
- 75% Beneficiary Option is added

What are the annuity changes?

Effective January 1, 2007:

- Single Life Annuity Without Cash Refund is not available for selection
- Single Life Annuity With Cash Refund is renamed Member-Only Annuity (for Defined Benefit Supplement) or Participant-Only Annuity (for Cash Balance Benefit Program)

How do I know if I am eligible to make a change?

In January 2007, members eligible to make a change will receive a personalized letter from CalSTRS that describes the choices available to them. If you are a retired member with an option or an active member with a pre-retirement election of an option, you are eligible to change without an assessment during the January 1, 2007, through June 30, 2007, window period.

Under the Defined Benefit Supplement Program or Cash Balance Benefit Program, you are eligible to change to the 75% Beneficiary Annuity if you retired under the 50% Joint and Survivor Annuity or 100% Joint and Survivor Annuity.

I'm a retired member with an option, what are my choices?

You may keep your current option choice or:

- Change to 100% Beneficiary Option from Option 2 OR
- Change to 75% Beneficiary Option from Options 2 through 7 OR
- Change to 50% Beneficiary Option from Option 3 ,4 or 5

If you have Option 8, you may make respective changes permitted within that option.

I have a pre-retirement election of an option, what are my choices?

If you have Options 2 through 7, you may keep your current option election or change to 100% Beneficiary, 75% Beneficiary or 50% Beneficiary options.

If you have Option 8, you may make the respective changes permitted within that option.

As a retired member, are there any requirements I must meet to change my option or annuity?

Yes. You may elect a new option or annuity without assessment during the January 1, 2007, through June 30, 2007, window period if:

- Your option/annuity beneficiary is living and not afflicted with a known terminal illness
- Your spouse or registered domestic partner signs the option election form or you submit a [Justification for Non-Signature of Spouse](#) form
- Your change does not violate any community property rights under a court order

If I change my option as a retiree, will my monthly retirement benefit change?

Yes. Your new option will be calculated using your age and the age of your option beneficiary when you make the change. Your benefit may increase or decrease. In January 2007 all retired members eligible to make a change will receive a personalized letter from CalSTRS that describes their choices and includes an estimate of what their benefit will be under each available option choice.

If I change my option or annuity, when will the change become effective?

The change will be effective on the signature date of the election form, provided that your completed form is received by CalSTRS headquarters in Sacramento within 30 days of the signature date.

I have a pre-retirement election of an option. If I elect a new option, what ages will be used for me and my option beneficiary to calculate my retirement benefit?

If you change your option election during the window period, your retirement benefit will be calculated using your age and your option beneficiary's age at the time you originally made the pre-retirement election.

I retired and did not elect an option; will I be able to elect an option during the window period?

Not necessarily. While current restrictions on changing from unmodified to an option will apply during the window period, members who previously elected an unmodified (renamed Member-Only) benefit may be allowed to elect an option after retirement if they meet very specific circumstances.

I retired and did not elect a joint and survivor annuity; will I be able to elect an annuity?

No. Members who previously elected a single life or period certain annuity will not be eligible to change their annuity at this time.

Where can I find more information about the option and annuity changes?

- Upcoming CalSTRS member newsletters mailed to you
- [2007 Your Retirement Guide](#) for members retiring on or after January 1, 2007
- Workshops available statewide starting January 2007

Please continue to visit this site for future updates.