

# MEMBER HANDBOOK

Your Guide to CalSTRS Benefits



2014

**CALSTRS**  
HOW WILL YOU SPEND YOUR FUTURE?



## Access Your Information on myCalSTRS

Find your account information and more on *myCalSTRS* any time, from anywhere you have Internet service.

Start at [myCalSTRS.com](https://mycalstrs.com). Once you complete the one-time, five-step registration process, your *myCalSTRS* account will be active.

With *myCalSTRS*, you can:

- Keep your mailing and email addresses and phone number current.
- Review your annual *Retirement Progress Report*, which includes your account balances and years of service credit.
- Name and update your beneficiary designations.
- Ask questions and receive prompt, secure answers.
- Find *Preretirement Election of an Option* and other forms.
- Complete and submit your *Service Retirement Application* online.



View the self-paced, interactive online registration guide on *myCalSTRS*.

### On the cover:

Laura teaches English language arts to 7th and 8th graders at a middle school in the Central Valley. Outside the classroom, she is a member of her school's reading and writing assessment team and California Junior Scholarship Federation team. Laura has been a CalSTRS member for 10 years.



# Welcome to CalSTRS

I am pleased to present the 2014 edition of the *CalSTRS Member Handbook*.

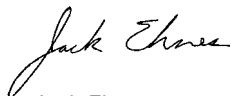
Whether you are just starting your career or are an experienced educator, this handbook answers many of the questions you may have about your benefit coverage. It can help you make informed decisions throughout your career, so that you are fully prepared for retirement.

The California Public Employees' Pension Reform Act of 2013 made significant changes to the benefits for members first hired on or after January 1, 2013, to perform CalSTRS creditable activities, and other changes that affect both new and existing members. As a result, CalSTRS now has two benefit structures:

- **CalSTRS 2% at 60:** Members first hired on or before December 31, 2012.
- **CalSTRS 2% at 62:** Members first hired on or after January 1, 2013.

Serving you and protecting your money remain our highest priorities. We are committed to providing exemplary service to every person who emails, calls, visits or writes us.

We look forward to assisting you and helping you plan for a secure retirement.



Jack Ehnes  
Chief Executive Officer

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CalSTRS is governed by the Teachers' Retirement Law, available at CalSTRS.com, and other sections of state law. If there is a conflict between the law and this handbook, the law prevails.

# Changes to CalSTRS Benefits for 2014

## Retirement Progress Reports Now Paperless

Starting in fall 2014, CalSTRS will provide your annual *Retirement Progress Report* exclusively online on your *myCalSTRS* account. AB 989 (Chapter 459, Statutes of 2013) is expected to provide cost savings and is in line with CalSTRS' commitment to sustainability and environmental responsibility. If you would like to receive your report by mail, use your *myCalSTRS* account to request your preference, or complete the *Retirement Progress Report Delivery Preference* form, available on [CalSTRS.com/forms](http://CalSTRS.com/forms).

## Age Restrictions No Longer Apply to Same Gender Spouses

Federal age restrictions for nonspouse option beneficiaries no longer apply to spouses of the same gender under the U.S. Supreme Court's 2013 *Windsor* ruling that found the Defense of Marriage Act, the law barring the federal government from recognizing same-sex marriages legalized by the states, unconstitutional.

The *Windsor* decision did not affect registered domestic partners, so the federal restrictions for nonspouse beneficiaries continue to apply to registered domestic partners.

For federal tax purposes, same-sex married couples are treated the same as heterosexual married couples if they were married in a state that recognizes same-sex marriages.

## New Contribution Rates for Purchase of Permissive Service Credit

In October 2013, the Teachers' Retirement Board voted to change how the cost of purchasing service credit is calculated. Starting January 1, 2014, the contribution rate structure for permissive service credit is now based on one-year age increments instead of the 10-year age group increments. See "Purchasing Permissive Service Credit" to learn more.

## Additional Changes Under the Pension Reform Act of 2013

Recent legislation, AB 1381 (Chapter 559, Statutes of 2013) and SB 13 (Chapter 528, Statutes of 2013), made a number of changes to align the Teachers' Retirement Law with the California Public Employees' Pension Reform Act of 2013.

The following changes are effective January 1, 2013:

- **2% at 62 creditable compensation:** Defines creditable compensation as the base salary paid in cash each pay period in which creditable service is performed for both the Defined Benefit members and Cash Balance Benefit participants.
- **Concurrent membership:** Clarifies that new CalSTRS members who 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 CalSTRS member, are under the 2% at 60 benefit structure.
- **2% at 62 contribution rate:** Confirms that 2% at 62 members contribute 50 percent of the normal cost of their retirement plan, currently 8 percent. Also confirms that Defined Benefit member contribution rates are not subject to collective bargaining.
- **2% at 62 Reduced Benefit Election:** Prohibits CalSTRS 2% at 62 members from being eligible for retirement under the Reduced Benefit Election.
- **2% at 62 Cash Balance participants:** Requires that Cash Balance participants who are first hired to perform creditable service on or after January 1, 2013, are subject to the Pension Reform Act, 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 participant. Defines salary, reflecting the definition of creditable compensation and the compensation cap. Sets normal retirement age at 62.

These changes became effective January 1, 2014:

- **Bargained one-year final compensation:** Prohibits the collective bargaining of one-year final compensation before the 25-year threshold in agreements entered into or changed on or after January 1, 2014.
- **Employer-paid member contributions:** Requires that written agreements must be entered into or changed before January 1, 2014, for employers to pay member contributions for groups or classes containing entirely 2% at 60 members. On or after January 1, 2014, any contract that is new or altered cannot provide employer-paid member contributions. Under the Pension Reform Act, groups or classes with 2% at 62 members are prohibited from such agreements as of January 1, 2013.

- **Postretirement employment:** Clarifies that the rate of pay for compensation for retired member activities and retired participant activities is annualized, making it equivalent to the annualized rate of pay of other active employees performing comparable duties. Also requires that the postretirement compensation limits for these activities apply to employer contributions to tax-sheltered annuities, tax-deferred retirement plans, insurance plans and other tax-favored products. In addition, excludes certain reimbursable expenses from the postretirement compensation limits and expands the 180-day separation-from-service requirement to Cash Balance participants who retire after reaching normal retirement age.
- **Cash Balance contributions:** Requires that when Cash Balance contribution rates are collectively bargained, Cash Balance contribution rates cannot be less than employer contribution rates, starting with contracts entered into or changed on or after January 1, 2014.

## Other Legislative Changes

Another bill, AB 1379 (Chapter 558, Statutes of 2013), made the following changes:

- **Notification of postretirement earnings penalties:** Requires employers to advise re-employed retirees receiving benefits based on an additional two years of service from the Retirement Incentive Program that they will lose the additional years of service credit and resulting benefit increase if they return to work within five years of retirement with the employer that provided the incentive.
- **Retired member activities:** Specifies that the third-party employee exclusion from the postretirement limitations and requirements applies to activities that are performed for 24 months or less.
- **Service retirement during evaluation of a disability application:** Aligns the service retirement during evaluation of a disability application requirements with the requirements for a service retirement benefit effective date for members whose application for disability is denied, allowing those members to backdate their retirement effective date.

## CalSTRS Home Loan Program

In September 2013, CalSTRS suspended new mortgage originations through its Home Loan Program because current market conditions do not favor more competitive products beyond what is already available on the open market.

CalSTRS remains committed to the Home Loan Program, however, current conditions make its relaunch impractical. CalSTRS is striving to offer our members unique financial products while maintaining the Home Loan Program as a viable investment vehicle for the fund. These are two vital conditions for keeping the program running.

In the fall of 2011, the CalSTRS master servicing agent and program administrator for the Home Loan Program made the strategic decision to cease mortgage originations. This prompted CalSTRS to suspend its Home Loan Program. In March 2013, CalSTRS announced the selection of California-based Mountain West Financial as its new master servicing agent and program administrator with the expectation of announcing new program offerings sometime in September 2013. We regret that this expectation cannot be met at this time due to the factors described above.

We understand our members desire competitive products and value the security that comes with the CalSTRS name. That is why we will continue our relationship with our partner, Mountain West Financial, while we monitor the market for opportunities to relaunch the CalSTRS Home Loan Program at some later date.

If you are a first-time homebuyer or even if you are not, but you live in a federally-designated target area, you may benefit from programs offered by the California Housing Finance Agency, a self-supported state agency.

*The Governor and Legislature can make statutory changes that may affect your CalSTRS benefits and career or retirement decisions. While CalSTRS makes every effort to inform you of these changes, legislation sometimes changes quickly. To stay informed, consult a variety of resources, including CalSTRS.com, the California State Legislative information website at [leginfo.ca.gov](http://leginfo.ca.gov), or your union or elected legislative representatives.*



## CalSTRS Is Here for You

CalSTRS offers services and information for every stage in your career:

- Your annual *Retirement Progress Report*, which provides your CalSTRS account and service credit balances.
- Convenient online services and access to your account information with *myCalSTRS*.
- Customer service by email, phone or letter.
- Benefits counselors to help you understand your benefits, review your forms and more.
- Publications about benefits and services.
- Retirement planning workshops and counseling sessions.
- CalSTRS Pension2® 403(b), Roth 403(b) and 457 investment plans.
- Investment option comparisons at [403bCompare.com](http://403bCompare.com).



## The Basics

CalSTRS provides retirement, disability and survivor benefits for full-time and part-time California public school educators through its Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. CalSTRS also has a voluntary defined contribution plan called CalSTRS Pension2, which offers 403(b), 457 and Roth 403(b) investment plans for additional retirement income.

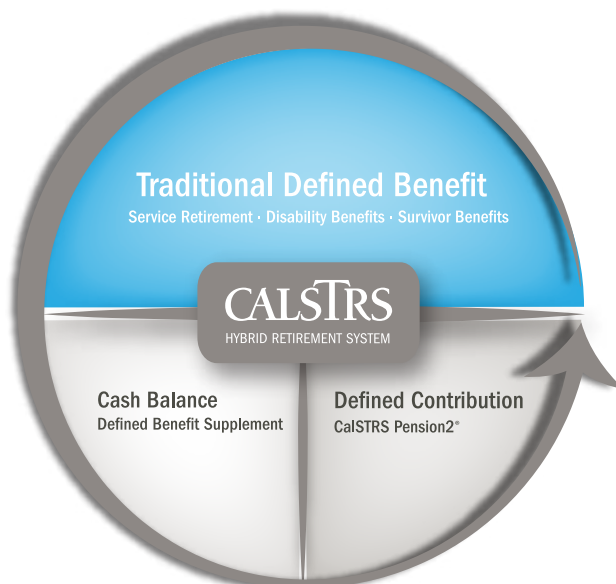
### Your Retirement Plan

CalSTRS administers a hybrid retirement system consisting of traditional defined benefit, cash balance and voluntary defined contribution plans:

- **Traditional defined benefit plan:** Your CalSTRS retirement benefit is a defined benefit pension. It's based on the following formula, not on how much you contribute or how well CalSTRS investments perform:

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

- **Cash balance plan:** CalSTRS Defined Benefit Supplement is a cash balance plan. Your contributions and your employer's contributions earn a guaranteed annual interest rate. At retirement, you receive all the funds in your account. The CalSTRS Cash Balance Benefit Program, an alternative to membership in the Defined Benefit Program for part-time educators, is also a cash balance plan.
- **Defined contribution plan:** With CalSTRS Pension2, you can set aside additional savings for retirement. Select from a variety of investment plans, then contribute to your tax-advantaged account through paycheck deductions. The amount you have at retirement depends on your contributions, investment gains or losses, and account expenses.



Your income in retirement is a shared responsibility between CalSTRS and you.



# CalSTRS Programs at a Glance

## Defined Benefit Program

Mandatory for full-time California public school preK–12 teachers, community college instructors and public school administrators; part-time educators can choose to become members

### Retirement Benefit

With five years of service credit, you're eligible for a guaranteed lifetime retirement benefit based on a formula set by law:

**service credit x age factor x final compensation**

You can choose to provide a lifetime monthly benefit to someone after your death.

### Contributions

You contribute 8 percent of your pay.

Your employer contributes an amount equal to 8.25 percent of your pay.

The state of California currently contributes 3.041 percent of members' annual earnings, plus an additional 2.5 percent of members' earnings to pay for purchasing power protection.

### Eligibility for Retirement

#### CalSTRS 2% at 60

Age 50 with at least 30 years of service credit

Age 55 with five years of service credit—or under the special circumstances of concurrent retirement with certain other California public retirement systems

#### CalSTRS 2% at 62

Age 55 with at least five years of service—or under the special circumstances of concurrent retirement

### Survivor and Disability Benefits

Depending on years of service credit and when you die—before or after retirement—your survivors may receive a monthly benefit or a refund of the balance in your account, and a one-time death benefit.

Basic disability benefit is 50 percent of your final compensation, up to 90 percent of final compensation with eligible dependent children.

- See “Your Defined Benefit Membership,” page 23, and “CalSTRS 2% at 62,” page 21.

## Defined Benefit Supplement Program

A supplemental retirement savings account for Defined Benefit Program members

### Retirement Benefit

Your Defined Benefit Supplement funds, plus interest, are yours at retirement or six months after you terminate CalSTRS-covered employment and receive a refund of your Defined Benefit contributions.

### Contributions

Your contributions and most of your employer's contributions from earnings in excess of one year of service credit; also, limited-term payments and retirement incentives for 2% at 60 members.

From January 1, 2001, to December 31, 2010, one-fourth of your 8 percent retirement contribution to CalSTRS was credited to your Defined Benefit Supplement account.

### Survivor and Disability Benefits

If you die before retirement, your funds will be distributed to your one-time death benefit recipient. If you die after retirement, funds may be paid to your option beneficiary as a monthly annuity, or your one-time death benefit recipient.

You may receive your funds if you receive a CalSTRS disability benefit.

- See “Your Defined Benefit Supplement Account,” page 26.

## Cash Balance Benefit Program

A retirement plan employers can choose to offer their part-time educators as an alternative to the Defined Benefit Program

### Retirement Benefit

Your Cash Balance Benefit account funds are yours at age 55 or older.

### Contributions

You typically contribute 4 percent of your pay.

Your employer must contribute an amount equal to at least 4 percent of your salary.

Employers may bargain alternative rates, but the combined employer/employee contribution must be 8 percent. For contracts entered into or changed on or after January 1, 2014, the employee contribution rate can't be less than the employer's rate.

### Survivor and Disability Benefits

Your survivors typically receive a lump-sum distribution of your and your employers' contributions, accrued interest and additional earnings credits.

Your disability benefit is the sum of your contributions, interest and additional earnings credits in your and your employer's accounts.

● See "Cash Balance Benefit Program," page 35.

## CalSTRS Pension<sup>2</sup>

CalSTRS' voluntary defined contribution plan, with 403(b), 457 and Roth 403(b) investment options for additional retirement income

### Retirement Benefit

Your investment account balance at retirement—early withdrawal tax penalty may apply if under age 59½.

### Contributions

You contribute to your tax-advantaged account through paycheck deductions or rollover.

### Survivor and Disability Benefits

403(b) and 457 funds can be withdrawn on death and disability.

● See "CalSTRS Pension<sup>2</sup>," page 39.

Consider investing the 6.2 percent of your salary that would have gone to Social Security into a tax-deferred 403(b) or 457 supplemental savings account, such as CalSTRS Pension2.

## Get the Facts on Social Security

As a California public school educator, you do not pay into Social Security, so you will not receive Social Security benefits for your CalSTRS-covered position.

If you expect to receive a Social Security check through your spouse or other employment, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—could leave you with a smaller Social Security check or no check at all.

Your CalSTRS retirement benefit will not be reduced by these rules.

### Government Pension Offset

- Reduces your spousal, widow or widower Social Security benefit that is based on your spouse's earnings by two-thirds of your CalSTRS benefit.

### Windfall Elimination Provision

- Affects your Social Security benefit that is based on your earnings from other employment.
- May reduce your Social Security benefit, but not eliminate it.

### Important Things to Consider

- If you receive Social Security now, your Social Security benefit may be reduced or eliminated when you receive your CalSTRS benefit. Let the Social Security Administration know when you plan to retire so that your Social Security benefit can be adjusted. Otherwise, you may have to repay any excess Social Security benefits you receive after you begin receiving your CalSTRS benefit.
- If you take a refund, your Social Security benefit still will be reduced by both rules.
- Your annual Social Security statement is based on your projected income and may not accurately reflect the impact of the offsets.
- When you receive your annual benefit adjustment each year, contact the Social Security Administration. Your Social Security benefit may need to be adjusted.

### Steps to Take Near Retirement

- Visit Social Security at [socialsecurity.gov/gpo-wep](http://socialsecurity.gov/gpo-wep).
- Request an estimate of your Social Security benefit.
- Use the online calculators at [socialsecurity.gov/retire2/qualify.htm](http://socialsecurity.gov/retire2/qualify.htm) to estimate any reductions to your Social Security check.
- Contact Social Security when you're ready to retire.
- See "Your Retirement Benefit and Social Security," page 49.
- Also see the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

## Your Retirement Progress Report

Your *Retirement Progress Report* is one of your most important CalSTRS records. It provides the status of your accounts as of June 30 of the prior school year.

Your report summarizes:

- The service credit you earned or purchased the previous year.
- Your total accumulated service credit.
- The name of your one-time death benefit recipient and option beneficiary, if you elected one.
- Accumulated contributions and interest in your Defined Benefit and Defined Benefit Supplement accounts (or your Cash Balance Benefit account).
- Your disability and survivor benefits under Coverage A or Coverage B.
- Two estimates of your retirement benefits beginning when you turn age 45.

Reports are also sent to inactive members who have contributions and interest remaining in their Defined Benefit account balance, but who did not perform creditable service during the prior school year. Retired members and other benefit recipients do not receive a report.

If you believe there is a discrepancy on your report, contact your employer. Adjustments made to service credit and contributions after June 30 will be included on your report for the next school year. If you purchased service credit or redeposited contributions previously refunded, the changes will appear on your report for the school year during which the final payment was made.

Starting in fall 2014, the reports will be available only online on *myCalSTRS*. If you would like to continue receiving your report by mail, use your *myCalSTRS* account to request your preference, or complete the *Retirement Progress Report Delivery Preference* form, available at [CalSTRS.com/forms](http://CalSTRS.com/forms).

For security and privacy, all members have a randomly generated Client ID number for identification. Your Client ID is available on any letter from us and on your annual *Retirement Progress Report*. You may use it in communications to us about your account.



*myCalSTRS* is your online resource for managing your personal information and accounts with CalSTRS.

➤ Activate your account at [myCalSTRS.com](http://myCalSTRS.com).

**my**CALSTRS

CalSTRS serves more than 856,000 public school educators and their families. Our dedicated and professional staff work hard to tailor our services to meet your needs.

## CalSTRS Overview

The California State Teachers' Retirement System is your retirement system. It was established by law in 1913 to provide retirement benefits to California's public school educators from prekindergarten through community college.

### Teachers' Retirement Board

The Teachers' Retirement Board administers CalSTRS and sets policies and rules to ensure benefits are paid according to the law.

The 12-member board is composed of:

- Three active CalSTRS members representing current educators.
- One retired CalSTRS member appointed by the Governor and confirmed by the Senate.
- Three public representatives appointed by the Governor and confirmed by the Senate.
- One school board representative appointed by the Governor and confirmed by the Senate.
- Four board members who serve in an ex-officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction and State Treasurer.

The board appoints a chief executive officer to administer CalSTRS consistent with the board's policies and rules, and selects a chief investment officer to direct the CalSTRS Investment Portfolio in accordance with board policy.

The board has eight standing committees: Audits and Risk Management, Benefits and Services, Board Governance, Corporate Governance, Investment, Compensation, Legislative, and Appeals.

### Teachers' Retirement Fund

The Teachers' Retirement Fund is a special trust fund established by law that holds the assets of the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. The assets come from contributions by employees, employers and the State of California. The fund's investments provide a stream of income to add to those assets.

When selecting investments, the board applies standards of safety, diversification, liquidity and structure for a complete and profitable investment portfolio. The portfolio includes stocks, bonds, real estate and short-term investments. Within these categories, CalSTRS further diversifies by holding a variety of investments within each segment.

The market value of the CalSTRS Investment Portfolio was \$165.8 billion as of June 30, 2013. CalSTRS is the nation's largest teacher public pension fund.

# Take Advantage of CalSTRS Resources



## Online

### myCalSTRS

Access your account information, forms and more. Start at [myCalSTRS.com](http://myCalSTRS.com).

### CalSTRS.com

Find information about CalSTRS benefits and services, workshops, publications, forms, benefit estimate calculators and more.

### Pension2.com

Learn about CalSTRS Pension2 403(b), Roth 403(b) and 457 investment plans.

### 403bCompare.com

Make side-by-side comparisons of 403(b) investment options and fees.

### yourplan.CalSTRS.com

Find information on the tax-advantaged plans offered by your employer, including forms.

### CalSTRS.com/funding

Keep current on plan funding. Ask questions, post comments and connect with other educators.

## Stay Connected



## Publications

Find publications online:

*CalSTRS Comprehensive Annual Financial Report*

*Cash Balance: A Retirement Plan for Part-Time and Adjunct Educators*

*Community Property Guide*

*Introduction to CalSTRS Disability Benefits*

*Join CalSTRS? Join CalPERS?*

*Member Handbook*

*Purchase Additional Service Credit*

*Refund: Consider the Consequences*

*Social Security, CalSTRS and You*

*Survivor Benefits: Remember Your Loved Ones*

*Tax Considerations for Rollovers*

*Welcome to CalSTRS*

*Your Disability Benefits Guide (Disability Benefits Application)*

*Your Retirement Guide*

## Newsletters

*CalSTRS Connections: Your Money Matters*  
(for active members under 50)

*CalSTRS Connections: Reaching Your Retirement*  
(for active members over 50)

*Retired Educator* (for retired members and other benefit recipients)

[➤ CalSTRS.com/publications](http://CalSTRS.com/publications)



## Videos

Browse our growing library of three-minute member benefit videos:

Introduction to CalSTRS

myCalSTRS

Understanding the Formula

The Gap

Refund, Consider the Consequences

Introduction to Social Security

Defined Benefit Supplement Account

Beneficiary Options

CalSTRS Pension2 403(b) webinar

> [CalSTRS.com/multimedia](https://CalSTRS.com/multimedia)



## Forms

Find the forms you need to designate a one-time death benefit recipient, apply for a service retirement, change your address and more online and on myCalSTRS.

> [CalSTRS.com/forms](https://CalSTRS.com/forms)



## Pension Abuse Reporting Hotline

Anonymously report suspicions of pension abuse to CalSTRS. 855-844-2468 (toll free)

> [CalSTRS.com/PensionAbuseReporting](https://CalSTRS.com/PensionAbuseReporting)



## Workshops

CalSTRS offers workshops for each stage of your career:

**CalSTRS Basics** (1 hour) Provides an overview of your CalSTRS retirement, disability and survivor benefits.

**Demystifying CalSTRS** (1.5 hours) Explains the essentials of your CalSTRS membership, with more information about your benefits.

**CalSTRS Fundamentals** (1.5 hours) Presents in-depth information about your CalSTRS benefits and ways to increase your income in retirement.

**CalSTRS Retirement Check-up** (1.5 hours) Explains how your retirement benefit is calculated, the retirement application process, and the steps to your successful CalSTRS retirement.

> [CalSTRS.com/workshops](https://CalSTRS.com/workshops)

## Benefits Counseling Sessions

Learn about benefits and interact with fellow educators in a small group setting guided by a benefits counselor:

**CalSTRS and You** (new to mid-career)

**CalSTRS and Your Retirement** (eligible to retire)

**Application Roundtable** (ready to retire)

> [CalSTRS.com/localoffices](https://CalSTRS.com/localoffices)

## Benefits Counseling Appointments

CalSTRS benefits counselors can provide important information throughout your career, whether you're considering retirement or disability, experiencing other life-changing events, such as the birth of a child, or looking to purchase additional service credit.

> [CalSTRS.com/counseling](https://CalSTRS.com/counseling)





## CalSTRS Benefits Counseling Offices

Office Locations	Telephone Numbers	Hours
Auburn	530-886-2012	M-F 8-5
Bakersfield	661-636-4880	M-F 8-5
Santa Clara *Pleasant Hill, San Francisco	800-228-5453, ext. 3	M-F 8-5
Costa Mesa *Laguna Hills	714-966-4251	M-F 10-4
Eureka	707-441-3953	M-F 8-4:30
Fresno *Visalia	559-497-3797	M-F 8-4:30
Glendale * Camarillo, Downey, Lancaster, Los Angeles, Santa Fe Springs, Santa Monica, Walnut	800-228-5453, ext. 3	M-F 8-5
Modesto *Merced	209-238-1614	M-F 8-5
San Bernardino *Apple Valley, Indio, Murrieta, Rancho Cucamonga, Riverside	800-228-5453, ext. 3	M-F 8-4:30
San Diego *San Marcos	619-718-6783	M-F 8-5
Santa Cruz *Salinas	831-466-5755	M-F 8-5
Santa Maria *Santa Barbara	805-928-0542	M-F 8:30-5
Santa Rosa	800-228-5453, ext. 3	M-F 8-5
Stockton	209-468-4864	M-F 7-5
West Sacramento *Elk Grove, Oroville, Redding	800-228-5453, ext. 3	M-F 8-5

\*Hours vary at satellite offices. Appointments are scheduled through the corresponding CalSTRS counseling office.

All main offices accept CalSTRS applications and forms.  
For a current listing of offices, visit [CalSTRS.com/localoffices](http://CalSTRS.com/localoffices).



## Keys to Your Secure Financial Future

CalSTRS shares your retirement goal—a secure financial future.

### One


#### Determine How Much You'll Need in Retirement

CalSTRS members typically have four sources of retirement income:

- CalSTRS monthly retirement benefit.
- Defined Benefit Supplement funds.
- Additional investment savings, such as CalSTRS Pension2, which offers 403(b), 457 and Roth 403(b) plans.
- Other personal savings.

You do not receive Social Security benefits from your CalSTRS-covered employment. If you'll receive Social Security through other employment or a spouse's earnings, see page 10.

Recent CalSTRS members—on average—retired at nearly age 62 after more than 25 years of service with a retirement benefit that replaced about 55 percent of their salary. Financial planners recommend that to maintain your current lifestyle after retirement, you should plan to replace 80 percent to 90 percent of your salary. You'll need to close any gap between your current income and retirement benefit with personal savings and investments.

 Plan ahead so you'll have the lifestyle you desire after you leave the classroom.

### Two

#### Attend a CalSTRS Workshop and View Member Education Videos

CalSTRS offers workshops and counseling sessions designed to meet your needs at different stages during your career, from the CalSTRS Basics workshop to the CalSTRS Retirement Check-Up workshop and the Service Application Roundtable.

 [CalSTRS.com/workshops](https://www.calstrs.com/workshops)

View member education videos that address topics at targeted career stages.

 [CalSTRS.com/multimedia](https://www.calstrs.com/multimedia)

## Three

### Save More With CalSTRS Pension2

CalSTRS Pension2 offers investment plans for additional retirement savings. Flexible investment portfolios, low fees and expenses, and planning services at no additional cost make Pension2 an attractive way to save.

It's never too early to start saving for retirement—and never too late.

> [Pension2.com](http://Pension2.com)

403bCompare provides objective, side-by-side comparisons of registered 403(b) plans.

> [403bCompare.com](http://403bCompare.com)

Find information about the 403(b) and 457 plans your employer offers.

> [yourplan.CalSTRS.com](http://yourplan.CalSTRS.com)

## Four

### Purchase Service Credit

You may be eligible to purchase permissive service credit (the purchase of nonqualified service credit, or air time, is no longer available). The more service credit you have at retirement, the greater your CalSTRS retirement benefit.

**CalSTRS 2% at 60:** With the additional service credit, you may qualify for one or more benefit enhancements that will further increase your benefit.

**One-Year Final Compensation:** If you retire with 25 or more years of qualified service credit, the highest 12 consecutive months of your average compensation earnable will be used in your retirement benefit calculation, rather than the average of your highest three consecutive school years.

**Career Factor:** If you retire with 30 or more years of service credit, 0.2 percent will be added to the age factor for each year of additional service, up to a maximum combined age factor and career factor of 2.4 percent.

**Longevity Bonus:** If you had at least 30 years of qualified service credit by December 31, 2010, you're eligible for a longevity bonus that adds a set dollar amount to your monthly retirement benefit.

**CalSTRS 2% at 62:** Your final compensation is based on your highest three consecutive school years of pay, and you are not eligible for the career factor benefit enhancement.

- > See the *Purchase Service Credit* publications on CalSTRS.com.
- > Find forms on *myCalSTRS* and CalSTRS.com.
- > Calculate how your service credit purchase would increase your retirement benefit at CalSTRS.com/calculators.

## Five

### Meet With a Benefits Counselor

You can attend a CalSTRS counseling session any time to help you make the most of your CalSTRS retirement. Current sessions include CalSTRS and You, CalSTRS and Your Retirement, and the Service Application Roundtable.

> [CalSTRS.com/counseling](http://CalSTRS.com/counseling)



## Do It Now Checklist

### Less than one year of service credit

- Activate your *myCalSTRS* account at [CalSTRS.com](http://CalSTRS.com) to manage your information online.
- Watch the three-minute member education videos at [CalSTRS.com/multimedia](http://CalSTRS.com/multimedia) for a quick way to learn more about your benefits.
- Start a tax-advantaged savings account for additional money in retirement. Consider CalSTRS Pension2, which offers low fees and expenses. Watch the Pension2 403(b) webinar at [Pension2.com](http://Pension2.com).
- Sign up for the *CalSTRS Outlook* e-newsletter at [CalSTRS.com/funding](http://CalSTRS.com/funding) to stay current on plan funding.

### One to five years of service credit

**You're eligible for the CalSTRS one-time death benefit and monthly survivor benefit if you should die before retirement.**

- Designate a one-time death benefit recipient using *myCalSTRS* or by completing the *Recipient Designation* form, available at [CalSTRS.com/forms](http://CalSTRS.com/forms).
- Check your *Retirement Progress Report* every year to make sure your service credit is accurate. Starting fall 2014, the reports are going paperless and will be available only on *myCalSTRS* unless you request to receive it by mail.
- Attend a CalSTRS workshop or counseling session for new members.

### Five years of service credit

**You're now eligible for a lifetime monthly retirement benefit when you retire. You can retire as early as age 55.**

- Attend a CalSTRS workshop or group counseling session tailored to your career stage.
- Save more for retirement. Increase contributions to your 403(b) or 457 account.
- Consider purchasing additional service credit. Although you can no longer buy nonqualified service credit, or air time, you may be eligible to redeposit service credit or purchase permissive service credit. The earlier you purchase service credit, the lower the cost. Use the calculator at [CalSTRS.com](http://CalSTRS.com).
- Estimate your retirement benefit using the *Retirement Benefit Calculator* at [CalSTRS.com/calculators](http://CalSTRS.com/calculators).
- Develop a financial plan for retirement.
- Continue to review your *Retirement Progress Report* every year.

## 10 years of service credit

### It's time to plan for transitioning from career to retirement.

- Review your one-time death benefit recipient designation and your service credit balance on your *Retirement Progress Report*.
- Update your financial plan.
- Step up contributions to your 403(b) or 457. Or open an account today—it's never too late to save for retirement.
- Look into purchasing service credit to increase your retirement benefit.
- Ask your employer about health insurance in retirement. Consider setting aside extra money now for medical expenses later.

## Age 55 with at least five years of service credit—or under the special circumstances of concurrent retirement (or age 50 with at least 30 years of service credit if under CalSTRS 2% at 60)

### You're eligible to retire.

- Get the facts on Social Security. Know the rules that could affect your Social Security benefit based on other employment or your spousal Social Security benefit.
- Attend a retirement planning workshop or group counseling session.
- Submit the *Preretirement Election of an Option* form if you want to provide a lifetime monthly benefit to someone if you should die before retirement.
- Review your one-time death benefit recipient information.
- Complete and submit your *Service Retirement Application* online using *myCalSTRS* for faster processing, no earlier than six months before your retirement date.



## California Public Employees' Pension Reform Act of 2013

The California Public Employees' Pension Reform Act of 2013 made changes to the plan structure that primarily affect benefits for members first hired on or after January 1, 2013, to perform CalSTRS creditable activities. These members are under the **CalSTRS 2% at 62** benefit structure.

Members under the **CalSTRS 2% at 60** benefit structure are those who:

- Were first hired to perform CalSTRS creditable activities on or before December 31, 2012.
- Were a CalSTRS member before 2013, terminated their membership and then returned to active membership on or after January 1, 2013.
- Performed CalSTRS creditable activities that were subject to coverage under a different retirement system, including Social Security, on or before December 31, 2012.
- Were members of a concurrent retirement system on or before December 31, 2012, and who performed service under that system within six months of becoming a CalSTRS member.

Look here for benefit differences for CalSTRS 2% at 62 members

- **CalSTRS 2% at 62 = members first hired on or after January 1, 2013, to perform CalSTRS creditable activities and who never before performed CalSTRS creditable activities under a different retirement system, including Social Security.**

## CalSTRS 2% at 62

With the passage of the California Public Employees' Pension Reform Act of 2013, CalSTRS now has two benefit structures:

- **CalSTRS 2% at 60:** Members first hired on or before December 31, 2012. Educators who were members of a concurrent retirement system on or before December 31, 2012, and who performed service in that system within six months of becoming a CalSTRS member are also under the CalSTRS 2% at 60 benefit structure.
- **CalSTRS 2% at 62:** Members first hired on or after January 1, 2013.

The 2 percent refers to the percentage of your final compensation that you will receive as a retirement benefit for every year of service credit, also known as the age factor. There are several other benefit differences for members under CalSTRS 2% at age 62 compared to members under CalSTRS 2% at age 60, which are outlined below.

### Retirement Age

You can retire as early as age 55 with five years of service credit—or under the special circumstances of concurrent retirement from another public retirement system in California.

### Age Factor

The age factor for normal retirement age at 62 is 2 percent. The age factor for early retirement at age 55 is 1.16 percent. The maximum age factor is 2.4 percent at age 65.

### Career Factor

The career factor enhancement is not available.

### Final Compensation

Final compensation is calculated based on the highest average annual salary for three consecutive school years, regardless of years of service credit.

### Compensation Cap

The limit on creditable compensation that may be counted toward your CalSTRS retirement benefit formula is 120 percent of the 2013 Social Security wages, which is \$136,440 for 2013–14. The cap is adjusted annually based on changes to the Consumer Price Index for All Urban Consumers: U.S. City Average. Employers may offer their employees a defined contribution plan, such as CalSTRS Pension2, for contributions on excess compensation amounts.

Only compensation paid in cash each pay period in which creditable service is performed under a publicly available written contractual agreement is considered creditable compensation. Creditable compensation for service in excess of one year in a school year will be credited to your Defined Benefit Supplement account, up to the compensation cap. Compensation such as allowances, bonuses, cash in lieu of fringe benefits, limited-period compensation or compensation determined to have been paid for the purposes of enhancing a benefit, is not creditable to any CalSTRS benefit program.

### Replacement Benefits Program

You are not eligible for benefits under the CalSTRS Replacement Benefits Program.

### Reduced Benefit Election

You are not eligible for retirement under the Reduced Benefit Election.

### Member Contribution Rate

You must contribute 50 percent of the normal cost of your retirement plan, rounded to nearest one-quarter percent. Your contribution rate is 8 percent for fiscal year 2013–14.

# Your Retirement Formula: How It Works

## CalSTRS 2% at 60

Faye is a first-grade teacher with 29 years of service credit. She just turned 58 and though not in a hurry to retire, she's been thinking more about retirement lately. Her monthly pay is \$4,708.

Here are three examples for her retirement benefit calculation, not including any sick leave she may have that will be converted to service credit at retirement, and assuming her pay stays the same.

If Faye retires with at least 30 years of service credit, a 0.2 percent career factor will be added to her age factor, up to a maximum age factor of 2.40 percent.

### EXAMPLE 1

If Faye were to retire today, her monthly retirement benefit would be:

29	x	1.76%	x	\$4,708	=	\$2,403
service credit		age factor		final compensation		retirement benefit

### EXAMPLE 2

If she continued working until her 60th birthday, her monthly retirement benefit would be:

31	x	2.20%	x	\$4,708	=	\$3,211
service credit		age factor + career factor		final compensation		retirement benefit

### EXAMPLE 3

If she continued working until her 62nd birthday, she would be eligible for the maximum combined age factor and career factor of 2.40%, giving her a monthly retirement benefit of:

33	x	2.40%	x	\$4,708	=	\$3,729
service credit		age factor + career factor		final compensation		retirement benefit

## CalSTRS 2% at 62

Bill was first hired to teach high school chemistry in March 2013, so he falls under the CalSTRS 2% at 62 benefit structure. He is 30 years old and would like to retire at age 62 or later. Under CalSTRS 2% at 62, there is no career factor or one-year final compensation benefit enhancement.

### EXAMPLE 1

If Bill continues working until his 62nd birthday, he would be eligible for the age factor of 2 percent. If his final compensation is \$5,100, his monthly retirement benefit would be:

32	x	2%	x	\$5,100	=	\$3,264
service credit		age factor		final compensation		retirement benefit

### EXAMPLE 2

If Bill continues working until he turns 65, he would be eligible for the maximum age factor of 2.4 percent. If his final compensation was still \$5,100, his monthly retirement benefit would be:

35	x	2.4%	x	\$5,100	=	\$4,284
service credit		age factor		final compensation		retirement benefit



# Your Defined Benefit Membership

CalSTRS Defined Benefit Program is a traditional defined benefit plan that provides retirement, survivor and disability benefits. Your retirement benefit is based on a formula set by law using your age, service credit and final compensation.

CalSTRS has two benefit structures: Members first hired on or before December 31, 2012, are under CalSTRS 2% at 60, and those first hired on or after January 1, 2013, are under CalSTRS 2% at 62. You are also under CalSTRS 2% at 60 if you:

- Were a CalSTRS member before 2013, terminated your membership and then returned to active membership on or after January 1, 2013.
- Performed CalSTRS creditable activities that were subject to coverage under a different retirement system, including Social Security, on or before December 31, 2012.
- Were a member of a concurrent retirement system on or before December 31, 2012, and performed service under that system within six months of becoming a CalSTRS member.

## Membership

If you are an educator or are performing other activities that are creditable service, you may be a member of the Defined Benefit Program as mandated by law or you may be eligible to elect membership.

You are eligible for the Defined Benefit Program if you're an employee of a California public school system, prekindergarten through community college, in a position that requires you to:

- Have a credential, certificate or permit, or
- Meet the minimum standards adopted by the Board of Governors of the California Community Colleges.

Only activities identified as creditable service count toward years of service for CalSTRS retirement.

**creditable service = includes activities such as teaching, vocational or guidance counseling, services related to school curriculum, certain administrative duties and others defined in the California Education Code that count toward your service credit and require a credential, certificate or permit.**

**creditable compensation = salary and other earnings paid in cash by your employer to everyone in the same class of employees and paid to you for performing creditable service.**

- **CalSTRS 2% at 62:** Only compensation paid in cash each pay period in which creditable service is performed under a publicly available written contractual agreements is considered creditable compensation.

## Full-Time Educators

If you are employed to perform creditable service on a full-time basis, you will automatically become a member of the Defined Benefit Program on the first day of employment.

**full time = the days or hours of creditable service your employer requires a class of employees to work in a school year in order to receive full compensation earnable.**

For example, under a collective bargaining or employment agreement, your employer might require high school guidance counselors to work a specific number of days each school year.

## CalSTRS 2% at 60 CalSTRS 2% at 62

The 2 percent, also known as the age factor, refers to the percentage of your final compensation that you will receive as a retirement benefit for every year of service credit. The basic age factor for members under CalSTRS 2% at 60 is 2 percent at age 60. The basic age factor for members under CalSTRS 2% at 62 is 2 percent at age 62. Other benefit differences for members under CalSTRS 2% at 62 are outlined on page 21 and noted throughout the *Member Handbook*.

If you made retirement contributions to CalSTRS on or after January 1, 2001, you may also have a Defined Benefit Supplement account which provides additional income for retirement.

When you terminate CalSTRS-covered employment and receive a refund of your contributions, you are no longer eligible for CalSTRS benefits.

### Part-Time Educators

If you are a part-time, substitute or temporary employee performing creditable service in the California public school system, you can choose to belong to the Defined Benefit Program or an alternative program offered by your employer, such as the Cash Balance Benefit Program. Your employer must formally notify you of your right to elect membership in the Defined Benefit Program within 30 days of hiring. You can elect membership only during a pay period in which you actually performed creditable service and on the appropriate form provided by your employer. The date of membership is the first day of the pay period in which you made your election. If you participate in the Cash Balance Benefit Program and later become a full-time employee, you automatically will become a member of the Defined Benefit Program. See tables below for information about mandatory Defined Benefit Program membership for part-time educators.

### Charter School Educators

If you are a charter school employee performing creditable service in a charter school that is eligible to receive state apportionment, you are eligible for the Defined Benefit Program only if your school's charter designates the school's participation in the Defined Benefit Program.

### Eligibility for Benefits

You will be eligible for a guaranteed lifetime retirement benefit when you have five years of service credit under the Defined Benefit Program. You can retire as early as age 50 if you have at least 30 years of service credit. Or you can retire at age 55 with at least five years of service credit—or under the special circumstances of concurrent retirement with certain other California public retirement systems. See “Retiring From More Than One Public Retirement System,” page 43, for a list of the California public systems.

- **CalSTRS 2% at 62:** The earliest age you can retire is 55 with five years of service credit or under the special circumstances of concurrent retirement. You are not eligible for retirement at age 50 with 30 years of service credit.

### Contributions

#### Your Contributions

You contribute 8 percent of your earnings (creditable compensation) to your CalSTRS retirement as required by the Teachers’ Retirement Law, up to the applicable compensation cap. Your contributions are withheld from your earnings by payroll deduction and credited to

### Membership When the Cash Balance Benefit Program Is Offered

In school districts, county offices of education, participating charter schools and community college districts that offer the Cash Balance Benefit Program, the following mandatory Defined Benefit Program membership requirements apply:

Employment Status	Mandatory Defined Benefit Membership Begins
PreK–12 or county office of education on a contracted, part-time, hourly or daily basis for more than 50 percent of full-time position	First day of the pay period following employment to perform creditable service for 50 percent or more of the full-time position.
Community college district hired part time	First day of the pay period following employment to perform creditable service for more than 67 percent of full-time assignment. Mandatory Defined Benefit membership does not apply to temporary employees of adult education or community college districts.



your Defined Benefit account and to your Defined Benefit Supplement account, if you earn more than one year of service credit in a school year.

- **CalSTRS 2% at 62:** You contribute 50 percent of the normal cost of your retirement plan, currently 8 percent.

### Employer Pick-Up of Contributions

Most employers participate in the federal Employer Pick-Up Program under Internal Revenue Code section 414(h)(2). Under this provision, your employer "picks up" your CalSTRS contributions so that you can defer income taxes on that portion of your compensation. Your contributions must be deducted from your compensation and considered creditable compensation for retirement purposes. Your tax-deferred contributions are credited to your Defined Benefit account as "Employer-Paid Member Contributions." The contributions are taxable when returned to you or your beneficiaries as a lump sum or monthly benefit.

- See "Tax Information and Legal Matters," page 107.

### Your Employer's Contributions

Your employer—school district, community college district, participating charter school or county office of education—contributes an amount equal to 8.25 percent of your earnings to CalSTRS. Your employer's contributions are not credited to your Defined Benefit account but are deposited into the Teachers' Retirement Fund to help fund the benefits paid to all members and beneficiaries.

Designate your one-time death benefit recipient using your *myCalSTRS* account or the *Recipient Designation* form, available at CalSTRS.com. You can change your death benefit recipient at any time, with no financial penalty.

### The State's Contributions

The State of California currently contributes 3.041 percent of the annual earnings of all members. This amount is subject to a specified increase depending on the status of the funding for the Defined Benefit Program. The state also contributes an amount equal to about 2.5 percent of annual member earnings into the CalSTRS Supplemental Benefit Maintenance Account. The SBMA account is used to maintain the purchasing power of benefits.

- See "Purchasing Power Protection," page 81.

## Membership When the Cash Balance Benefit Program Is Not Offered

In school districts, county offices of education, participating charter schools and community colleges that do not offer the Cash Balance Benefit Program, the following mandatory Defined Benefit Program membership requirements apply:

Employment Status	Mandatory Defined Benefit Membership Begins
PreK-12/county office of education—part-time hourly	First day of the pay period following the pay period in which at least 60 hours of creditable service was performed.
PreK-12/county office of education—part-time daily	First day of the pay period following the pay period in which 10 days of creditable service was performed.
PreK-12/superintendent's office/ community college district substitute	Same as above except for 100 or more complete days in which creditable service was performed during the school year.
Community college district hired part time	First day of the pay period following employment to perform creditable service for more than 67 percent of full-time assignment. Mandatory Defined Benefit membership does not apply to temporary employees of adult education or community college districts.

Under state law, you cannot borrow from or against the funds in your CalSTRS Defined Benefit or Defined Benefit Supplement account.

Build your Defined Benefit Supplement account by taking on extra-pay duties such as summer school or intersession, yearbook editor or band director.

## Your Defined Benefit Account

Interest is credited to your account primarily to provide a lump-sum benefit to you if you terminate CalSTRS-covered employment and withdraw your contributions, or to your beneficiaries, if you die without survivors who are eligible for a monthly benefit.

The amount in your account is not used to calculate your retirement benefit. Your retirement benefit is a guaranteed lifetime benefit using a formula based on your service credit, age and your final compensation.

You will not receive your employer's contributions if you terminate your membership—employers' contributions go toward paying all members' retirement benefits.

### Interest

Interest is credited to your accumulated Defined Benefit contributions and past interest earned at the end of each fiscal year. The interest rate is adopted annually by the Teachers' Retirement Board and approximates the yield on two-year Treasury notes. The rate through June 30, 2014, is .50 percent.

## Your Defined Benefit Supplement Account

If you made retirement contributions to CalSTRS on or after January 1, 2001, as a Defined Benefit member, you have a Defined Benefit Supplement account. Your Defined Benefit Supplement account provides additional income for retirement.

As of January 1, 2011, Defined Benefit Supplement accounts receive funds from two sources:

- Earnings in excess of one year of service credit. Since July 1, 2002, if you earn more than one year of service credit in a school year, your contributions and most of your employers' contributions from your earnings in excess of one year are credited to your Defined Benefit Supplement account, up to the compensation cap.
- Special limited-term payments or retirement incentives. Effective July 1, 2002, your contribution and most of your employers' contributions on these payments are credited to your Defined Benefit Supplement account.

From January 1, 2001, to December 31, 2010, one-fourth of your 8 percent contribution to CalSTRS was redirected to your Defined Benefit Supplement account. The redirection did not affect your CalSTRS retirement benefit. Your entire 8 percent contribution is now credited to your Defined Benefit account.

Contributions to your Defined Benefit Supplement account do not affect your ability to make contributions to 403(b), 457 or similar tax-advantaged savings plans.

- **CalSTRS 2% at 62:** If you have earnings in excess of one year of service credit but below the compensation cap, your contributions and most of your employers' contributions on those earnings will be credited to your Defined Benefit Supplement account. Special limited-term payments and retirement incentives are not creditable to any CalSTRS program. There are no other sources of funds for your Defined Benefit Supplement account.

### Interest

Your Defined Benefit Supplement funds earn interest at a rate set at the beginning of each plan year, July 1 through June 30, by the Teachers' Retirement Board, based on the average

30-year Treasury rate. The rate through June 30, 2014, is 3 percent. The rate cannot be less than the rate for your Defined Benefit account.

If the actual earnings exceed the board-set interest rate at the end of the year, the board may declare an additional earnings credit.

The interest earned is included in the amount payable to you at retirement or if you take a refund.

## Accessing Your Funds

Your Defined Benefit Supplement funds are yours:

- When you begin receiving your monthly retirement benefit, or
- Six months after you terminate CalSTRS-covered employment and receive a refund of your Defined Benefit contributions.

If you return to CalSTRS-covered employment after withdrawing your Defined Benefit Supplement funds, you'll have to wait five years before you can make another withdrawal.

- See "Your Retirement Benefit," page 53.

## Sick Leave

At service retirement, CalSTRS will convert your unused sick leave to additional service credit using the information your employer provides on the *Express Benefit Report* form. As soon as you change employers during your career, coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

For retirements effective on or after January 1, 2013, each of your employers during the last school year in which you earned service credit can submit the *Express Benefit Report* form if your unused sick leave was not transferred between districts. For retirements effective before January 1, 2013, only your last employer can report unused sick leave by submitting the *Express Benefit Report* form.

- See also "Converting Unused Sick Leave to Service Credit," page 54.

## Refund: Consider the Consequences

Considering a career change? If you no longer work in a CalSTRS-covered position, you can leave your money in CalSTRS until you reach age 70½ or request a refund.

- See also "Internal Revenue Codes Affecting Benefits," page 108.

## Know the Consequences of a Refund

If you have fewer than five years of service credit and do not plan to return to teaching, and you are not eligible for concurrent retirement with another California public system, you may wish to consider a refund. Otherwise, carefully consider the consequences of taking a refund.

### Benefits of leaving your contributions with CalSTRS:

- You'll keep your service credit.
- Your accounts will continue to accrue interest.
- You'll be eligible for a monthly retirement benefit when you are age 55 with at least five years of service credit.

You cannot cash out unused sick leave days.

### **Consequences of receiving a refund:**

- You'll no longer be a CalSTRS member.
- You'll cancel your eligibility for your CalSTRS retirement benefit, as well as survivor and disability benefits, unless you return to CalSTRS-covered employment.
- Any option beneficiary or one-time death benefit designation will be canceled. If you return to CalSTRS membership and later retire, an assessment will be calculated at retirement for the preretirement election of an option you previously made. The assessment may reduce your lifetime monthly retirement benefit. (If you reinstate, you may designate a new one-time death benefit or option beneficiary.)
- You must take a refund of your Defined Benefit Supplement contributions. You cannot redeposit these contributions.
- Your refund may be taxed as income. CalSTRS is required to withhold 20 percent federal income tax on all payments distributed directly to you. If you choose to have state income tax withheld, CalSTRS will withhold at 2 percent. You may have to pay additional federal and state taxes if you take your refund before age 59½ and do not roll over your funds to a qualified retirement plan.
- You may not redeposit your contributions unless you re-qualify for CalSTRS membership or are eligible for concurrent retirement.

### **If you return to membership after taking a refund and later redeposit contributions and interest:**

- Your membership date will change to your return date.
- You will be covered under Coverage B for survivor and disability benefits even if you previously had Coverage A.
- You must earn one year of service credit since your last refund and have at least five years of service credit before being eligible for a CalSTRS retirement benefit.
- You must purchase, or redeposit, the service credit previously refunded to you if you wish to receive full retirement benefits from your past CalSTRS membership.
- You will be under the CalSTRS 2% at 60 benefit structure if you were first hired to perform CalSTRS creditable activities before January 1, 2013.

## **Taking a Refund**

### **Defined Benefit Account**

When you terminate your CalSTRS-covered position, you can request a refund of your Defined Benefit account contributions, including interest earned. After your employer verifies your separation and CalSTRS receives your *Refund Application*, CalSTRS will refund your Defined Benefit contributions, including tax-deferred member contributions under the Employer Pick-Up Program, plus the interest credited on your contributions.

Partial refunds are not allowed. In addition, employer and state contributions are not refundable.

## Defined Benefit Supplement Account

After terminating employment and receiving a refund of your Defined Benefit contributions and interest, if you have not performed creditable service, including substitute teaching, for six months, CalSTRS will refund your Defined Benefit Supplement funds after you respond to correspondence from us regarding the payout. Employer contributions that are credited to your Defined Benefit Supplement account are refundable.

If you return to CalSTRS-covered employment, you cannot redeposit your Defined Benefit Supplement funds. In addition, only one Defined Benefit Supplement refund is allowed in a five-year period.

➤ Visit [CalSTRS.com](http://CalSTRS.com) or see the *Refund: Consider the Consequences* fact sheet.

## Redepositing to Restore Service Credit

Redepositing allows you to restore any service credit lost if you took a refund of your contributions. If you return to teaching or other CalSTRS-covered employment, or if you are a member of another California public retirement system, you may restore past Defined Benefit refunded service credit by redepositing your refunded contributions plus interest.

You may choose to restore a portion, rather than all, of the service credit you lost when you took a refund. The more time between your refund and redeposit, the higher the cost to redeposit.

You may not redeposit refunded Defined Benefit Supplement contributions and interest.

Before you are eligible for CalSTRS benefits, you must have earned at least one year of service credit after you received the most recent refund of accumulated retirement contributions and have at least five years of service credit, unless you are retiring concurrently with another California public retirement system.

In some community property settlements, your service credit, contributions and interest are divided to create a separate account for your former spouse or registered domestic partner. If your former spouse or partner takes a refund of his or her account, you can choose to purchase all or a portion of the service credit awarded to your former spouse or partner.

## Cost to Redeposit

The cost to redeposit and the benefits you will receive from restoring service credit will vary depending on your individual situation.

For example, a teacher who withdrew \$10,000 (representing three years of service credit) on May 1, 1994, and wanted to purchase those years of service credit on May 1, 2013, would be required to redeposit \$31,425.

● See “Purchasing Permissive Service Credit,” page 55, and the *Purchase Additional Service Credit* booklet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

## Former Local Service Members

If you have Local Service credit listed on your *Retirement Progress Report*, it will not be fully funded. You will receive up to \$2.40 per year of Local Service credit toward your retirement benefit. To fully fund this service, contact CalSTRS.

Your redeposit purchase must be paid in full before your retirement date.

Redepositing does not re-establish your earlier membership date or benefits that may have been available to you before you received a refund. An exception: You will be under CalSTRS 2% at 60 if you were first hired to perform CalSTRS creditable activities before January 1, 2013.

## Social Security

CalSTRS members do not participate in Social Security, but CalPERS members do. Contact the Social Security Administration at 800-772-1213 to determine how an employment change would affect any Social Security benefit due to you.

## Changing Employment to a Different Public Retirement System

If you are a CalSTRS member and change to employment covered under another retirement system such as the California Public Employees' Retirement System, you can continue your existing CalSTRS coverage or change to that other system. For example, you may move from a job as a classroom teacher to a position as a human resources specialist in the district office, a position usually under CalPERS. Likewise, a human resources specialist may decide to take a teaching position, a position usually under CalSTRS.

## If You Change to a CalPERS Position

If you are a Defined Benefit member and become employed by the same or a different school district, community college district, county office of education or have limited state of California employment to perform service that requires membership in CalPERS, you may elect to continue coverage under CalSTRS. If you do, service in your new position will be treated as creditable service under the CalSTRS Defined Benefit Program.

The election:

- Must be made within 60 days of the date of hire into your new position.
- Must be done on the appropriate CalSTRS form provided by your employer.
- Is effective as of the date of hire into your new position.
- Is irrevocable and applies to all service for that employer.

## If You Are a CalPERS Member

Certain members of CalPERS who subsequently are employed to perform CalSTRS creditable service can elect within 60 days of their new hire date to continue coverage under CalPERS for all subsequent CalSTRS creditable service. This applies to CalPERS members employed by one or more of the following:

- A school district.
- The Board of Governors of the California Community Colleges.
- The California Department of Education as of January 1, 2002.
- A local or state agency not listed above (applies only to vested CalPERS members).
- A CalPERS and CalSTRS participating charter school.

The election:

- Must be made within 60 days of the date of hire into the new position.
- Must be done on the appropriate CalPERS form.
- Is effective as of the date of hire into the new position.
- Is irrevocable and applies to all service for that employer.

## Dual Membership

Members of CalPERS who are employed full time and accept part-time, temporary employment to perform creditable service covered by the CalSTRS Defined Benefit Program can permissively elect membership in CalSTRS and have their part-time service reported to CalSTRS.

- See the *Join CalSTRS? Join CalPERS?* brochure at [CalSTRS.com/publications](http://CalSTRS.com/publications), and ask your employer for the CalPERS benefit information brochure.



## 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 Cash Balance Benefit Program or Social Security. Contact your employer to determine your plan eligibility.

### Retirement Plans and Options

If you are in a certificated position in a public school and your time base is less than half time, your employer must offer you either Social Security or another retirement program as an alternative to Social Security, 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 program may be bargained. Contact your district, county superintendent of schools or union representative to find out if the Cash Balance program is available to you.

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

### 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 your pay rate in your position. This amount of work is called full-time equivalent, and the amount of 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. If you are employed part time in a community college or as an adult education instructor, the FTE must be identified in your collective bargaining agreement or your employment agreement. 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.

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

## Minimum Full-Time Equivalent

If you are a: Then the *minimum* FTE 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

In one school year, Veronica teaches as a community college instructor for 262.5 hours, which is half of the FTE in her district. She also works as an adult education instructor for 350 hours or 40 percent of the full-time equivalent, FTE, for that position.

	Percent Time Worked	FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
Community College Instructor	50% (262.5 hours)	525 hours	\$15,000	÷	\$30,000	=	.500
Adult Education Instructor	40% (350 hours)	875 hours	\$10,800	÷	\$27,000	=	.400
Total Service Credit						=	.900

Veronica would earn .900 of service credit for the year.

## Part-Time PreK–12 Teacher Service Credit

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 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.

- **CalSTRS 2% at 62:** There is a cap on compensation that counts toward your CalSTRS retirement benefit. The cap for 2013–14 is equal to 120 percent of the 2013 Social Security wage base, which is \$136,440.

## Calculating Your Final Compensation

Another key component of your retirement calculation is your final compensation. Your final compensation is equal to the highest average annual compensation earnable for three consecutive school years, or any 12 consecutive months of 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 three consecutive school years of average annual compensation earnable, and you are 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 sum of the service credit earned in each individual assignment, 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. You can earn service credit for activities such as teaching summer school or intersession, working paid office hours, attending staff development days, or serving as a coach, band director, yearbook editor or department chair. Extra service will count as additional service credit and will be included in calculating your total service credit for that school year.

### Consider Final Compensation If Working for Multiple Employers

When you have more than one employer or work in multiple jobs for the same employer, your final compensation is the sum of all your actual earnings divided by the sum of all your service credit earned for the school year.

Your final compensation is the average annual compensation earnable during your final compensation period, which is generally your highest consecutive three school years. 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 jobs you work in during your final compensation period. See example calculations on the next page.

- See also "Your Defined Benefit Membership," page 23.

The way final compensation is calculated can affect your retirement benefit if you're a part-time educator working for multiple employers. Plan to meet with a CalSTRS benefits counselor at least three years before you want to retire to discuss your particular situation.

## Working for Multiple Employers

### EXAMPLE

In the 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. 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 any ad hoc or purchasing power increases.

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

### Working for Multiple Employers

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 three years 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 three years 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 three years 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 three years:**

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 three years before he retires:**

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

**Terminates all jobs except one with Employer B at the highest annual pay rate three years before he retires:**

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

## Cash Balance Benefit Program

CalSTRS Cash Balance Benefit Program is for part-time, substitute, adjunct or temporary educators. Your district may offer the Cash Balance program as an alternative to Social Security. Your eligibility to participate in the Cash Balance 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 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 participants who are first hired to perform 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 participant. For these participants:

- Salary must be paid in cash each pay period in which creditable service is performed for compensation to count toward salary for purposes of a Cash Balance benefit.
- Salary is capped at 120 percent of the 2013 Social Security wage base, as adjusted each fiscal year based on changes to the Consumer Price Index for All Urban Consumers: U.S. City Average.
- The normal retirement age is age 62.

The Cash Balance Benefit Program provides:

- **Immediate vesting**  
You are immediately eligible for a benefit equal to the sum of the balance of contributions, including compounded interest earned on your and your employer's accounts.
- **Variable contribution rates that can be bargained**  
Your employer contributes at least 4 percent of your salary and, generally, you also pay 4 percent. Employers may bargain alternative rates; 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 will receive all contributions—your own and your employer's—and interest if you terminate public school employment. However, you can leave your funds in your account and they will continue to earn interest.

If you decide to take a refund before age 59½ and do not roll over your account to a qualified retirement plan, you may be subject to additional federal and state income taxes.

- **Secure investments**  
The Cash Balance Benefit Program investment portfolio is managed by CalSTRS.
- **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, 2014, is 3 percent.
- **Additional earnings credit**  
At the end of the year, the board may grant an additional earnings credit to be added to your account.

Cash Balance annuitants, regardless of age, are subject to the separation-from-service requirement, also known as the zero-dollar earnings limit, if they retire on or after January 1, 2014, then return to CalSTRS-covered employment in retirement.

- **Portability**  
In most cases, you can continue to participate in the Cash Balance program if you move to another employer that offers it. You also can roll over funds from other accounts into your Cash Balance account. If you become a member of the Defined Benefit Program and are no longer contributing to the Cash Balance program, you may elect to receive credit in the Defined Benefit Program for your eligible Cash Balance service, using your Cash Balance account to pay at least some of the cost of the service credit.
- **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 account will continue to accrue interest.
  - » Withdraw your funds or roll them over to another eligible retirement plan or IRA. Your refund may be taxed as income. CalSTRS is required to withhold 20 percent federal income tax on all payments distributed to you. If you choose to have state income tax withheld, CalSTRS will withhold at 2 percent. If you take a refund before age 59½ and do not roll over your funds to a qualified retirement plan, you may be subject to additional federal and state taxes.

If you decide to withdraw your funds, you'll have to wait six months after you terminate employment. If you return to CalSTRS-covered employment within the six-month time frame, your refund will be canceled. If you withdraw your funds and return to CalSTRS-covered work, you will not be able to withdraw funds again for five years.
- **Flexibility at retirement**  
You can take your contributions and your employers' contributions, plus compounded interest, in a lump sum or choose an annuity to provide a monthly retirement benefit if your balance is \$3,500 or more.

## Eligibility

When you're hired by a prekindergarten–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 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 employee, you'll automatically become a Defined Benefit member.

## Working for Multiple Employers

If you're hired to perform creditable service for more than one employer, you may participate in more than one retirement program with different employers at the same time, unless you're hired in a full-time position with one employer, in which case you're a Defined Benefit member with all your employers.

## Social Security

Your district will 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 benefits from the Defined Benefit or the Cash Balance Benefit programs will not be reduced if you receive Social Security benefits.

your employer, your Social Security benefit may be reduced or eliminated under two federal provisions.

The federal Social Security rules are complex. To learn more, contact Social Security at 800-772-1213 or visit [socialsecurity.gov](http://socialsecurity.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).

- See "Your Retirement Benefit and Social Security," page 49.

## 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 account.
- Have eligible Cash Balance service to convert.
- Have funds in your Cash Balance account.

When you elect to consolidate your benefits, we will transfer the contributions and interest from your Cash Balance account to your Defined Benefit balance and close your Cash Balance account. We will determine the service credit that could be added to your Defined Benefit account based on your work performed as a Cash Balance 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 contributions and interest will not cover the full cost of all eligible Cash Balance service you performed 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 of your eligible Cash Balance service.

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 service also may be used toward your eligibility for benefit enhancements under the Defined Benefit Program, such as the one-year final compensation and the career factor.
- **CalSTRS 2% at 62:** You are not eligible for the career factor and one-year final compensation benefit enhancements.

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

## Changing Retirement Plans?

If you were first hired to perform CalSTRS creditable activities 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.

## Choosing a Plan That Works for You

As a part-time, adjunct or temporary employee, you have a choice of retirement plans. Your employer must offer the CalSTRS Defined Benefit Program and either Social Security or an alternative to Social Security, including the CalSTRS 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 vested (five years of service credit). This could take up to 10 years of half-time employment.
- Want a monthly benefit that provides a specific amount that is known in advance and payable for life, and that's not based on the amount of funds in your account.
- Are comfortable contributing 8 percent of your pay toward your retirement.

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

- Want a program that provides immediate vesting.
- Want a lump-sum payment or lifetime monthly benefit based on contributions credited to your account with a guaranteed interest rate.
- 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 the participant 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:

- Do you plan to be a career educator?
- Does teaching provide supplemental income or is it your primary source of income?
- Before teaching, did you have employment that required you to pay into Social Security?
- What is the contribution rate for the plan and does your employer also make contributions?
- Is there a minimum requirement to be eligible for benefits?
- Does the plan offer a monthly retirement benefit for life, or is it a non-lifetime benefit based on contributions and interest?
- Does the plan charge administrative fees?
- Is there a guaranteed annual interest rate?
- Does the plan have a sound investment record?
- When does the plan permit distribution of your account?



## CalSTRS Pension2

CalSTRS Pension2 is CalSTRS' voluntary defined contribution plan. In partnership with TIAA-CREF, Pension2 offers the opportunity to invest in 403(b), Roth 403(b) and 457 plans for additional retirement savings.



Check out Pension2's low fees and expenses.

### CalSTRS Pension2:

- Complements your CalSTRS retirement benefit.
- Features low fees and expenses—and no surrender or load fees—so more of your money works for you.
- Offers tax-advantaged contributions and a variety of investment plans.
- Provides objective advice and planning services at no additional cost.

TIAA-CREF, a national financial services organization and the leading provider of retirement services in the academic field, serves as the program's record keeper.

### CalSTRS 2% at 62

Consider investing any compensation in excess of your compensation cap into CalSTRS Pension2.

## Investment Plans

Pension2 offers Easy Choice Portfolios or the option to “build your own” portfolio.

### Easy Choice Portfolios

If you don't have the time or experience to research your plan options, one of the 15 Easy Choice portfolios may be right for you. The ready-made diversified portfolios combine risk tolerance and retirement target dates to simplify your investment decisions whether you are saving for retirement or are already retired.

The Easy Choice Portfolios include five retirement date options and three risk tolerance levels per date:

- CalSTRS Conservative Portfolio
- CalSTRS Moderate Portfolio
- CalSTRS Aggressive Portfolio

### Build Your Own Portfolio

If you prefer to build your own portfolio, you can choose among investment options that cover different asset classes. You can choose from the more than 20 investment funds from a number of fund families to develop a portfolio that matches your time horizon and tolerance for assuming risk.

## Tax-Advantaged Contributions and Earnings

When you contribute directly to a 403(b) or 457 savings plan through payroll deductions, you defer taxes on the money you contribute. You get more savings for your contribution dollars, and your earnings grow tax-deferred.

## Low Fees and Expenses

Already have money invested in a 403(b) or 457 account administered by another company and don't like the higher fees and expenses you're paying? Check out Pension2's low fees and expenses. Even 1 percent can make a big difference in your bottom line over time. Consider rolling over your accounts to Pension2.

## Rollovers at Retirement

You can roll over the money in your Defined Benefit Supplement or Cash Balance Benefit account, or outside 403(b) or 457 account, to Pension2 when you retire.

- > **Pension2.com**  
Learn more about Pension2 plans and low fees. Or call 888-394-2060.
- > **yourplan.CalSTRS.com**  
Find complete information about the plans offered by your employer, including forms and approved vendors.
- > **403bCompare.com**  
Compare fees charged by different mutual funds and insurance products.



Watch the recorded webinar on the CalSTRS 403(b) investment plan and other Pension2 informational videos at [Pension2.com](https://Pension2.com).

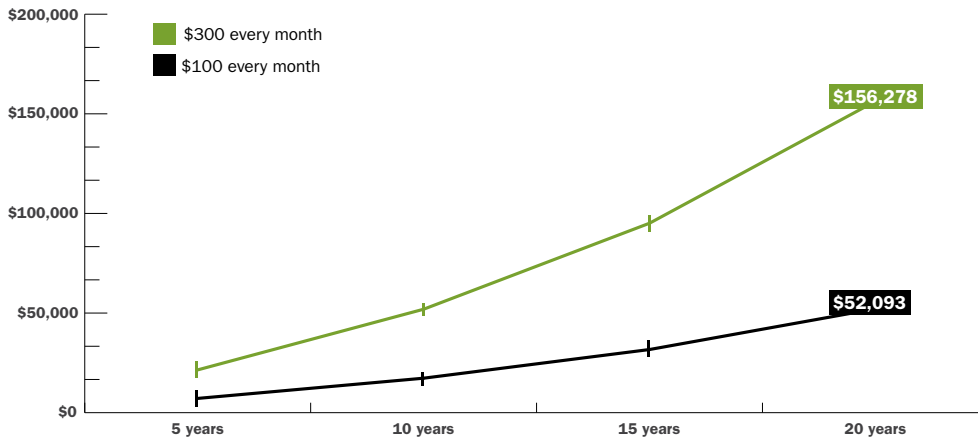




## Power of Time and Money

### Contributing a Little More Every Month Can Add Up

Amanda contributes \$100 a month to her CalSTRS Pension2 403(b) account. After 20 years, at 7 percent a year, she may have \$52,093. If she increases her contribution to \$300 a month, her savings may grow to \$156,278—an increase of \$104,185. An added benefit of tax-deferred contributions: Her \$300 investment may reduce her paycheck by only \$173\*.



\*This hypothetical illustration assumes a combined 37% state and federal tax rate. It's 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, members are often in a lower tax bracket at retirement.

#### Your Steps to Opening Your Pension2 Account

1. **Open your account.**
2. **Determine how much you want to invest.**
3. **Fill out your district's salary reduction agreement.** Find the form at your payroll office or [403bCompare.com](http://403bCompare.com) (select *Your Employer*, then look for the link on your district's page).





## Your Retirement Income Gap Worksheet

How much income will you have in retirement?

### 1. My Retirement Goal

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

According to industry leaders, you'll need 80-90 percent of your average monthly income to maintain your standard of living in retirement.

### 2. Calculate My Gap

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

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

### 3. Bridge My Gap: What if I extend my career?

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

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

### 4. Bridge My Gap: What if I purchase service credit?

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

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

# Planning for Retirement

When you are eligible to retire, you'll have important decisions to make, from determining when to retire to deciding if you want to provide a lifetime benefit to someone after you die.

In addition, be sure to get the facts on Social Security. If you qualify for Social Security through your spouse or other employment, your Social Security check may be smaller or you may get no check at all because of two federal rules: the Windfall Elimination Provision and the Government Pension Offset. Your CalSTRS retirement benefit will not be reduced or eliminated by these rules.

- See the *Social Security and You* fact sheet at [CalSTRS.com](http://CalSTRS.com)

## Deciding When to Retire

You can retire as early as age 50 with at least 30 years of service credit, or you can retire at age 55 with at least five years of service credit—or under the special circumstances of concurrent retirement with certain California public retirement systems.

If you took a refund and then reinstated, at least one year of your service credit must have been performed after your most recent refund.

Under the Heroes Earnings Assistance and Relief Act of 2008, time you spent in the military while a CalSTRS member is considered when determining your eligibility for a retirement benefit.

- **CalSTRS 2% at 62:** The earliest age you can retire is 55 with five years of service credit, or under the special circumstances of concurrent retirement (see below).

## Choosing Your Retirement Date

You'll be officially retired as of the date you request on your *Service Retirement Application*. Your retirement date must be after your last day of service. Your age factor is based on how old you are on the last day of the month in which your retirement becomes effective. Consider carefully your retirement date. If it's not the first of the month, your first benefit payment will be prorated from your retirement date to the end of the month.

If you are unable to submit your application before your retirement date, you can backdate your retirement effective date to the day following the date you terminated your CalSTRS-covered position, but no earlier than January 1, 2012.

## Retiring From More Than One Public Retirement System

If you are at least age 55 and a member of certain other California public retirement systems, you may retire with fewer than five years of CalSTRS service credit if you retire concurrently from both systems. To receive concurrent benefits, you must retire on the same day from both systems. Or you may retire on different dates as long as you perform no service creditable to either system between those dates.

You must submit your *Service Retirement Application* to CalSTRS before you'll receive a CalSTRS retirement benefit. You're responsible for submitting the application to CalSTRS—not your employer. You'll need to notify your employer that you intend to retire from CalSTRS and complete any forms your employer requires to resign your position. CalSTRS will not notify your employer of your retirement.

CalSTRS may use the salaries for your service performed under the other retirement system to calculate your CalSTRS retirement benefit. However, if you perform creditable service with both retirement systems during the same pay period, CalSTRS is required by law to use your CalSTRS salaries for that pay period in your retirement benefit calculation.

The other public retirement systems in California are the:

- California Public Employees' Retirement System.
- San Francisco Employees' Retirement System.
- University of California Retirement System.
- Legislators' Retirement System.
- Systems established under the County Employees' Retirement Law of 1937. For a list of counties covered by this law, see the glossary, "County Employees' Retirement Law of 1937."

Be sure to check the retirement eligibility requirements for the other public systems.

## Reduced Benefit Election

If you're at least age 55, but under age 60, and have at least five years of service credit, you can apply for retirement under the Reduced Benefit Election (formerly the Limited-Term Reduction Program). You will receive one-half of the monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, your retirement benefit amount will be the amount you would have received had you retired at age 60.

If you previously retired for service or disability, or received a disability benefit, you are not eligible for the Reduced Benefit Election.

With the Reduced Benefit Election, annual benefit adjustments accrue. You'll receive the benefit payment increases when you receive your normal service retirement benefit.

Due to the initial reduction in your retirement benefit, talk to a CalSTRS benefits counselor or use the calculator at [CalSTRS.com/calculators](http://CalSTRS.com/calculators) to estimate your monthly retirement benefit before electing this program. The *Reduced Benefit Election* form at [CalSTRS.com](http://CalSTRS.com) has an example. Use your actual numbers to determine your approximate benefit reduction and the length of time you would receive the reduced benefit.

- **CalSTRS 2% at 62:** You are not eligible for the Reduced Benefit Election.

## Reduced Workload Program

The CalSTRS Reduced Workload Program (also known as the Willie Brown Act) allows you to reduce your workload from full-time to part-time duties, defined as at least 50 percent of full time, for up to 10 years—normally the last 10 years before retirement. Participation is available only if your employer offers the program.

Both your and your employer's contributions will be paid based on the full-time compensation earnable, rather than your actual part-time earnings while participating in the program. In addition, your employer pays a higher contribution rate for you to participate, which is set each year by the Teachers' Retirement Board.

Because contributions are based on your full-time compensation earnable, you will receive

Take advantage of publications, workshops, videos, benefits counselors and other resources to help you make informed retirement decisions.



full-time service credit while working less than full time. At retirement, your benefit will be calculated as if you continued to work full time, including determining your final compensation and service credit.

## Eligibility

To be eligible for the program, you must:

- Be age 55 or older.
- Have at least 10 years of service credit.
- Have been employed to perform creditable service in a full-time position for five years immediately before entering the program; however, you don't have to have earned five years of service credit.

The agreement to reduce your workload must be in effect at the beginning of the school year.

After discussing the Reduced Workload Program with your employer and reviewing your qualifications, you must enter into a contractual agreement with your employer to participate in the program for the entire school year. You must enroll before the school year begins.

## Consequences

If you do not work at least one-half of the time your employer requires for full time, your service credit for the year will be calculated on actual time worked.

For example, if you were employed 50 percent of full time and your pay was docked because you became ill and ran out of sick leave, you would not have performed creditable service for at least 50 percent of full time that year. Therefore, for that year, you would not be eligible to participate in the Reduced Workload Program and would earn service credit for the time worked.

If you retire before the end of the school year, your contract under the Reduced Workload Program will be revoked, and you will receive service credit only for the part-time service you actually performed.

## Retirement Incentive Program

If your school district offers the CalSTRS Retirement Incentive Program and you're eligible to retire, you can receive two additional years of service credit.

You must be eligible for service retirement and retire from active service within the time period specified by your employer to take advantage of the incentive.

The additional service credit given under the incentive program will not count toward eligibility for service retirement or the one-year final compensation and career factor benefit enhancements.

Your employer must pay for the additional service credit. In addition, your employer must fund the full two years of service credit—CalSTRS does not grant partial benefits.

You'll lose the ongoing increase in your benefit if you do any of the following:

- Become an active member again by returning to CalSTRS-covered employment (reinstate).
- Receive unemployment within one year of the effective date of retirement.

- Return within five years to any employment, including substitute teaching, working as a teacher's aide or working as an employee of a third party, with the school district that granted your incentive credit.
- Visit [CalSTRS.com/calculators](http://CalSTRS.com/calculators) or meet with a CalSTRS benefits counselor to help you determine the potential boost to your retirement benefit.

## Protecting Your Loved Ones Before You Retire

When you're eligible to retire, you may make a preretirement election of an option to provide a monthly lifetime income for another person or persons if you should die before retirement. When you elect an option, your monthly retirement benefit will be reduced from the Member-Only Benefit. The percentage of the reduction is based on the option you elect, your age and your beneficiary's age at the time you elect an option.

- See "Option Choices," page 60, for descriptions of options and their effect on your monthly benefit.

If you make a preretirement election of an option and die before retirement, the monthly retirement benefit paid to your beneficiaries will be based on the reduced benefit that would have been paid if you had retired as of the date of your death.

By making a preretirement election of an option, you will receive the highest option factor available to you on either your election date or your retirement date.

## Nonspouse Option Beneficiary

Under federal law, if you name someone other than your current or former spouse to be your option beneficiary, the type of option you may elect depends on your age and the age of your beneficiary:

- Under the 75% Beneficiary Option, your nonspouse beneficiary cannot be more than exactly 19 years younger than you.
- If you elect the Compound Option, your nonspouse beneficiaries cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Option, or more than exactly 10 years younger than you under the 100% Beneficiary Option.

Federal age restrictions also apply to registered domestic partners.



## Effect of a Preretirement Option Election

### Choosing a Preretirement Election of an Option

- Member retires at age 60
- 100% Option Beneficiary is also age 60
- Both member and option beneficiary were age 55 when preretirement option was chosen

Member-Only Benefit		\$ 1,963.89
Option Factor	x	.9213
<b>Member's Reduced Benefit</b>		<b>= \$1,809.33</b>

### Choosing an Option at Retirement

- Member retires at age 60
- 100% Option Beneficiary is also age 60

Member-Only Benefit		\$1,963.89
Option Factor	x	.8937
<b>Member's Reduced Benefit</b>		<b>= \$1,755.13</b>

The example above illustrates the difference in benefits if you choose an option beneficiary before retirement or wait until retirement. Although your benefit will be reduced at retirement based on the option you choose, your reduced benefit may be slightly higher than if you wait until retirement to choose an option. Your option factor, or the amount your benefit will be reduced, is based on your age and your beneficiary's age at the time of election.

## Advantages and Disadvantages of Preretirement Elections

Be sure to consider the advantages and disadvantages of choosing a preretirement election of an option.

### Advantages

If you die before retirement and you made a preretirement election of an option, your beneficiary will receive a lifetime monthly retirement benefit. The benefit begins immediately after your death, regardless of the ages of your beneficiaries. In most cases, the reduced benefit will be higher than if you elected an option at the time of retirement.

If you become disabled after making a preretirement election of an option and you have a disability benefit under Coverage A, you may retain the option election to provide a monthly benefit to your option beneficiary.

The career factor does not apply if you die before retirement without a preretirement election of an option on file at CalSTRS.

- **CalSTRS 2% at 62:** You are not eligible for the career factor enhancement to the age factor.

Your preretirement election is effective as of your signature date. CalSTRS must receive your form within 30 days of your signature date to be valid.

If you're thinking of canceling your preretirement election of an option, electing a different option or changing your option beneficiary, meet with a CalSTRS benefits counselor to discuss the possible effects a change would have on your retirement benefit.

### Disadvantages

If you cancel or change your preretirement election of an option before retiring, your retirement benefit will be subject to assessment and may be reduced for life.

If your option beneficiary dies before you retire, the election automatically will be canceled. Your benefit will be subject to an assessment, which may permanently reduce your retirement benefit.

You can elect a new beneficiary if you cancel your previous election or your beneficiary dies before you retire. Your benefit will be subject to an assessment. Your benefit amount would be reduced again based on your new beneficiary's age, your age and the option you elect.

### Electing a Preretirement Option

To elect a preretirement option:

1. Contact CalSTRS to receive an estimate of your retirement benefit based on the option you would like to elect.
2. Complete the *Preretirement Election of an Option* form or the *Preretirement Compound Option Election* form, available at CalSTRS.com or myCalSTRS.
3. Your spouse or registered domestic partner must sign your form or you must complete and return the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form with your preretirement election. If your spouse or partner does not sign the form or if we do not receive the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form, your preretirement election will not be accepted and your election will not be effective until the requirements are met.

To be valid, CalSTRS must receive your election form within 30 days of the date you signed it, and all requirements must be met. Your preretirement option election is effective as of your signature date.

### Date of Birth Verification

CalSTRS requires verification of your and your option beneficiary's date of birth. Acceptable documentation for verification includes clear, unaltered photocopies of one of the following:

- Birth certificate
- Passport ID page
- Certain military IDs

If any name has been changed from the name shown on the record of birth, a copy of the marriage certificate or court order documenting the change is required. If you do not have any of these records, contact CalSTRS for assistance.

### Canceling a Preretirement Election of an Option

If you cancel your preretirement election of an option for any reason, an assessment will apply and will be calculated at retirement. The assessment may reduce your monthly retirement benefit for life.

A preretirement election of an option is canceled automatically if:

- You take a refund.
- You elect a new option or a new option beneficiary.
- Your option beneficiary predeceases you.

CalSTRS will calculate the assessment factor as of the cancellation date of your preretirement election based on:

- The option you elected.
- The amount of time your preretirement option election was in effect.
- Your age at the time of election and cancellation.
- Whether you have Coverage A or Coverage B.
- Whether your option beneficiary is your spouse or registered domestic partner.

Your spouse or partner must sign the cancellation of a preretirement election of an option or you must complete and return the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form with the request for cancellation. If your spouse or partner's signature is not provided or if we do not receive the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form, the cancellation will not be accepted, and it will not be effective until the requirements are met.

## Your Retirement Benefit and Social Security

CalSTRS members do not pay into Social Security, so you will not receive Social Security benefits for your CalSTRS-covered position.

If you or your spouse qualifies for Social Security from other employment, your monthly Social Security check may be smaller or you may not receive a Social Security check at all because of two federal rules: the Windfall Elimination Provision and the Government Pension Offset.

Your CalSTRS retirement benefit will not be reduced by these rules. In addition, any CalSTRS benefits paid to your beneficiaries will not affect their Social Security benefits.

Your eligibility for Medicare will not be affected.

### Windfall Elimination Provision

The Windfall Elimination Provision affects your Social Security benefits that are based on your earnings. The rule may reduce your Social Security benefit, but it will not eliminate it.

Social Security benefits are based on your average monthly earnings over a 35-year period, adjusted for inflation. When Social Security determines your benefits, it separates your average earnings into three amounts and multiplies the amounts using three different factors. For example, if you turned 62 in 2014, the first \$816 of your average monthly earnings would be multiplied by 90 percent, the next \$4,101 would be multiplied by 32 percent, and any remainder by 15 percent.

If you're also eligible for a CalSTRS retirement benefit, the 90 percent factor is reduced to 40 percent. The exact amount of the reduction is based on your years of substantial earnings covered under Social Security and adjusted every year. In 2014, the maximum reduction in Social Security benefits under the Windfall Elimination Provision is \$408 per month if you were age 62 in 2014.

If you earned at least 40 Social Security credits through other employment, you should apply for Social Security, even though you may receive a reduced Social Security benefit.

You're exempt from the Windfall Elimination Provision if you were eligible to retire from CalSTRS before January 1, 1986, or if you have 30 or more years of substantial earnings under employment covered by Social Security. In 2014, substantial earnings are \$21,750 annually. With 21 to 29 years of substantial earnings, the 90 percent factor is reduced on a sliding scale beginning at 45 percent for 21 years up to 85 percent for 29 years.

### **Government Pension Offset**

The Government Pension Offset affects your spousal, widow or widower Social Security benefits that are based on your spouse's earnings.

Under this rule, your Social Security benefit will be reduced by two-thirds of your CalSTRS retirement benefit. If two-thirds of your CalSTRS benefit exceeds the amount of your spousal benefit from Social Security, you will not receive a Social Security check. If your Social Security spousal benefit is higher than two-thirds of your CalSTRS benefit, you'll receive the difference.

If you were eligible for CalSTRS benefits between December 1982 and June 1983 and were entitled to the Social Security spousal benefit before December 1977, you're exempt from the Government Pension Offset.

Due to the complexity of Social Security law and the formulas used in determining Social Security benefits, contact a Social Security representative to determine if these provisions or exceptions apply to your individual situation. In addition, your benefit estimate from Social Security may be overstated because non-Social Security pensions such as CalSTRS are not considered in the estimate.

- See the online calculators at [socialsecurity.gov/retire2/qualify.htm](http://socialsecurity.gov/retire2/qualify.htm). Or contact the Social Security Administration at [socialsecurity.gov](http://socialsecurity.gov) or 800-772-1213.
- Also see "Get the Facts on Social Security," page 10.

### **Health Insurance**

CalSTRS does not provide health or dental insurance coverage. Under California Education Code sections 7000–7008, school districts, community colleges and county offices of education must offer retiring CalSTRS members and their spouses or registered domestic partners the opportunity to continue their medical and dental insurance at their own cost.

Each district has its own policies. Coverage may also be part of your union contract, so your benefits may differ from others in your district. Contact your employer to learn if you will have any health benefits in retirement. Consider setting aside extra money now for your future health benefits.

### **Health Insurance Premium Deductions**

CalSTRS can deduct health insurance premiums from your monthly retirement benefit and forward the premium to your insurance carrier, if your carrier has an agreement with us and your carrier submits the appropriate paperwork. Contact your employer's Human Resources to learn more.

## Medicare Eligibility

While you do not pay into Social Security, you do pay the Medicare tax of 1.45 percent of gross earnings if you were hired after April 1986, or if you elected to participate in Medicare under your employer's Medicare division election. Therefore, you may be eligible for premium-free Medicare Part A coverage on your own or through your spouse's employment.

Contact Social Security at 800-772-1213 to determine if you're eligible for premium-free Medicare Part A.

➤ Visit [medicare.gov](http://medicare.gov).

## CalSTRS Medicare Premium Payment Program

The CalSTRS Medicare Premium Payment Program, which pays Medicare Part A hospital insurance premiums for certain eligible retired members, is not being offered to members with a retirement effective date on or after July 1, 2012. If a full funding plan is enacted by the Legislature, the Teachers' Retirement Board may elect to extend the program at that time.

If you started CalSTRS-covered employment before April 1, 1986, you were not initially subject to the Medicare tax. If you switched employers after that date, or if your employer held a Medicare Division election and you voted "yes," you began paying the Medicare tax. If you or your spouse paid the Medicare tax for 10 or more years, you most likely qualify for premium-free Medicare Part A on your own.

Under the program, if you don't qualify for premium-free Medicare Part A, CalSTRS will pay your Part A premium directly to Medicare if you meet all of the following requirements:

- Are retired and receiving a monthly CalSTRS benefit (or receiving a CalSTRS disability benefit) from which Medicare premiums can be deducted.
- Have a retirement effective date on or before June 30, 2012.
- Are age 65 or older.
- Are enrolled in both Medicare Part A and Part B.

Your eligibility also depends on when your district held a Medicare division election. If your district completed a Medicare division election before January 1, 2001, your voting results will not be used to determine your eligibility. If your district completed or conducted a Medicare election after January 1, 2001, and before June 30, 2012, you must retire during or after the 10-day Medicare election period. In addition, if you're less than 58 years of age at the time of the election, you must have elected to be covered by Medicare. Check with your employer to determine if and when it conducted a Medicare election.

Under federal law, you must also enroll in Medicare Part B when you turn age 65 and participate in the CalSTRS program. You will have to pay the Medicare Part B premium. At your request, CalSTRS can deduct Medicare Part B premiums from your monthly retirement benefit and forward the payment to the Centers for Medicare and Medicaid Services, the federal agency that administers Medicare. You have this option even if CalSTRS does not pay your Medicare Part A premiums. CalSTRS does not have a program for Medicare Part D.

With the adoption of a full funding plan for the Defined Benefit Program, the board may elect to extend the program to those who retire after June 30, 2012.

## CalPERS Long-Term Care Program

As a CalSTRS member, you and certain family members may be eligible for the CalPERS Long-Term Care Program. The program opened to new applicants in December 2013. To learn more, visit <https://calpersltc.univitahealth.com> or call 800-908-9119.

Use the *Retirement Benefits Calculator* at [CalSTRS.com](http://CalSTRS.com) to estimate your retirement benefit.

## CalSTRS Retirement Planning Workshops

To help you prepare for your CalSTRS retirement, attend a retirement readiness counseling session or workshop conducted by CalSTRS benefits counselors.

You may find it helpful to review your *Retirement Progress Report*, the *Your Retirement Guide* booklet and the *Member Handbook* beforehand to better understand your retirement benefit calculation and your retirement timeline.

### Scheduling a Counseling Session

Try to schedule your appointment at least six to nine months before you plan to retire. The peak months for retirement are April–July, so you may find it easier to schedule an appointment during nonpeak months.

You can schedule a counseling session by calling your nearest CalSTRS counseling office directly or using the member self-scheduling feature on *myCalSTRS*. Be prepared to provide:

- Your personal information, including your Client ID or Social Security number.
- Your projected retirement date.
- Your unused sick leave days and the number of days in your contract.
- Your option choice and the birth date of your option beneficiary, if you're interested in electing an option.

Whether you schedule an in-person or telephone appointment, you'll receive a confirmation letter before your appointment date. Your counselor will research your employment history and prepare customized benefit estimates. If you schedule a telephone appointment, you'll receive a packet of information, along with your benefit estimates, ahead of time.

### Attending a Counseling Session

Counseling sessions take one to two hours, depending on the session. CalSTRS benefit counselors will explain your retirement benefit estimates, review the retirement timelines and requirements, and answer your questions.

You may find it helpful to have the following items with you for your counseling session:

- Your last paycheck statement, unused sick leave days and the number of days in your contract.
- Your most recent *Retirement Progress Report*.
- Your Social Security annual statement, if you are eligible for Social Security benefits.
- Your *Service Retirement Application*.

# Your Retirement Benefit

As a Defined Benefit member, your retirement benefit is based on the following formula set by law:

## service credit x age factor x final compensation

Estimate your retirement benefit using the worksheet on page 66 or the *Retirement Benefit Calculator* at CalSTRS.com.

## Ways to Increase Your Benefit

You can increase your retirement benefit by increasing one or more of the elements in the retirement benefit calculation formula. For instance, you can increase your service credit by working longer or purchasing permissive service credit or redepositing a service credit refund. In addition, by working longer and retiring later, you could increase your age factor.

- Also see “Benefit Enhancements,” page 58.

## Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation and make contributions to the Defined Benefit Program. You may also receive service credit for creditable compensation for certain employer-approved leaves of absence. Permissive service credit may be purchased under certain circumstances.

- See “Purchasing Permissive Service Credit,” page 55.

## How Service Credit Is Calculated

Full-time educators typically earn one year of service credit for working one school year. For part-time educators, service credit for one school year is the hours or days actually worked compared to the full-time equivalent, or what would be required if employed full time in that position.

- See “Benefits for Part-Time Educators,” page 31.

## Additional Duties

If you perform extra-pay assignments during the year, you will earn service credit in addition to the service credit you earn for your normal full-time or part-time position. Extra-pay assignments may include summer school and intersession, and yearbook or science club adviser, soccer coach, or band director. Your contributions and most of your employer’s contributions for service that exceed one full year, up to the compensation cap, will be credited to your Defined Benefit Supplement account at the end of the fiscal year.

The calculation for your service retirement benefit is different if you reinstated after receiving a service retirement or a disability benefit. See page 83 or contact us to learn more.

See your most recent *Retirement Progress Report* for your service credit balance.

## One-Time Death Benefit

If you have at least one year of service credit, you may designate a recipient for the one-time death benefit. The amount of this benefit depends on your coverage, and if you die before or after you retire. See “Your Survivor Benefits,” page 85, to learn more.



You cannot receive more than one year of service credit for any one school year. Your and your employer's contributions for service in excess of one year will be credited to your Defined Benefit Supplement account, up to the compensation cap.

## Multiple Positions

If you are employed in multiple part-time or substitute positions for one or more CalSTRS employers during the school year, you may earn more than one year of service credit in a school year. At the end of the school year, CalSTRS will calculate if you earned more than one year of service credit. If you did, you will receive one year of service credit contributions in your Defined Benefit account earned at the highest pay rates. Your and most of your employer's contributions for service in excess of one year will be credited to your Defined Benefit Supplement account, up to the applicable compensation cap.

- See "Consider Final Compensation If Working for Multiple Employers," page 33.

## Compensation for Excess Service

The compensation for service in excess of one year is not used to calculate your compensation earnable for the school year for final compensation purposes. This is because final compensation is not based on total earnings but on compensation credited to the Defined Benefit Program. If your employer adjusts your reported earnings after the school year ends, your Defined Benefit and Defined Benefit Supplement account balances may be adjusted in the following year.

## Converting Unused Sick Leave to Service Credit

At service retirement, CalSTRS will convert your unused sick leave to additional service credit using the information your employer provided on the *Express Benefit Report* form. As soon as you change employers during your career, coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

For retirements effective on or after January 1, 2013, each of your employers during the last school year in which you earned service credit can submit the *Express Benefit Report* form if your unused sick leave was not transferred between districts. For retirements effective before January 1, 2013, only your last employer can report unused sick leave by submitting the *Express Benefit Report* form.

You cannot cash out your accumulated unused sick leave days.

If you are employed full time as an educator, sick leave credit is calculated by dividing the number of accumulated unused sick leave days, as certified by your employer, by the number of base service days required to complete the last school year:

$$\frac{\text{accumulated days of unused sick leave}}{\text{number of base days for full-time service}^*} = \text{service credit granted}$$

\*The base service days cannot be fewer than 175 days. If you're an administrator, add the vacation days per contract year.

If you're employed part time, the base service days are calculated in proportion to the full-time equivalent.



Sick leave service credit cannot be used to meet eligibility requirements for service retirement. However, under CalSTRS 2% at 60, up to two-tenths of one year of unused sick leave may be used to qualify for the career factor, which is given for 30 or more years of service, the 25-year threshold for one-year final compensation, and an increased longevity bonus, if you qualified for the longevity bonus on or before December 31, 2010.

- **CalSTRS 2% at 62:** The career factor and one-year final compensation benefit enhancements are not available.

## Purchasing Permissive Service Credit

You may be eligible to purchase service credit for past employment or an approved leave of absence for which you did not make retirement contributions to CalSTRS. For example, you may be able to purchase service credit for part-time or substitute service in the California public school system before you became a CalSTRS Defined Benefit member.

Examples of permissive service include:

- Creditable service before becoming a CalSTRS Defined Benefit member.
- Employer-approved sabbatical leave.
- Certain active military leave before 1994.
- University of California or California State University teaching service not credited or purchasable under another retirement system.
- Employer-approved maternity or paternity leave, up to 24 months.
- Out-of-state or foreign school education services performed in a public education position.
- Employer-approved leave under the federal Family and Medical Leave Act or the California Family Rights Act.

You may purchase a portion, rather than all, of the permissive service you have available. However, you cannot purchase service credit if you have received, or are eligible to receive, credit for the service in another public retirement system. You must complete payment for the service credit before the effective date of your retirement.

- See the *Purchase Additional Service Credit* brochure for additional permissive service on CalSTRS.com.

## Estimating the Cost of Permissive Service Credit

The cost to purchase permissive service credit depends on your age and your highest annual compensation earnable during the last three years. As of January 1, 2014, the contribution rates are assigned to each age instead of by age group. Estimate the cost to purchase permissive service credit online at CalSTRS.com/calculators. To manually calculate your cost, you'll find the contribution rates by age on the next page.

The California Public Employees' Pension Reform Act of 2013 eliminated the ability to purchase nonqualified service credit, or air time.

Compare the cost to purchase service credit with the increase it would provide to your lifetime retirement income using the calculators at CalSTRS.com/calculators or contact CalSTRS for help.

To manually estimate your cost to purchase service credit:

1. Multiply the amount of service credit (years) you want to purchase by the contribution rate for your age.
2. Multiply the result by your highest compensation earnable during the last three years.

\*Rates may be adjusted each July 1. The new rates are available in spring by contacting CalSTRS.

Permissive Service Contribution Rates*		
Age Range	CalSTRS 2% a 60 Contribution Rate	CalSTRS 2% at 62 Contribution Rate
Under 28	15.8	13.7
28 - 28.999	16.1	13.9
29 - 29.999	16.2	14.0
30 - 30.999	16.4	14.0
31 - 31.999	16.5	14.1
32 - 32.999	16.7	14.4
33 - 33.999	16.8	14.6
34 - 34.999	17.2	14.9
35 - 35.999	17.2	14.9
36 - 36.999	17.6	15.2
37 - 37.999	17.6	15.2
38 - 38.999	17.8	15.5
39 - 39.999	18.1	15.8
40 - 40.999	18.6	16.2
41 - 41.999	19.0	16.6
42 - 42.999	19.4	16.9
43 - 43.999	19.8	17.3
44 - 44.999	20.1	17.5
45 - 45.999	20.5	17.9
46 - 46.999	20.7	18.1
47 - 47.999	21.2	18.5
48 - 48.999	21.8	19.1
49 - 49.999	22.3	19.4
50 - 50.999	22.8	19.9
51 - 51.999	23.4	20.4
52 - 52.999	24.0	20.9
53 - 53.999	24.7	21.5
54 - 54.999	25.5	22.2
55 - 55.999	25.9	22.6
56 - 56.999	26.7	23.2
57 - 57.999	27.3	23.8
58 - 58.999	28.1	24.5
59 - 59.999	28.9	25.2
60 - 60.999	29.6	25.8
61 - 61.999	30.4	26.6
62 - 62.999	30.8	27.0
63 - 63.999	30.9	28.0
64 - 64.999	30.3	29.2
65 - 65.999	29.6	29.6
66 - 66.999	29.0	29.0
67 - 67.999	28.1	28.1
68 - 68.999	27.5	27.5
69 - 69.999	26.7	26.7
70 - 70.999	25.8	25.8
71 - 71.999	25.3	25.3
72 - 72.999	24.2	24.2
73 and over	22.1	22.1

\*Rates through June 30, 2014.

## CalSTRS 2% at 62

If you are under CalSTRS 2% at 62, the basic age factor is set at 2 percent at age 62. If you retire before age 62, it gradually decreases to 1.16 percent at age 55, and increases to a maximum of 2.40 percent at age 65. There is no career factor benefit enhancement.

## Age Factor

The age factor is a percentage of final compensation that you will receive as a retirement benefit for every year of service credit. The percentage is determined by your age on the last day of the month in which your retirement is effective.

If you are under CalSTRS 2% at 60, the basic age factor is set at 2 percent at age 60. If you retire before age 60, the age factor gradually decreases to 1.1 percent at age 50. If you retire after age 60, it increases to a maximum of 2.4 percent at age 63. If you qualify for the 0.2 percent career factor by having at least 30 years of service credit, you reach the maximum age factor of 2.4 percent at age 61 and six months.

- See the Age Factor Tables, pages 74–75.

## Final Compensation

If you retire with 25 or more years of service credit under CalSTRS 2% at 60, CalSTRS uses your highest average annual compensation earnable during any 12 consecutive months as the final compensation component in your retirement calculation which for most people is one school year. Unused sick leave in excess of two-tenths of one year, nonqualified service credit and retirement incentive credit cannot be used to qualify for the 25 years.

Eligible classroom teachers with fewer than 25 years of service credit may use one-year final compensation if it is included in a written collective bargaining agreement and all costs are paid by the employer or the employee, or both. One-year final compensation cannot be bargained beginning with any collective bargaining agreement that is entered into, renewed, amended or extended on or after January 1, 2014.

If you have fewer than 25 years of service credit, your final compensation is based on your highest average compensation earnable during any period of three consecutive school years of paid employment covered by CalSTRS. CalSTRS will automatically determine your final compensation by searching your past 15 years of records.

Nonconsecutive final compensation is available if you received a salary reduction due to a reduction in school funds. Upon certification from your employer, CalSTRS will use any three nonconsecutive school years to determine your final compensation.

If you work part time at more than one pay rate, your final compensation is equal to the sum of your earnings divided by the sum of your service credit earned during the final compensation period. In some cases, it may be more advantageous for you to designate an earlier period of time as the final compensation period. A benefits counselor can help you find the strategy that is best for you.

If you have earned creditable compensation at multiple pay rates during a school year and your service credit at the highest pay rate is at least equal to 90 percent of a school year, then your final compensation will be determined as if all service for that school year had been earned at that pay rate.

- **CalSTRS 2% at 62:** Your final compensation is based on your highest three consecutive school years of average compensation earnable, and you are not eligible for the one-year final compensation benefit enhancement.

## Compensation Earnable

Your annual compensation earnable for a school year is based on the gross monthly pay you could have earned for creditable service performed full time. If you plan to retire before

the end of the school year, your compensation earnable for the year will be prorated to your retirement date.

- **CalSTRS 2% at 62:** There is a cap on compensation that counts toward your CalSTRS retirement benefit. The cap is equal to 120 percent of the 2013 Social Security wage base, adjusted in the future for changes in the Consumer Price Index for All Urban Consumers: U.S. City Average. The 2013–14 cap is \$136,440.

## Mid-Year Retirement

If you retire in the middle of the school year, your final compensation may be lower than expected if you received a salary increase toward the end of your career. This is because for a mid-year retirement, unless you have higher salaries earlier in your career, CalSTRS must include the monthly average of your prior year's salary as part of your final compensation calculation. The calculation will have more of an effect if you are under the CalSTRS 2% at 60 benefit structure and have at least 25 years of service, since your final compensation may be based on fewer months.

### Example

If you earned \$57,000 last school year and would have earned \$60,000 this school year, and you have more than 25 years of service credit under CalSTRS 2% at 60, your one-year final compensation for a retirement date in January would be:

$$\begin{array}{r} \$57,000 \div 12 = \$ 4,750 \times 6 \text{ months} = \$28,500 \\ \$60,000 \div 12 = \$ 5,000 \times 6 \text{ months} = \$30,000 \\ \hline \$58,500 \end{array}$$
$$\$58,500 \div 12 = \$ 4,875$$

**Your final compensation for your last 12 months would be \$4,875 per month.**

### Other Things to Consider

A mid-year retirement while working under the Reduced Workload Program may negatively affect your final compensation.

Additional assignments at a lower pay rate may also lower your final compensation if you retire mid-year. This is because your annual compensation earnable is prorated to your retirement date and is an average of the various pay rates you receive during that period.

## Benefit Enhancements

You may qualify for one or more benefit enhancements that will increase your monthly retirement benefit. You may use up to two-tenths of one year of unused sick leave credit to qualify for a benefit enhancement, but not to qualify for retirement.

To be eligible for service retirement, you must meet the minimum age and service credit requirements without including unused sick leave credit, nonqualified service credit or Retirement Incentive Program credit.

## Career Factor

A 0.2 percent career factor will be added to your age factor if you retire with at least 30 years of earned service credit, up to the maximum combined age and career factor of 2.4 percent under CalSTRS 2% at 60.

- **CalSTRS 2% at 62:** You are not eligible for the career factor enhancement to the age factor.

## One-Year Final Compensation

If you have at least 25 years of service credit, the calculation for your final compensation is based on your highest average compensation earnable for 12 consecutive months.

- **CalSTRS 2% at 62:** Your final compensation is based on your highest three consecutive school years of average compensation earnable, and you are not eligible for the one-year final compensation benefit enhancement.

## Longevity Bonus

The longevity bonus is a set dollar amount that is permanently added to your monthly retirement benefit if you earned at least 30 years of qualified service credit on or before December 31, 2010. The amount of longevity bonus for the Member-Only Benefit depends on your years of service credit at retirement, even if that additional service was performed after 2010:

If you earned:	You will receive monthly:
30 years	\$200
31 years	\$300
32 or more years	\$400

The longevity bonus is:

- Included in the 2 percent annual benefit adjustment but not in the quarterly supplemental purchasing power protection benefit.
- Partially reduced if you elect an option.
- Partially reduced if you cancel a preretirement election of an option.

## Member-Only Benefit

The Member-Only Benefit is usually the highest monthly benefit available when you retire. It provides a monthly benefit for your lifetime, but the benefit stops when you die. Any contributions and interest remaining in your account at the time of your death, minus the total amount already paid to you, will be paid to your designated one-time death benefit recipients. To provide a monthly CalSTRS benefit to your loved ones after your death, you must elect a retirement option. The option is different from the one-time death benefit.

- See “One-Time Death Benefit,” page 85.

## Protecting Your Survivors With a Lifetime Benefit (Modified Benefit)

To provide a lifetime monthly benefit to someone when you die, you can elect an option at retirement (this is different from the one-time death benefit). An option allows you to distribute your retirement benefit over your life and the life of your option beneficiaries. Your option election is effective as of your retirement date. Once the deadline to change or cancel your retirement application passes, your option election is irrevocable, except under certain limited circumstances. The deadline to change or cancel your option election on your *Service Retirement Application* is 30 days from the date your first benefit payment is issued.

You can elect an option if you are eligible but not yet ready to retire. Making a preretirement election of an option provides a lifetime monthly benefit to your beneficiaries if you should die before retirement.

- See “Protecting Your Loved Ones Before You Retire,” page 46.

Your option beneficiary must be a person—you cannot designate a trust, charity, estate, organization or other entity. An option beneficiary is different from the one-time death benefit recipient.

To find out how each option would affect your retirement benefit, use the *Retirement Benefit Calculator* at [CalSTRS.com/calculators](http://CalSTRS.com/calculators) or make an appointment with a benefits counselor.

## Option Choices

You can provide a monthly benefit for someone after your death by electing the 100% Beneficiary Option, the 75% Beneficiary Option or the 50% Beneficiary Option. You may also elect the Compound Option to provide for one or more option beneficiaries.

**100% Beneficiary Option:** Provides your option beneficiary with 100 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit.

**75% Beneficiary Option:** Provides your option beneficiary with 75 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit.

**50% Beneficiary Option:** Provides your option beneficiary with 50 percent of the amount you were receiving upon your death. If your option beneficiary dies before you, your benefit will rise to the Member-Only Benefit.

**Compound Option:** Allows various choices. You may:

- Name one option beneficiary and retain a portion of your benefit as a Member-Only Benefit.
  - Name two or more option beneficiaries, with an option choice for each, and retain a portion of your benefit as a Member-Only Benefit.
  - Name two or more option beneficiaries, with an option choice for each, and not retain any of your benefit as a Member-Only Benefit.
- See "Option Worksheets," pages 70–71.

## Electing a Nonspouse Option Beneficiary

Under federal law, if you name someone other than your spouse or a former spouse as your option beneficiary, the type of option you may elect depends on your age and the age of your option beneficiary:

- Under the 75% Beneficiary Option, your nonspouse option beneficiary cannot be more than exactly 19 years younger than you.
- Under the Compound Option, your nonspouse option beneficiary cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Option, or more than exactly 10 years younger than you under the 100% Beneficiary Option.

Federal age restrictions also apply to registered domestic partners.

## Adding, Changing or Canceling Your Option Election

When the deadline to make changes to or cancel your retirement application—30 days from the date your first benefit payment is issued—has passed, you can change your option beneficiary after retirement only under the four circumstances listed on page 62. Contact CalSTRS for the appropriate *Cancellation of Option After Retirement* form.

When you choose a new option or a new option beneficiary, an adjustment to your benefit will be made. Before changing your option or choosing a new option beneficiary, contact CalSTRS to get an estimate of your benefit based on your new election. Your election cannot be changed once CalSTRS receives it except if your beneficiary dies.

If you cancel your option election, the amount that your benefit was previously reduced will not be reimbursed to you.

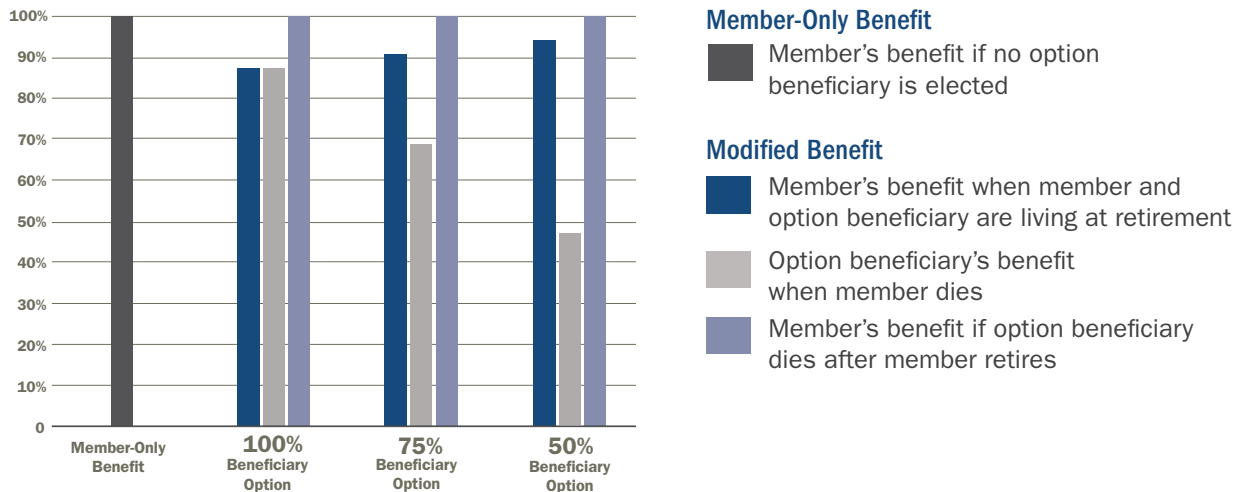


## How Choosing an Option Changes Your Benefit

An option provides you with a reduced retirement benefit, or Modified Benefit, based on a percentage of your Member-Only Benefit. That percentage, called an option factor, is based on your age and the age of your option beneficiary on the effective date of your retirement or when you make a preretirement election of an option, and the option you elect.

If you elect an option before retirement, the option factor when you retire will be the higher of the option factor in effect when the option was chosen or on the date of retirement.

### Options Comparison Example



The percentages shown here are for a member, age 60, who designates an option beneficiary, age 57.

To find out how each option would affect your retirement benefit, use the *Retirement Benefit Calculator* at [CalSTRS.com/calculators](http://CalSTRS.com/calculators).

You can name a new beneficiary if your original beneficiary dies, you divorce or terminate a registered domestic partnership, get married or register in a domestic partnership, or your previous beneficiary was someone other than your current or former spouse or partner. You cannot change the option you elected.

**Death of Beneficiary:** If your original option beneficiary dies after the effective date of your retirement, you may elect a new option beneficiary. To elect a new option beneficiary, complete the required form and submit a copy of the certified death certificate to CalSTRS. The appropriate reduction to your benefit will be made. Even if you choose not to elect a new beneficiary, you must notify CalSTRS if your beneficiary dies after your retirement effective date and send us a copy of the death certificate.

If you elect a new option beneficiary, the election will be effective six months after CalSTRS receives your new designation. While you can name a new beneficiary, you cannot change the original option you elected.

**Divorce:** You may cancel your option election if your option beneficiary is your current or former spouse or registered domestic partner, and a final decree of dissolution of marriage or a judgment of nullity has been entered, or an order of separate maintenance has been made on or after January 1, 1978—and you are not required to keep your former spouse or partner as your option beneficiary. The notification to cancel the option must include a certified copy of the final judgment, court order or any property settlement agreement confirming you are no longer required to maintain the former spouse or partner as an option beneficiary.

As of the date of the notification, you may elect to receive the Member-Only Benefit. Or you may choose to elect one or more new option beneficiaries, which will result in a modification to your retirement benefit based on your age and the ages of your new option beneficiaries. While you can elect a new option beneficiary, you cannot change the option you originally elected.

If the court order requires you to keep your former spouse or partner as an option beneficiary for the community property percentage share only, you may either elect additional option beneficiaries or keep the remaining portion of your retirement benefit as the Member-Only Benefit. Your choice must be consistent with the court order or judgment and must not result in any liability to CalSTRS.

**Spouse or Partner:** If you had previously designated a person other than your current or former spouse or partner as your option beneficiary, you may cancel your option beneficiary election and designate your spouse or partner as your new option beneficiary.

If you elect a new option beneficiary, the election will be effective six months after CalSTRS receives the new designation. While you can name a new beneficiary, you cannot change the original option you elected. Your benefit will be subject to an actuarial reduction based on your age and the age of your spouse or partner.

**Newly Married or Registered in Domestic Partnership:** If you were unmarried or unregistered at retirement and receiving a Member-Only Benefit, you can choose an option and name your new spouse or partner as an option beneficiary if you later marry or register in a domestic partnership. You must be married or registered at least one year before electing the option and naming the option beneficiary. Your benefit will be subject to an actuarial reduction based on your age and the age of your spouse or partner. Your new option election and beneficiary addition will be effective six months after CalSTRS receives the designation.



## Your Defined Benefit Supplement Distribution

Your most recent *Retirement Progress Report* shows the total contributions reported by your employer in your account at the end of the last school year.

If you have less than \$3,500 in your account at the time you retire, you will receive the account balance as a lump-sum payment. Your lump-sum payment may be mailed directly to you or rolled over to a qualified plan such as CalSTRS Pension2.

If the amount is \$3,500 or more, you have choices about how you would like to receive the funds, depending on whether you elected the Member-Only Benefit or the Modified Benefit for your retirement benefit.

### Choices for a Member-Only Benefit

If you elect a Member-Only Benefit and have \$3,500 or more in your Defined Benefit Supplement account, you have the following payment choices:

**Lump-Sum Payment:** A one-time payment of the total amount in your Defined Benefit Supplement account, either as a direct payment or as a rollover to a qualified plan.

**Member-Only Annuity:** A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipients.

**Period-Certain Annuity:** A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid—the fewer the years, the higher the amount payable. If you die before the annuity period ends, the remaining payments will be paid to your one-time death benefit recipients.

**Combination of Lump-Sum Payment and Annuity:** A lump-sum payment and one of the annuities. To elect this choice, you must have \$3,500 or more remaining in your Defined Benefit Supplement account after your lump-sum payment.

Your Defined Benefit Supplement lifetime annuity beneficiary is the same person you designated as your Defined Benefit option beneficiary. Your period-certain annuity beneficiary is your one-time death benefit recipient.

### Choices for a Modified Benefit

If you elect a Modified Benefit and have \$3,500 or more in your Defined Benefit Supplement account, you have the following payment choices:

**Lump-Sum Payment:** A one-time payment of the total amount in your Defined Benefit Supplement account as a direct payment or a rollover to a qualified plan.

**100% Beneficiary Annuity:** A monthly payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity amount will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

**75% Beneficiary Annuity:** A monthly payment for your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity amount will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

**50% Beneficiary Annuity:** A monthly payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity amount will be paid to your annuity beneficiary upon your death. If your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount.

**Period-Certain Annuity:** A monthly payment made for any number of whole years from three to 10. The monthly amount you receive is based on the number of years over which the annuity is paid—the lower the number of years, the higher the amount payable. If you die before the annuity period ends, the remaining payments will be paid to your one-time death benefit recipients.

**Combination of Lump-Sum Payment and Annuity:** A lump-sum payment and one of the annuities. To elect this choice, you must have \$3,500 or more remaining in your Defined Benefit Supplement account after your lump-sum payment.

If you elect the Compound Option for your Defined Benefit retirement benefit, you may elect to receive your Defined Benefit Supplement benefit as one of the annuities. However, the annuity you elect will be the same for each of your annuity beneficiaries, and the apportionment of your benefit will remain the same as it is for your Defined Benefit election.

### Nonspouse Lifetime Annuity Beneficiary

Under federal law, if you name someone other than your current or former spouse to be your annuity beneficiary, the type of option you may elect depends on your age and the age of your option beneficiary:

- Under the 75% Beneficiary Annuity, your nonspouse annuity beneficiary cannot be more than exactly 19 years younger than you.
- If you elect the Compound Option, your nonspouse annuity beneficiaries cannot be either more than exactly 19 years younger than you under the 75% Beneficiary Annuity, or more than exactly 10 years younger than you under the 100% Beneficiary Annuity.

Federal age restrictions also apply to registered domestic partners.

## Worksheets and Tables

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## Benefit Estimate Worksheet

Learn more about your benefits by attending a workshop to prepare for your retirement. If you still have questions, make an appointment to talk to a CalSTRS benefits counselor.

Your Estimate	
You plan to retire at age	_____
<b>Step 1: Determine Service Credit and Age Factor</b>	
Service Credit (years of service)	= _____
Age Factor (See Age Factor Table, next page. If applicable, include career factor.)	= _____
<b>Step 2: Determine Final Compensation</b>	
Enter your highest three consecutive school years of compensation earnable (or one-year final compensation, if eligible). See "Final Compensation" on page 54.	
	\$ _____
	\$ _____
	\$ _____
Total Compensation Earnable	= \$ _____
(if eligible, use one-year final compensation ÷ 12 months)	÷ 36 months
Monthly Final Compensation	= \$ _____
<b>Step 3: Calculate Benefit</b>	
Service Credit	_____
x Age Factor	x _____
x Final Compensation	x _____
+ Longevity Bonus (if eligible)	+ _____
<b>Your Member-Only Monthly Benefit</b>	<b>= \$ _____</b>

Example	
Mary is retiring at age 60 with 24.250 years of service.	
<b>Step 1: Determine Service Credit and Age Factor</b>	
Service Credit (years of service)	= 24.250
Age Factor (based on Mary's age at retirement, see Age Factor Table, next page)	= 2%
<b>Step 2: Determine Final Compensation</b>	
Mary's highest three consecutive school years of compensation earnable	
2012-2013	\$ 48,000
2011-2012	\$ 47,000
2010-2011	\$ 45,000
Total Compensation Earnable	= \$ 140,000
	+ 36 months
Monthly Final Compensation	= \$ 3,888.89
<b>Step 3: Calculate Benefit</b>	
Service Credit	24.250
x Age Factor	x .02
x Final Compensation	x \$3,888.89
+ Longevity Bonus (if eligible)	0
<b>Mary's Member-Only Monthly Benefit</b>	<b>= \$ 1,886.11</b>

## Age Factor Tables

The age factor is a percentage determined by your age in years and months on the last day of the month in which your retirement is effective.

- **CalSTRS 2% at 62:** The age factor for new members is 2 percent at age 62. The maximum age factor is 2.4 percent at age 65. The age factor for early retirement at age 55 with five years of service credit is 1.16 percent.

### Age Factor

For members under the CalSTRS 2% at 60 benefit structure, the age factor equals 2 percent at age 60. From age 55 to 60, the factor is reduced by 0.01 (one one-hundredth) of a percent for each month or fraction of a month in which you are under age 60. For example, if you are age 55 and six months when you retire, your age factor is 1.46 percent.

Between ages 60 and 63, the 2 percent age factor is increased by 0.033 of a percent for each quarter year of age you are over age 60, up to a maximum age factor of 2.4 percent.

**Age Factor Table CalSTRS 2% at 60 (expressed as percentages)**

	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
63	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
62	2.267	2.267	2.267	2.300	2.300	2.300	2.333	2.333	2.333	2.367	2.367	2.367
61	2.133	2.133	2.133	2.167	2.167	2.167	2.200	2.200	2.200	2.233	2.233	2.233
60	2.000	2.000	2.000	2.033	2.033	2.033	2.067	2.067	2.067	2.100	2.100	2.100
59	1.880	1.890	1.900	1.910	1.920	1.930	1.940	1.950	1.960	1.970	1.980	1.990
58	1.760	1.770	1.780	1.790	1.800	1.810	1.820	1.830	1.840	1.850	1.860	1.870
57	1.640	1.650	1.660	1.670	1.680	1.690	1.700	1.710	1.720	1.730	1.740	1.750
56	1.520	1.530	1.540	1.550	1.560	1.570	1.580	1.590	1.600	1.610	1.620	1.630
55	1.400	1.410	1.420	1.430	1.440	1.450	1.460	1.470	1.480	1.490	1.500	1.510
54	1.340	1.345	1.350	1.355	1.360	1.365	1.370	1.375	1.380	1.385	1.390	1.395
53	1.280	1.285	1.290	1.295	1.300	1.305	1.310	1.315	1.320	1.325	1.330	1.335
52	1.220	1.225	1.230	1.235	1.240	1.245	1.250	1.255	1.260	1.265	1.270	1.275
51	1.160	1.165	1.170	1.175	1.180	1.185	1.190	1.195	1.200	1.205	1.210	1.215
50	1.100	1.105	1.110	1.115	1.120	1.125	1.130	1.135	1.140	1.145	1.150	1.155

*Note: You must have 30 years of service credit to retire between the ages of 50 and 55.*

## Career Factor

The age factor is increased by a career factor of 0.2 percent if you have 30 or more years of earned service credit on the day you retire.

If you qualify for the 0.2 percent career factor by having at least 30 years of service credit, you reach the maximum age factor of 2.4 percent at age 61 and six months.

- **CalSTRS 2% at 62:** There is no career factor benefit enhancement to the age factor.

### Career Factor CalSTRS 2% at 60 Example

If you have 30 or more years of service credit, add 0.2 percent to the age factor on the chart above. The maximum age factor with the career factor is 2.4 percent. If you are under the CalSTRS 2% at 62 benefit structure, you are not eligible for the career factor enhancement.

Age	Without Career Factor	With Career Factor	
61 – 3 mos.	2.167%	2.367%	* Maximum age factor
61 – 9 mos.	2.23%	2.400%*	

### Age Factor Table CalSTRS 2% at 62 (expressed as percentages)

	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
65	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
64	2.267	2.267	2.267	2.300	2.300	2.300	2.333	2.333	2.333	2.367	2.367	2.367
63	2.133	2.133	2.133	2.167	2.167	2.167	2.200	2.200	2.200	2.233	2.233	2.233
62	2.000	2.000	2.000	2.033	2.033	2.033	2.067	2.067	2.067	2.100	2.100	2.100
61	1.880	1.890	1.900	1.910	1.920	1.930	1.940	1.950	1.960	1.970	1.980	1.990
60	1.760	1.770	1.780	1.790	1.800	1.810	1.820	1.830	1.840	1.850	1.860	1.870
59	1.640	1.650	1.660	1.670	1.680	1.690	1.700	1.710	1.720	1.730	1.740	1.750
58	1.520	1.530	1.540	1.550	1.560	1.570	1.580	1.590	1.600	1.610	1.620	1.630
57	1.400	1.410	1.420	1.430	1.440	1.450	1.460	1.470	1.480	1.490	1.500	1.510
56	1.280	1.290	1.300	1.310	1.320	1.330	1.340	1.350	1.360	1.370	1.380	1.390
55	1.160	1.170	1.180	1.190	1.200	1.210	1.220	1.230	1.240	1.250	1.260	1.270

## Defined Benefit Supplement Period-Certain Annuity Estimate

This annuity provides a monthly annuity payable from 3 to 10 years. A Period-Certain Annuity of 3 to 9 years may be rolled over to another qualified plan each month.

DBS Account Balance	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
\$3,500	\$108	\$84	\$69	\$60	\$53	\$48	\$44	\$41
\$5,000	\$154	\$120	\$99	\$85	\$76	\$68	\$63	\$58
\$15,000	\$462	\$359	\$297	\$256	\$227	\$205	\$188	\$175
\$25,000	\$770	\$598	\$495	\$427	\$378	\$342	\$314	\$292
\$40,000	\$1,232	\$957	\$792	\$683	\$605	\$547	\$502	\$467
\$45,000	\$1,386	\$1,076	\$891	\$768	\$681	\$615	\$565	\$525
\$50,000	\$1,540	\$1,196	\$990	\$853	\$756	\$684	\$628	\$584

To estimate your monthly period-certain annuity amount, divide your Defined Benefit Supplement account balance by the period-certain annuity factor that corresponds to your elected time period:

Period	Factor	3-Year Period-Certain Annuity Combination Lump-Sum Payment and Annuity	
3 years	32.4601	Defined Benefit Supplement account balance	\$30,000
4 years	41.8067	Lump-sum payment	-\$10,000
5 years	50.5012	Remaining balance	\$20,000
6 years	58.5891	Period Certain Annuity of factor =	32.4601
7 years	66.1128	<b>Calculation for annuity:</b>	
8 years	73.1115	\$20,000 ÷ 32.4601 =	\$616.14
9 years	79.6220	<b>Monthly annuity: \$616.14</b>	
10 years	85.6782		

## Option Worksheets

If you are considering an option, use these worksheets to estimate your own reduced retirement benefit, or Modified Benefit, using the Age Factor and Option Factor tables. You can also get a benefit estimate at [CalSTRS.com/calculators](http://CalSTRS.com/calculators).

These examples are based on factors taken from the Option Factor Tables later in this section and applied to the Member-Only Benefit calculated on page 63. Minor differences may occur when actual calculations are performed as your age and the age of your option beneficiary are based on the nearest quarter year of age.

The examples show reduced retirement benefits based on both you and your option beneficiary being age 60 on the effective date of retirement under the CalSTRS 2% at 60 benefit structure. You designate the percentage of your Member-Only benefit to be allotted to each option beneficiary.

### 100% Beneficiary Option

Under the 100% Beneficiary Option, upon your death, your option beneficiary will continue to receive the same reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example	Your Estimate
\$1,886.11 <i>(payable to you upon the death of your option beneficiary)</i>	\$
x Option Factor* .8937	x
= 100% Beneficiary Option Benefit to you or your option beneficiary	\$1,685. \$

### 75% Beneficiary Option

Under the 75% Beneficiary Option, upon your death, your option beneficiary will receive 75 percent of the reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example	Your Estimate
\$1,886.11 <i>(payable to you upon the death of your option beneficiary)</i>	\$
x Option Factor* .9258	x
= 75% Beneficiary Option Benefit to you	\$1,746.16 \$
75% to your option beneficiary	\$1,309.62 \$

### 50% Beneficiary Option

Under the 50% Beneficiary Option, upon your death, your option beneficiary will receive 50 percent of the reduced benefit you were receiving for your lifetime. If your option beneficiary predeceases you, your benefit will rise to the Member-Only amount.

Example	Your Estimate
\$1,886.11 <i>(payable to you upon the death of your option beneficiary)</i>	\$
x Option Factor* .9517	x
= 50% Beneficiary Option Benefit to you	\$1,795.01 \$
50% to your option beneficiary	\$ 897.50 \$

\* To find the option factor, find your age, your option beneficiary's age and option starting on page 74. Option factors are adjusted periodically.



## Compound Option Worksheet

Under the Compound Option, you will receive a reduced retirement benefit. When you die, your option beneficiaries will each receive a reduced benefit as provided by the calculation formula used according to each option elected. You designate the percentage of your Member-Only Benefit to allot to each option beneficiary. You may elect two or more beneficiaries under the Compound Option, or you may elect one beneficiary and retain a portion as a Member-Only Benefit.

Following the example below, use the worksheet to estimate how much you and your option beneficiaries will receive if you elect this option.

Use additional worksheets if electing more than two option beneficiaries.

Compound Option Example			
	Member	Beneficiary 1	Beneficiary 2
1. Your Member-Only Benefit	\$1,886.11		
2. Percentages of Member-Only Benefit allotted as Member-Only to you (if any) and to each beneficiary	40%	40%	20%
3. Amount of Member-Only Benefit allotted to you and each beneficiary (multiply #1 by #2)	\$754.44	\$754.44	\$377.22
4. Option selected for each beneficiary		50% Beneficiary Option	75% Beneficiary Option
5. Age	60	60	45
6. Option factor (using the Option Factor Tables, locate factor based on your age, your beneficiary's age and option)		.9517	.8726
7. Reduced benefit to member (multiply amounts in #3, columns 2 and 3, by #6, columns 2 and 3, respectively)		\$718	\$329.16
8. Benefit to each option beneficiary upon your death (multiply #7 by #4)		\$358.17	\$246.65
9. Your reduced benefit (add amounts in #7 to column 1 of #3)		\$754.44 + \$718 + \$329.16 = \$1,801.60	

Compound Option Worksheet			
Your Estimate	Member	Beneficiary 1	Beneficiary 2
1. Your Member-Only Benefit	\$		
2. Percentages of Member-Only Benefit allotted as Member-Only to you (if any) and to each beneficiary*		%	%
3. Amount of Member-Only Benefit allotted to you and each beneficiary (multiply #1 by #2)	\$	\$	\$
4. Option selected for each beneficiary			
5. Age**			
6. Option factor (using the Option Factor Tables, locate factor based on your age, your beneficiary's age and option) <sup>†</sup>			
7. Reduced benefit to member (multiply amounts in #3, columns 2 and 3, by #6, columns 2 and 3, respectively)		\$	\$
8. Benefit to each option beneficiary upon your death (multiply #7 by #4)		\$	\$
9. Your reduced benefit (add amounts in #7 to column 1 of #3)	\$		

\*Percentages assigned to all option beneficiaries and the percentage, if any, retained as Member-Only must equal 100 percent.

\*\*See page 60 for age restrictions for nonspouse option beneficiaries.

<sup>†</sup>To find the option factor, find your age, your option beneficiary's age and option election starting on page 74.

## Defined Benefit Supplement Annuity Calculation Estimates

### Member-Only Annuity

This provides a lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipients.

Defined Benefit Supplement Account Balance	Your Age at Retirement			
	50	55	60	65
\$3,500	\$23	\$24	\$25	\$27
\$5,000	\$33	\$34	\$36	\$38
\$7,500	\$49	\$51	\$54	\$57
\$10,000	\$65	\$68	\$71	\$76
\$15,000	\$98	\$102	\$107	\$115
\$20,000	\$130	\$135	\$143	\$153
\$25,000	\$163	\$169	\$178	\$191

### Defined Benefit Supplement 100% Beneficiary Annuity Estimate

This choice provides a monthly annuity for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your benefit will rise to the Member-Only annuity amount.

Defined Benefit Supplement Account Balance	Your Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$22	\$22	\$22	\$22	\$22	\$22	\$23	\$23	\$22	\$23	\$23	\$24	\$22	\$23	\$24	\$24
\$5,000	\$31	\$32	\$32	\$32	\$32	\$32	\$33	\$33	\$32	\$32	\$33	\$34	\$32	\$33	\$34	\$35
\$7,500	\$47	\$47	\$48	\$48	\$47	\$48	\$49	\$49	\$48	\$49	\$50	\$51	\$48	\$49	\$51	\$52
\$10,000	\$63	\$63	\$64	\$64	\$63	\$64	\$65	\$66	\$64	\$65	\$66	\$68	\$64	\$66	\$67	\$69
\$15,000	\$94	\$95	\$96	\$96	\$95	\$96	\$98	\$99	\$96	\$97	\$99	\$101	\$96	\$98	\$101	\$104
\$20,000	\$125	\$126	\$127	\$128	\$127	\$128	\$130	\$132	\$128	\$130	\$133	\$135	\$128	\$131	\$135	\$139
\$25,000	\$156	\$158	\$159	\$160	\$158	\$160	\$163	\$164	\$159	\$162	\$166	\$169	\$160	\$164	\$169	\$173

Note: The Defined Benefit Supplement annuity estimates above are not valid for CalSTRS disability benefit recipients. Option factors are adjusted periodically.

## Defined Benefit Supplement 75% Beneficiary Annuity Estimate

This choice provides a monthly annuity for your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your benefit will rise to the Member-Only annuity amount.

Defined Benefit Supplement Account Balance	Your Age at Retirement																
	50				55				60				65				
	Age of Annuity Beneficiary at Retirement																
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65	
\$3,500	\$22	\$22	\$23	\$23	\$23	\$23	\$23	\$23	\$23	\$24	\$24	\$24	\$24	\$24	\$24	\$25	\$25
\$5,000	\$32	\$32	\$32	\$32	\$32	\$33	\$33	\$33	\$33	\$34	\$34	\$35	\$34	\$35	\$36	\$36	\$36
\$7,500	\$48	\$48	\$48	\$49	\$49	\$49	\$50	\$50	\$50	\$51	\$51	\$52	\$51	\$52	\$53	\$55	\$55
\$10,000	\$63	\$64	\$64	\$65	\$65	\$65	\$66	\$67	\$66	\$67	\$68	\$69	\$68	\$70	\$71	\$73	\$73
\$15,000	\$95	\$96	\$97	\$97	\$97	\$98	\$99	\$100	\$100	\$101	\$103	\$104	\$103	\$104	\$107	\$109	\$109
\$20,000	\$127	\$128	\$129	\$129	\$130	\$131	\$132	\$133	\$133	\$135	\$137	\$139	\$137	\$139	\$142	\$145	\$145
\$25,000	\$159	\$160	\$161	\$162	\$162	\$164	\$165	\$167	\$166	\$168	\$171	\$173	\$171	\$174	\$178	\$182	\$182

## Defined Benefit Supplement 50% Beneficiary Annuity Estimate

This choice provides a monthly annuity for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity will be paid to your annuity beneficiary upon your death. If your beneficiary dies first, your benefit will rise to the Member-Only annuity.

Defined Benefit Supplement Account Balance	Your Age at Retirement															
	50				55				60				65			
	Age of Annuity Beneficiary at Retirement															
	50	55	60	65	50	55	60	65	50	55	60	65	50	55	60	65
\$3,500	\$22	\$23	\$23	\$23	\$23	\$23	\$23	\$24	\$24	\$24	\$24	\$25	\$25	\$26	\$26	\$26
\$5,000	\$32	\$32	\$32	\$33	\$33	\$33	\$34	\$34	\$34	\$35	\$35	\$35	\$36	\$36	\$37	\$37
\$7,500	\$48	\$48	\$49	\$49	\$50	\$50	\$50	\$51	\$51	\$52	\$52	\$53	\$54	\$55	\$55	\$56
\$10,000	\$64	\$65	\$65	\$65	\$66	\$67	\$67	\$67	\$69	\$69	\$70	\$71	\$72	\$73	\$74	\$75
\$15,000	\$96	\$97	\$97	\$98	\$99	\$100	\$101	\$101	\$103	\$104	\$105	\$106	\$108	\$109	\$111	\$112
\$20,000	\$129	\$129	\$130	\$130	\$132	\$133	\$134	\$135	\$137	\$139	\$140	\$141	\$144	\$146	\$148	\$150
\$25,000	\$161	\$161	\$162	\$163	\$165	\$166	\$168	\$169	\$171	\$173	\$175	\$177	\$180	\$182	\$185	\$187

Note: The Defined Benefit Supplement annuity estimates above are not valid for CalSTRS disability benefit recipients. Option factors are adjusted periodically.

## Service Retirement Option Factor Tables

MBR Age	BEN Age	100% Option	75% Option	50% Option
55	5	0.8230	0.8651	0.9078
55	10	0.8256	0.8673	0.9094
55	15	0.8291	0.8701	0.9115
55	20	0.8337	0.8739	0.9143
55	25	0.8398	0.8789	0.9180
55	30	0.8478	0.8854	0.9227
55	35	0.8580	0.8938	0.9288
55	40	0.8709	0.9041	0.9362
55	45	0.8862	0.9164	0.9448
55	50	0.9034	0.9300	0.9543
55	55	0.9213	0.9439	0.9637
55	60	0.9380	0.9568	0.9723
55	65	0.9525	0.9679	0.9795
55	70	0.9643	0.9767	0.9853

56	5	0.8124	0.8568	0.9018
56	10	0.8149	0.8589	0.9034
56	15	0.8184	0.8618	0.9055
56	20	0.8229	0.8655	0.9083
56	25	0.8290	0.8706	0.9120
56	30	0.8370	0.8771	0.9168
56	35	0.8473	0.8856	0.9230
56	40	0.8603	0.8961	0.9306
56	45	0.8760	0.9087	0.9395
56	50	0.8939	0.9229	0.9495
56	55	0.9127	0.9377	0.9596
56	60	0.9308	0.9517	0.9690
56	65	0.9467	0.9639	0.9770
56	70	0.9598	0.9738	0.9834

57	5	0.8011	0.8480	0.8954
57	10	0.8036	0.8501	0.8970
57	15	0.8070	0.8529	0.8991
57	20	0.8115	0.8567	0.9019
57	25	0.8176	0.8617	0.9057
57	30	0.8255	0.8683	0.9105
57	35	0.8359	0.8768	0.9168
57	40	0.8490	0.8875	0.9246
57	45	0.8650	0.9005	0.9338
57	50	0.8835	0.9153	0.9442
57	55	0.9033	0.9310	0.9551
57	60	0.9228	0.9461	0.9653
57	65	0.9402	0.9594	0.9741
57	70	0.9546	0.9704	0.9812

58	5	0.7892	0.8387	0.8886
58	10	0.7917	0.8408	0.8902
58	15	0.7951	0.8437	0.8924
58	20	0.7995	0.8474	0.8952
58	25	0.8055	0.8524	0.8990
58	30	0.8135	0.8591	0.9039
58	35	0.8238	0.8676	0.9102
58	40	0.8370	0.8785	0.9181
58	45	0.8532	0.8917	0.9277
58	50	0.8723	0.9071	0.9386
58	55	0.8931	0.9236	0.9501
58	60	0.9139	0.9399	0.9612
58	65	0.9328	0.9545	0.9709
58	70	0.9488	0.9667	0.9788

MBR Age	BEN Age	100% Option	75% Option	50% Option
59	5	0.7767	0.8290	0.8815
59	10	0.7792	0.8311	0.8831
59	15	0.7825	0.8339	0.8852
59	20	0.7870	0.8377	0.8881
59	25	0.7929	0.8427	0.8919
59	30	0.8008	0.8493	0.8968
59	35	0.8111	0.8579	0.9033
59	40	0.8244	0.8689	0.9113
59	45	0.8408	0.8824	0.9212
59	50	0.8604	0.8983	0.9325
59	55	0.8821	0.9157	0.9447
59	60	0.9042	0.9332	0.9567
59	65	0.9248	0.9491	0.9673
59	70	0.9423	0.9625	0.9761

60	5	0.7637	0.8188	0.8740
60	10	0.7661	0.8209	0.8756
60	15	0.7694	0.8237	0.8777
60	20	0.7738	0.8275	0.8806
60	25	0.7797	0.8325	0.8844
60	30	0.7875	0.8391	0.8894
60	35	0.7978	0.8478	0.8959
60	40	0.8111	0.8588	0.9041
60	45	0.8277	0.8726	0.9142
60	50	0.8477	0.8890	0.9260
60	55	0.8702	0.9072	0.9389
60	60	0.8937	0.9258	0.9517
60	65	0.9159	0.9431	0.9634
60	70	0.9351	0.9579	0.9731

61	5	0.7502	0.8082	0.8660
61	10	0.7527	0.8103	0.8677
61	15	0.7559	0.8131	0.8698
61	20	0.7602	0.8168	0.8727
61	25	0.7660	0.8218	0.8765
61	30	0.7738	0.8284	0.8816
61	35	0.7840	0.8371	0.8881
61	40	0.7973	0.8482	0.8965
61	45	0.8140	0.8622	0.9068
61	50	0.8344	0.8790	0.9190
61	55	0.8577	0.8980	0.9326
61	60	0.8825	0.9178	0.9463
61	65	0.9063	0.9366	0.9591
61	70	0.9274	0.9529	0.9698

62	5	0.7362	0.7970	0.8577
62	10	0.7386	0.7991	0.8593
62	15	0.7418	0.8019	0.8615
62	20	0.7461	0.8056	0.8644
62	25	0.7518	0.8105	0.8682
62	30	0.7595	0.8171	0.8733
62	35	0.7696	0.8258	0.8799
62	40	0.7829	0.8371	0.8884
62	45	0.7997	0.8513	0.8990
62	50	0.8203	0.8685	0.9116
62	55	0.8444	0.8882	0.9258
62	60	0.8704	0.9091	0.9404
62	65	0.8959	0.9294	0.9543
62	70	0.9189	0.9472	0.9662

\*Option factors are adjusted periodically.

## Service Retirement Option Factor Tables

MBR Age	BEN Age	100% Option	75% Option	50% Option
63	5	0.7215	0.7853	0.8489
63	10	0.7239	0.7874	0.8505
63	15	0.7270	0.7902	0.8527
63	20	0.7312	0.7938	0.8556
63	25	0.7369	0.7988	0.8594
63	30	0.7445	0.8053	0.8645
63	35	0.7545	0.8140	0.8712
63	40	0.7677	0.8253	0.8798
63	45	0.7845	0.8397	0.8906
63	50	0.8054	0.8572	0.9036
63	55	0.8301	0.8776	0.9184
63	60	0.8572	0.8997	0.9340
63	65	0.8844	0.9214	0.9490
63	70	0.9094	0.9410	0.9621

MBR Age	BEN Age	100% Option	75% Option	50% Option
67	5	0.6567	0.7334	0.8087
67	10	0.6589	0.7354	0.8103
67	15	0.6618	0.7381	0.8125
67	20	0.6657	0.7416	0.8154
67	25	0.6709	0.7464	0.8193
67	30	0.6780	0.7528	0.8244
67	35	0.6874	0.7613	0.8312
67	40	0.7000	0.7726	0.8402
67	45	0.7165	0.7873	0.8517
67	50	0.7377	0.8058	0.8660
67	55	0.7638	0.8284	0.8831
67	60	0.7944	0.8544	0.9023
67	65	0.8278	0.8822	0.9222
67	70	0.8611	0.9092	0.9409

64	5	0.7062	0.7731	0.8396
64	10	0.7086	0.7752	0.8412
64	15	0.7116	0.7779	0.8434
64	20	0.7158	0.7816	0.8463
64	25	0.7213	0.7865	0.8501
64	30	0.7288	0.7930	0.8552
64	35	0.7387	0.8017	0.8620
64	40	0.7518	0.8130	0.8707
64	45	0.7686	0.8275	0.8817
64	50	0.7897	0.8453	0.8950
64	55	0.8148	0.8664	0.9104
64	60	0.8430	0.8895	0.9270
64	65	0.8719	0.9128	0.9432
64	70	0.8989	0.9341	0.9576

68	5	0.6391	0.7191	0.7973
68	10	0.6412	0.7211	0.7990
68	15	0.6440	0.7237	0.8012
68	20	0.6479	0.7272	0.8040
68	25	0.6530	0.7320	0.8079
68	30	0.6599	0.7383	0.8131
68	35	0.6692	0.7468	0.8199
68	40	0.6815	0.7580	0.8289
68	45	0.6979	0.7727	0.8406
68	50	0.7189	0.7914	0.8551
68	55	0.7451	0.8144	0.8727
68	60	0.7763	0.8412	0.8928
68	65	0.8110	0.8703	0.9139
68	70	0.8464	0.8993	0.9342

65	5	0.6902	0.7604	0.8298
65	10	0.6925	0.7624	0.8314
65	15	0.6955	0.7651	0.8336
65	20	0.6996	0.7688	0.8365
65	25	0.7050	0.7736	0.8403
65	30	0.7124	0.7801	0.8455
65	35	0.7222	0.7888	0.8522
65	40	0.7351	0.8001	0.8610
65	45	0.7519	0.8146	0.8722
65	50	0.7730	0.8328	0.8859
65	55	0.7986	0.8544	0.9019
65	60	0.8277	0.8786	0.9194
65	65	0.8582	0.9034	0.9368
65	70	0.8873	0.9265	0.9526

69	5	0.6211	0.7043	0.7854
69	10	0.6232	0.7063	0.7871
69	15	0.6260	0.7089	0.7893
69	20	0.6297	0.7124	0.7922
69	25	0.6347	0.7171	0.7960
69	30	0.6415	0.7233	0.8012
69	35	0.6505	0.7317	0.8081
69	40	0.6627	0.7429	0.8171
69	45	0.6788	0.7575	0.8289
69	50	0.6996	0.7763	0.8437
69	55	0.7259	0.7996	0.8617
69	60	0.7576	0.8272	0.8826
69	65	0.7934	0.8577	0.9049
69	70	0.8308	0.8886	0.9269

66	5	0.6737	0.7471	0.8195
66	10	0.6760	0.7492	0.8211
66	15	0.6790	0.7519	0.8233
66	20	0.6829	0.7555	0.8262
66	25	0.6883	0.7603	0.8301
66	30	0.6955	0.7667	0.8352
66	35	0.7051	0.7753	0.8420
66	40	0.7179	0.7866	0.8509
66	45	0.7346	0.8013	0.8622
66	50	0.7557	0.8196	0.8763
66	55	0.7816	0.8418	0.8928
66	60	0.8116	0.8669	0.9112
66	65	0.8436	0.8932	0.9298
66	70	0.8748	0.9182	0.9470

70	5	0.6027	0.6890	0.7730
70	10	0.6048	0.6909	0.7746
70	15	0.6075	0.6935	0.7768
70	20	0.6111	0.6969	0.7797
70	25	0.6160	0.7015	0.7835
70	30	0.6225	0.7077	0.7887
70	35	0.6314	0.7160	0.7956
70	40	0.6433	0.7271	0.8046
70	45	0.6591	0.7417	0.8165
70	50	0.6798	0.7605	0.8316
70	55	0.7060	0.7841	0.8500
70	60	0.7379	0.8123	0.8716
70	65	0.7748	0.8441	0.8952
70	70	0.8140	0.8770	0.9188

\*Option factors are adjusted periodically.

## Your CalSTRS Retirement Timeline

This timeline of events from the year before your retirement up to your first benefit payment will give you an idea of what to do and when. Your specific timeline, however, may differ.

- Activate your *myCalSTRS* account, if you haven't already done so. Start at [myCalSTRS.com](http://myCalSTRS.com) and follow the five-step process. You can complete and submit your *Service Retirement Application*, sign up for direct deposit, update your address and more using *myCalSTRS*.
- Prepare for retirement early to avoid delays that may occur during the peak months of April–July.
- Register for a workshop or counseling session. Go to [CalSTRS.com](http://CalSTRS.com).

### Step 1

#### What to Do

Activate your *myCalSTRS* account, if you haven't already.

Plan and research your retirement decisions.

Attend a CalSTRS retirement planning workshop or counseling session conducted by CalSTRS benefit counselors.

Check to see if pending or new legislation may affect your benefits or influence the timing of your retirement.

#### When

10–12 months before your retirement date.

### Step 2

#### What to Do

Complete and submit your *Service Retirement Application* and other forms online using *myCalSTRS*. Step-by-step guidance helps you fill out the application accurately, resulting in faster processing.

Or complete the paper version, available at [CalSTRS.com](http://CalSTRS.com).

#### When

No earlier than six months before your requested retirement date.

### Step 3

#### What to Do

Check the status of your application on *myCalSTRS*. If you submitted it online, you'll receive immediate email confirmation.

Review your award letter, which includes the amount of your monthly benefit, how your monthly benefit was calculated and the total amount of your contributions and interest.

Look for your initial benefit payment.

#### When

Within 45 days of your retirement or the date your application is processed, whichever is later. Or sooner, if you apply using *myCalSTRS*.

There could be changes in your monthly payment for several months beyond your retirement date as we receive and process additional information from your employer.

# Applying for Service Retirement

Ready to retire? Complete and submit your *Service Retirement Application* and other forms online using *myCalSTRS*.

Get prepared ahead of time by reading the *Your Retirement Guide* booklet.

## Complete and Submit Your Forms

Complete and submit your *Service Retirement Application* online using *myCalSTRS*. It's easy, fast and secure.



### When you complete your application online using *myCalSTRS*:

- Step-by-step guidance means you complete your application correctly. Your member-specific information is auto-filled, saving you time.
- Your application is processed automatically, for a faster turnaround.
- You'll receive immediate email confirmation when CalSTRS receives your application and after it has been processed.
- You'll receive your award letter sooner.
- You'll receive prompt emails if we need additional information to process your application.

Do not submit your *Service Retirement Application* to your employer. Your employer is not responsible for submitting your retirement application to CalSTRS—you are. You'll need to notify your employer that you intend to retire from CalSTRS. You'll also need to resign from your position. Be sure to complete any forms your employer requires. CalSTRS will not notify your employer of your retirement.





## Planning Checklist

To help you plan for your CalSTRS retirement.

- Read the *Your Retirement Guide* and the retirement planning sections of the *Member Handbook*.**
- Go online to [myCalSTRS.com](http://myCalSTRS.com)** to activate your myCalSTRS account if you haven't already, so you can complete and submit your application online for faster processing.
- Check to see if pending or new legislation may affect your benefits** or influence the timing of your retirement. Sources include your legislative representative, your union representative and [CalSTRS.com/legislation](http://CalSTRS.com/legislation).
- Attend a CalSTRS retirement planning** workshop or counseling session. See [CalSTRS.com/workshops](http://CalSTRS.com/workshops) for dates and locations near you.
- Estimate your monthly benefit** using the online calculator at [CalSTRS.com/calculators](http://CalSTRS.com/calculators) or the benefit estimate worksheet in the *Member Handbook*.
- Consider purchasing permissive service credit or redepositing service credit** to increase your benefit if you did not do so earlier in your career. See the booklet, *Purchase Additional Service Credit*, at [CalSTRS.com](http://CalSTRS.com). If you are in the process of purchasing service credit, call us at least 90 days before you plan to retire.
- Consider making a preretirement election of an option** to provide a lifetime monthly benefit to someone if you should die before retirement. *The Preretirement Election of an Option* form is on [myCalSTRS](http://myCalSTRS.com) and at [CalSTRS.com](http://CalSTRS.com).
- Consider rolling over your Defined Benefit Supplement funds to CalSTRS Pension2.** See page 39.
- Gather clear, unaltered photocopies of the following documents:**
  - If you are electing an option beneficiary:
    - Birth certificate or other acceptable verification of birth date, such as a birth record, passport photo ID page or certain military IDs, for your option beneficiary.
    - A copy of a marriage certificate or declaration of domestic partnership from the Secretary of State if you're naming a spouse or partner.
    - Marriage certificate or other proof of a name change, if your option beneficiary's name is different from the name on his or her birth certificate.
  - If you elected an option beneficiary before retirement, you do not need to resubmit the items in the first three bullets.
  - If a portion of your CalSTRS benefit was awarded to another party:
    - A complete court-filed copy of your community property settlement documents. For more information, see the *Community Property Guide* at [CalSTRS.com](http://CalSTRS.com).
- Notify your employer** that you intend to retire and ask about forms your employer may require to resign from your position. Also let your employer know if you plan to set up a health insurance deduction from your benefit payments.
- Submit your Service Retirement Application** using [myCalSTRS](http://myCalSTRS.com) or the paper application at [CalSTRS.com](http://CalSTRS.com). You must submit the application to receive a retirement benefit.





## What to Expect From CalSTRS

After you submit your *Service Retirement Application*, you'll receive important communications from us:

- **Acknowledgment letter** CalSTRS will typically process your application within three weeks and send you an acknowledgment letter. It may take longer during peak times, typically spring and summer, when we receive a large number of applications. Submit your application online for faster processing.
- **Initial award letter** CalSTRS will send you a letter detailing your monthly estimated benefit.
- **Your retirement benefit** CalSTRS will issue your first monthly benefit within 45 days after the effective date of retirement or the date your application is processed—whichever is later. You will receive your Defined Benefit Supplement funds as a separate payment, whether you request a lump sum or a monthly annuity.

If your retirement date is not the first of the month, your first benefit payment will be prorated.

- **Adjustment letters** After your retirement date, your employer may send CalSTRS information that could affect the amount of your retirement benefit, including unused sick leave, a retirement incentive or additional salary information. These adjustments will be made effective as of your retirement date. When these changes occur, CalSTRS will send you a letter detailing any changes. It takes approximately six months after your effective retirement date for CalSTRS to receive and process all updates from your employer. If a retroactive amount is due, it will be paid shortly after an adjustment letter is mailed. If you were overpaid, CalSTRS will deduct 5 percent of your monthly benefit until the overpayment is recovered.

Adjustment letters also show the total amount of your contributions as a Defined Benefit member. You should save the last letter to assist in determining your income tax liability.

## Service Retirement Benefit Effective Date

If you were unable to submit your *Service Retirement Application* before your retirement date, you can backdate your service retirement benefit effective date to as early as the day following the last day for which you were compensated. Your benefit effective date can be backdated no earlier than January 1, 2012, and must be after you complete any service credit purchase.

### Deadline for Service Retirement Application Changes

You have 30 days from the date your first benefit payment was issued to make changes to or cancel your *Service Retirement Application*. This includes options elected at retirement and preretirement option elections. Use the *Service Retirement Change Request* form (SR 1328) to make changes.

## Direct Deposit

Direct deposit gives you the quickest access to your retirement benefit payment. For faster processing, sign up for direct deposit using your *myCalSTRS* account. Or complete the *Direct Deposit Authorization* form, available on CalSTRS.com. If you later change your bank or want to cancel your direct deposit authorization, you can update your instructions using *myCalSTRS* or by submitting a new form.

When you sign up for direct deposit, you:

- Authorize CalSTRS to transmit any benefits by electronic funds transfer to your account in a U.S. financial institution.
- Certify that the entire payment amount is not ultimately deposited into a financial institution outside the U.S.
- Agree to receive benefit payment statements online using your *myCalSTRS* account.

You may view current and past benefit payment information using your *myCalSTRS* account. Online benefit payment information is convenient, secure and environmentally responsible.

If you want to receive statements by mail, you can choose to receive them twice a year—in February, with tax table changes, and in October, with the annual benefit adjustment—or by mail every month. Submit your request using your *myCalSTRS* account or the Direct Deposit Authorization form.

# After You Retire

In this section, you'll learn what to expect after you retire from CalSTRS.

## Annual Benefit Adjustment

Under state law, you'll receive an automatic benefit increase equal to 2 percent of your initial benefit beginning September 1 after the first anniversary of your retirement. Your retirement date must be before September 1 to receive the annual benefit adjustment on September 1 of the next year.

The amount of your adjustment will appear in your October 1 payment. Adjustments are not compounded or tied to changes in the cost of living.

The California Legislature can reduce or eliminate the amount of the annual benefit adjustment, even if you are already retired, if economic conditions dictate.

## Purchasing Power Protection

Your retirement benefit has additional purchasing power protection. Purchasing power is a measurement of how your retirement benefit keeps pace with inflation. For example, if your benefit stays the same but prices double, your purchasing power is only 50 percent of what it originally was.

In addition to the annual benefit adjustment, two other benefit enhancements support your retirement benefit's purchasing power:

- One-year supplemental benefit payments, paid in quarterly installments. CalSTRS makes these payments to retired members and beneficiaries whose benefits have fallen below a certain level of purchasing power. Purchasing power protection level is currently set at 85 percent of your initial benefit.
- Ad hoc, or one-time, permanent increases to your monthly benefit, which occasionally have been granted by the Legislature.

## Working After Retirement

If you return to work after service retirement in a CalSTRS-covered position as an employee of a public school system, an independent contractor or an employee of a third party, there are restrictions under state and federal law that apply to you. You cannot:

- Work in a classified position except, under certain circumstances, as a teacher's aide.
- Earn any pay without affecting your retirement benefit if you return to work before the 180-calendar day separation-from-service requirement.
- Earn more than the annual postretirement earnings limit without affecting your CalSTRS retirement benefit.
- Keep the additional service credit you received under the CalSTRS Retirement Incentive Program, if you take any job within five years of retirement with the employer that offered the incentive.



When you retire, you will be subject to the postretirement earnings limit as well as the zero-dollar earnings limit.

Retired Defined Benefit members cannot contribute to the Cash Balance Benefit Program. All earnings are subject to the postretirement earnings limit.

You can continue to receive your full CalSTRS retirement benefit, with no earnings limitation, if you take a job outside of CalSTRS-covered employment, including work in:

- Private industry outside of the California public school system
- Private schools
- Public schools outside of California
- University of California or California State University system

### **Separation-From-Service Requirement Zero-Dollar Earnings Limit**

The California Public Employees' Pension Reform Act of 2013 extended the separation-from-service requirement, also known as the zero-dollar earnings limit, to all members who retire on or after January 1, 2013, regardless of age, and return to work in a CalSTRS-covered position as an employee of a public school system, an independent contractor, or an employee of a third party. Your retirement benefit will be reduced dollar for dollar by the amount that you earn in CalSTRS-covered employment, including employer contributions to tax-sheltered annuities and other tax-favored products, during the first 180 calendar days following your most recent retirement effective date, up to your benefit amount payable during that period. This requirement also applies to Cash Balance annuitants who are under normal retirement age and to all annuitants who retire on or after January 1, 2014, regardless of age.

There is a very narrow exemption if you have reached normal retirement age, the governing body of your employer approved your appointment by resolution at a public meeting, you did not receive any financial inducement to retire, and your termination of service was not the cause of the need to acquire your services. Your employer must submit the required documentation to CalSTRS substantiating your eligibility for the exemption. CalSTRS must receive an exemption request and required documentation before you can begin working.

### **Postretirement Earnings Limit**

If you return to work after meeting the separation-from-service requirement in a CalSTRS-covered position as an employee of a public school system, an independent contractor, or an employee of a third party, you can earn up to the annual postretirement earnings limit without affecting your benefit unless you qualify for a very narrow exemption or work for certain third-party employers under two conditions.

The earnings limit for the 2013–14 fiscal year is \$39,903; for 2014–15, the limit is \$40,173. The Teachers' Retirement Board adjusts the earnings limit annually.

If your earnings from CalSTRS-covered employment, including employer contributions to tax-sheltered annuities and other tax-favored products, exceed the postretirement earnings limit, CalSTRS will withhold all of your gross monthly retirement benefit until we collect your excess earnings in full, up to the amount of your annual retirement benefit minus any previous reduction due to the zero-dollar earnings limit. For example, if you return to CalSTRS-covered work in the 2013–14 fiscal year and earn \$50,000, you will have exceeded the earnings limit of \$39,903 by \$10,097. CalSTRS will withhold \$10,097 from your benefit payments that year, if your annual retirement benefit is \$10,097 or more.

### **Postretirement Earnings Limit Exemption**

Under a narrow exemption, if you return to work as a trustee, fiscal expert, fiscal adviser, receiver or special trustee in a position appointed by the State Superintendent of Public Instruction, county superintendent of schools, State Board of Education or Board of Governors of the California Community Colleges to assist schools in financial or academic distress, you may be exempt from the postretirement earnings limit through June 30, 2014.

The appointing authority must submit the required documentation to CalSTRS substantiating your eligibility for the exemption. CalSTRS must receive the exemption request and required documentation before you can begin working. It is your responsibility to contact your employer to verify the required documentation was submitted to CalSTRS. CalSTRS will inform you if you have been approved for an exemption.

### Certain Third-Party Employees Exclusion

If you work for a third-party employer that does not participate in a California public pension system, you may be excluded from the postretirement earnings limit and other postretirement employment requirements if the activities performed are not normally performed by employees of a CalSTRS employer and the activities are performed for 24 months or less.

### Reinstating to Active Member Status

You no longer must wait one year to re-retire after reinstating. If you re-retire within one year of reinstating, you may not make changes to your retirement option or beneficiaries. If you re-retire after one year of reinstating, you may change or cancel your election before or at retirement, but your benefit will be subject to an assessment that may reduce your benefit for your lifetime.

After retirement, you can change your option beneficiary only under one of four circumstances: death of a beneficiary, divorce, newly married or registered in a domestic partnership, or change designation to spouse or partner if your beneficiary was not previously your spouse or partner.

As in the past, you may choose to terminate retirement and reinstate to active membership at any time.

### Reinstatement Process

If you plan to reinstate to active member status, make an appointment with a CalSTRS benefits counselor to discuss important considerations, including how your future benefits may be affected.

You may also request an estimate of your future benefits by writing to CalSTRS. In your letter, include your full name, Client ID or Social Security number, address and telephone number. In addition, provide your estimated salary, how long you plan to be an active member again and if you currently have an option or intend to elect an option before your subsequent retirement.

To reinstate to active membership, submit the *Reinstatement After Retirement* form, available at CalSTRS.com. Your reinstatement date can be no earlier than the first day of the month in which CalSTRS receives your form. We must receive your *Reinstatement* form no earlier than six months before your requested reinstatement date and no later than the last day of the month in which your reinstatement becomes effective. After we receive your request, your retirement and monthly benefit will end.

### Other Important Considerations

If you're thinking about reinstatement, consider:

- **Disability and survivor benefits:** You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability or survivor benefits.
- **Retirement incentive:** If you retired on or after January 1, 1985, and reinstate, you'll lose any additional service credit you may have acquired by participating in the Retirement Incentive Program.

Effective July 17, 2012, you no longer have to wait 12 months after you reinstated to re-retire. You must, however, keep the same option and beneficiaries if you re-retire within one year of reinstatement.

- **Preretirement election of an option:** You are not eligible to file a preretirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired with an option, that option will automatically become a preretirement election when you reinstate.
- **Coverage A or B:** For most members, if you retire and then reinstate, you will maintain the coverage you had prior to your retirement. Under certain circumstances, if you retired under Coverage A, your coverage may change to Coverage B for survivor and disability benefits: If you retired before January 1, 1996, you'll be under Coverage B when you reinstate; if you retired on or after January 1, 1996, you'll be under Coverage A. You must earn at least one year of service credit after reinstatement before you qualify for disability and survivor benefits. Contact CalSTRS for further information regarding your specific situation.
- **Zero-dollar earnings limit/separation-from-service requirement:** When you re-retire, you will be subject to the zero-dollar earnings limit during the first 180 calendar days of your most recent retirement.
- **Discontinuing deductions for health insurance premiums:** If CalSTRS is deducting health insurance premiums from your benefit and you decide to reinstate, you'll need to make premium payment arrangements with your health insurance carrier.
- **Discontinuing payment or deduction of Medicare premiums:** If CalSTRS is paying your Medicare Part A premiums or deducting your Medicare Part B premiums, you'll have to pay these premiums yourself when you reinstate. To arrange payment, contact the Social Security Administration at 800-772-1213. When you retire again, you'll need to reapply for the CalSTRS Medicare Premium Payment Program. As of July 1, 2012, CalSTRS is not offering the program to members with retirement effective dates on or after July 1, 2012.

● See also "CalSTRS Medicare Premium Payment Program," page 51.

## How Your Benefit Will Be Calculated If You Reinstate

### Reinstate for Fewer Than Two Years

When you retire a second time with fewer than two years of new service credit, your new service retirement benefit will be equal to the sum of both the following:

- An amount equal to the monthly benefit you were receiving immediately before reinstatement, increased by the 2 percent annual benefit adjustment that would have been applied to the benefit if you had not reinstated.
- An amount based on service credit earned since your last reinstatement, your age at the subsequent retirement, and your final compensation. For members under the CalSTRS 2% at 60 benefit structure: If your total service credit is 30 or more years, you may be eligible for the career factor on the service credit earned following reinstatement. If you retired with 30 years of service credit on or before December 31, 2010, and reinstate, you may be eligible for the longevity bonus upon subsequent retirement.

● **CalSTRS 2% at 62:** You are not eligible for the career factor enhancement.

### Reinstate for Two Years or More

If you service retire with two or more years of service credit after your most recent reinstatement, your monthly benefit will be equal to the sum of:

- An amount based on the service credit you earned before your last retirement, multiplied by an adjusted age factor, multiplied by your highest final compensation.
- An amount based on the service credit you earned since your last reinstatement, your age at subsequent retirement, and your highest final compensation.

# Your Survivor Benefits

The Defined Benefit Program provides benefits to your survivors whether your death occurs before or after retirement. There are two types of coverage: Coverage A (family allowance) and Coverage B (survivor benefit).

If you should die while on military leave, survivor and death benefits will be paid on your behalf as if you had continued accruing CalSTRS service credit.

## One-Time Death Benefit

When you die, a one-time death benefit is payable to your designated recipient if eligibility requirements are met. The one-time death benefit amount varies depending on whether you have disability and survivor benefits under Coverage A or B and whether you die before or after retirement.

The one-time death benefit is a separate designation from the election of an option beneficiary. Your option beneficiary receives a monthly lifetime benefit when you die, while your one-time death benefit recipient receives a one-time, lump-sum payment after your death.

**You may name one or more recipients for the one-time death benefit—a person, trust, charity, estate, parochial institution, corporation or public entity. If you do not have a one-time death benefit recipient in effect on the date of your death, the one-time death benefit will be paid to your estate.**

The one-time death benefit, plus any contributions and interest remaining in your account if you did not elect a beneficiary option, will be paid to your one-time death benefit recipient if you:

- Were receiving a service retirement benefit at the time of death.
- Were receiving or were eligible to receive a disability retirement benefit at the time of death.
- Had at least one year of service credit and died:
  - » While an active CalSTRS member.
  - » Within four months of terminating CalSTRS-covered employment.
  - » Within four months of terminating a disability benefit, if no CalSTRS service was performed.
  - » Within 12 months of the last day of paid CalSTRS-covered service, if on an approved leave of absence without compensation for reasons other than disability or military service.
- Die while performing military service if you otherwise would have been eligible for benefits had you continued working and accruing service credit under CalSTRS.

## Coverage A or Coverage B

If you became a CalSTRS member after October 15, 1992, your survivors are protected under the Coverage B. If you were a CalSTRS member on or before that date, you remain under Coverage A unless you elected Coverage B before April 1993.

Check your *myCalSTRS* account or your *Retirement Progress Report* for your coverage.

The one-time death benefit and survivor benefit are taxable.

You can change your death benefit recipient at any time, with no financial penalty.

If you die before retirement or if you are receiving a disability benefit at the time of death, your survivors may be eligible for a monthly benefit.

If you have less than one year of service credit, your one-time benefit recipient will receive a refund of your accumulated Defined Benefit and Defined Benefit Supplement contributions and interest.

Your *Retirement Progress Report* lists your one-time death benefit recipient if you designated one.

- Designate your one-time death benefit recipient using your *myCalSTRS* account or the *Recipient Designation* form, available at [CalSTRS.com](http://CalSTRS.com).

### **Marriage Dissolution or Domestic Partner Termination May Affect Designation**

If the dissolution judgment or termination and your death occur after January 1, 2002, the one-time death benefit recipient designation of your former spouse or partner is invalid. If you choose to have your former spouse or partner as your one-time death benefit recipient, you must submit a new *Recipient Designation* form.

### **Refund of Account Invalidates Your Designation**

If you refund your account and then later reinstate to CalSTRS membership, your previous one-time death benefit recipient designation will be invalid. If you wish to designate someone to receive your death benefit, you must submit a new form.

### **Reporting a Death**

Contact CalSTRS as soon as possible to notify us of the death of a member, option beneficiary or benefit recipient so we can update the account. In addition, be sure your survivors know that they must notify us in the event of your death. You can report a death online at [CalSTRS.com/contactus](http://CalSTRS.com/contactus) (select *Notification of Death*).

We will need the following information:

- Deceased person's name and Social Security number or Client ID.
- Date of death.
- Name, address and telephone number of a contact person.

### **Survivor Benefit Processing**

After we learn of a benefit recipient's death, we will assign a caseworker who will contact beneficiaries by letter. The letter includes the caseworker's name, telephone number and other important information.

To process an application for benefits, CalSTRS must receive a copy of the certified death certificate and any additional information or documentation requested. Any CalSTRS payment issued to the deceased benefit recipient after the date of death must be returned to us.



## Payment of Benefits

CalSTRS generally pays benefits to beneficiaries or your estate within 45 days of receiving all of the requested information. Payment may be delayed for a variety of reasons, including if we do not:

- Receive required documentation, such as certified marriage or death certificate.
- Have a current *Recipient Designation* form (or the *One-Time Death Benefit Recipient* form) on file that identifies the name and address of your recipients.

Any payments issued to benefit recipients after their death are due back to CalSTRS and will be deducted from benefits paid to the beneficiaries or estate if they are not returned.

If you have no surviving spouse or partner, eligible dependent children or dependent parents, any remaining Defined Benefit contributions and interest in your account will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

## Coverage A Survivor Benefits—If You Die Before Retirement

### One-Time Death Benefit

Under Coverage A, if you die before retirement, CalSTRS pays a one-time death benefit to your designated recipient. The benefit amount through June 30, 2014, is \$6,163. This amount is adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specify other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

For CalSTRS to pay this benefit, you must have earned at least one year of service credit and your death must have occurred during one of the following periods:

- While performing creditable service or receiving a disability benefit.
- Within four months after you terminated employment or last earned creditable service.
- Within four months after you terminated a disability benefit if no service was performed after the termination.
- Within 12 months of the last day for which compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after ending employment or earning service credit.

If you took a refund, any one-time death benefit recipient you had previously named will be automatically canceled. If you return to CalSTRS membership after taking a refund and name a one-time death benefit recipient, the benefit can be paid only if you have subsequently earned or accumulated one year of service credit.

### Coverage A Survivor Benefit

For your survivors to be eligible for the Coverage A monthly survivor benefit (family allowance), you must have met the same eligibility requirements as those for the one-time death benefit described earlier and you:

- Cannot have a preretirement election of an option in effect.

- Must have earned at least one year of CalSTRS service credit since reinstatement from service retirement, if applicable.
- Must have earned at least one-half year of service credit after a break in service of more than one year, if applicable.

Under Coverage A, a monthly survivor benefit is payable to:

**1. Your surviving spouse or registered domestic partner with eligible dependent children**

A child is an eligible dependent if he or she is all of the following:

- Your natural child, adopted child or stepchild and not adopted by anyone other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 22.
- Unmarried or unregistered as a domestic partner at the time of your death.
- Financially dependent on you on the date of your death or on the effective date of your disability, if you died while receiving a disability benefit.

Your surviving spouse or registered domestic partner will receive 40 percent of your final compensation and 10 percent of your final compensation for each eligible dependent child up to 50 percent for five or more children. The maximum family benefit is 90 percent of your final compensation. The benefit will be paid as long as your eligible dependent child is under age 22 and is neither married nor a registered domestic partner.

- See the Coverage A survivor benefit example on the next page.

**2. Your eligible dependent children, but no surviving spouse or registered domestic partner**

If you have eligible dependent children, but no surviving spouse or partner, each child is eligible to receive 10 percent of your final compensation, up to 50 percent. If you have more than five eligible children, they will share equally in the total 50 percent of your final compensation. Benefits to each eligible dependent child end on the day before each child reaches age 22, marries or registers as a domestic partner, or dies.

When all of your children are no longer eligible for a benefit, any remaining contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

**3. Your surviving spouse or partner with no eligible dependent children**

If you have no eligible dependent children, or when your last child is no longer eligible, your surviving spouse or registered domestic partner may elect to receive either:

- A return of your accumulated Defined Benefit contributions and interest at the time of your death, less all monthly benefits paid.

OR

- A monthly benefit payable for his or her lifetime. The benefit calculation is based on a factor using your and your spouse's or partner's birth dates, the projected service credit and final compensation you would have accrued if you had lived to retire at age 60, and the service credit for your unused sick leave. Your spouse or partner is eligible for 50 percent of your benefit based on these factors when he or she reaches age 60. Your

**Benefit Reductions**

CalSTRS will reduce the Coverage A survivor benefit by the amount of benefits payable by other public systems upon your death. Other public systems include workers' compensation, Social Security, federal military disability, employer-paid income protection plans, and other disability programs financed with public funds. Survivor benefit recipients must send us a copy of any other public system award letters, so that we can adjust their payments.

spouse or partner may choose to receive the benefit sooner at an actuarially reduced rate. Neither the longevity bonus nor career factor is part of the calculation for monthly coverage at normal retirement age because your death occurred before retirement.

● See also “Your Retirement Benefit,” page 53.

#### 4. Your dependent parents

Your dependent parents may receive a benefit if you have no surviving spouse or registered domestic partner, or eligible children. Your parents, or parent, will be paid a monthly payment for life beginning at normal retirement age. If they are under normal retirement age, they may elect to receive an actuarially reduced benefit for life.

### Coverage A Survivor Benefit Example

Rob dies at age 40. His survivors include his wife, Linda, and three eligible dependent children. His final compensation is \$3,220.

Linda will receive a monthly survivor benefit (family allowance) of \$1,754 as long as her children are eligible. As each child becomes ineligible, that child’s increment will no longer be included in the basic benefit. In addition, an annual benefit adjustment increase of 2 percent of the basic benefit will be added to the monthly payment each September, beginning a year after Rob’s death.

When her youngest child reaches age 22 or is no longer eligible, Linda can choose one of these three options:

- Take the remaining Defined Benefit contributions and interest in Rob’s account, less all previously paid benefits.
- Receive the surviving spouse/registered domestic partner benefit payable for her lifetime once she reaches age 60. She will receive a monthly payment of \$1,353.85, based on Rob’s projected service credit and projected final compensation.
- Receive a reduced surviving spouse/registered domestic partner benefit for her lifetime before normal retirement age, based on her age at that time.

#### Coverage A Survivor Benefit Example

##### Coverage A

Member:	Rob, age 40
Spouse:	Linda, age 40
Children:	Mike, 15; Robert, 10; and Sandy, 5
Service Credit:	10 years

Final Compensation			\$3,220
a. Spouse’s benefit	40% x \$3,220	=	\$1,288
b. Children’s increment	3 x 10% x \$3,220	+	\$966
Coverage A survivor benefit with eligible children	(a+b)	=	\$2,254
Less Social Security offset		-	\$500
<b>Monthly CalSTRS survivor benefit to Linda</b>		=	<b>\$1,754</b>

## Coverage B Survivor Benefits—If You Die Before Retirement

### One-Time Death Benefit

Under Coverage B, if you die before retirement, CalSTRS pays a one-time death benefit to your designated recipient. The one-time death benefit is \$24,652. This amount is adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the payment is divided equally, unless you specified other percentages of distribution. If you do not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

For CalSTRS to pay this benefit, you must have earned at least one year of service credit, and your death must have occurred during one of the following periods:

- While performing creditable service.
- Within four months after you terminated employment or last earned creditable service.
- Within 12 months of the last day for which creditable compensation was paid, if you were on an approved leave of absence without compensation for reasons other than disability or military service.

If you worked part time, your death must have occurred within four months after you ended employment or earned service credit.

In addition, if you had taken a refund of contributions or had reinstated after retirement:

- You must have earned at least one year of service credit after your refund or reinstatement.

OR

- Six months must have elapsed since your reinstatement from disability retirement.

### Coverage B Survivor Benefit

For your survivors to be eligible for a monthly survivor benefit, you must have met the same eligibility requirements as those for the one-time death benefit and you:

- Cannot have made a preretirement election of an option.
- Must have earned at least one year of CalSTRS service credit if you reinstated from a service retirement.
- Must have earned at least six months of service credit if you had a break in service of more than one year.
- Must have died within four months if you reinstated from a disability retirement.

Under Coverage B, a monthly survivor benefit may be paid to:

#### 1. Your surviving spouse or registered domestic partner

Your surviving spouse or partner has the choice of receiving either a monthly benefit for his or her lifetime or a return of your Defined Benefit contributions and interest, whether or not you have eligible dependent children.

Your surviving spouse or registered domestic partner can begin receiving a survivor benefit either:

### No Benefit Reduction

The Coverage B monthly survivor benefit will not be reduced if your survivors receive survivor benefits from another public system, such as Social Security.

- Immediately as of the date of your death. The benefit is actuarially reduced if you were under normal retirement age at the time of death.

OR

- When you would have reached normal retirement age.

The monthly benefit is calculated using your actual service credit and actual final compensation at the time of your death. If you die on or before normal retirement age, your age and your spouse's or partner's age as of the date you would have reached normal retirement age are used in the calculation. The benefit your spouse or partner would receive would be one-half of the modified survivor benefit.

If you die after reaching normal retirement age, your age and your spouse's or partner's age as of the date of death will be used in the calculation. The survivor benefit calculation will also include service credit for your unused sick leave.

Neither the longevity bonus nor the career factor is part of the calculation for a monthly Coverage B survivor benefit because your death occurred before retirement.

● See "Your Retirement Benefit," page 53.

## **2. Your eligible dependent children**

If you have eligible dependent children and your spouse or partner decides to take a monthly survivor benefit, each child will also receive a monthly benefit. The payment goes to the parent until the children are age 18, when they can request the payment be made to them.

If you have no surviving spouse or partner, but have eligible dependent children, each child will be eligible to receive a monthly benefit.

A benefit is not payable to your eligible dependent children if your surviving spouse or partner decides to receive a return of your Defined Benefit contributions and interest.

Your child is eligible if he or she is all of the following:

- Your natural or adopted child or stepchild and not adopted by anyone other than your spouse or partner.
- Born no later than 10 months after the date of your death.
- Under age 21.
- Financially dependent on you at the time of your death.

Each child's benefit is 10 percent of your final compensation, up to 50 percent for five or more children.

Your child's monthly survivor benefit begins on the day following the date of your death, even if your spouse elects to wait to receive a monthly survivor benefit until you would have reached normal retirement age. The benefit is payable until the day before your eligible dependent child reaches age 21 or dies, whichever occurs first, even if your spouse elects to wait to receive a monthly survivor benefit until you would have reached normal retirement age.

If your surviving spouse or partner dies before your eligible dependent children become ineligible, each eligible child will still be paid a monthly benefit until the day before he or she is age 21 or dies, whichever occurs first. Once your children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS must make the payment to your estate.

## Coverage B Defined Benefit Supplement Distribution

If you die before retirement, your one-time death benefit recipient will receive a benefit based on the balance in your Defined Benefit Supplement account. If you have \$3,500 or more for each designated recipient, each will have a choice of a lump-sum payment or a period-certain annuity.

If you die after retirement, you will have already made your Defined Benefit Supplement election. An ongoing monthly annuity might be paid depending on your election at retirement.

### 3. Your eligible dependent children, but no surviving spouse or registered domestic partner

If you have dependent children, but no surviving spouse or registered domestic partner, each child is eligible for 10 percent of your final compensation, up to 50 percent. If you have more than five eligible dependent children, they will share equally in the total 50 percent of final compensation. Benefits end on the day before your child reaches age 21 or dies, whichever occurs first.

When all of your children are no longer eligible for a benefit, any remaining Defined Benefit contributions and interest, less all monthly benefits paid, will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

### 4. If you have no surviving spouse, registered domestic partner or eligible dependent children

No monthly benefit is payable to your survivors if you have no surviving spouse or registered domestic partner, or eligible dependent children. Your Defined Benefit contributions and interest will be paid to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will make the payment to your estate.

## Coverage B Survivor Benefit Example

Sharon dies at age 40. Her survivors include a spouse, David, and three children eligible for benefits. Her final compensation is \$3,220.

David's choices: David can choose the monthly surviving spouse benefit or he can choose to take a refund of Sharon's Defined Benefit contributions and interest. However, if he does not elect the monthly survivor benefit, their children are not entitled to a monthly benefit.

If David elects the survivor benefit, he will immediately receive 10 percent of final compensation for each child (\$322 each) as of the date of Sharon's death, until each eligible dependent child reaches age 21. These payments will go to David until his children reach age 18, when the payments will go directly to them.

The surviving spouse benefit is calculated based on the amount of service credit at death, as if Sharon had lived to normal retirement age and had retired naming her spouse as a 50% Option Beneficiary, which provides 50 percent of the modified retirement benefit.

David can choose to defer his monthly spouse's survivor benefit until Sharon would have reached normal retirement age and receive the full benefit, or start the benefit as of the date of her death and receive a reduced benefit.

### Defers Survivor Benefit

If David chooses to defer receiving his surviving spouse benefit, their children will receive the following benefit immediately as of the date of Sharon's death:

**10% of final compensation for each child:**

**\$322 x 3 children = \$966**

David would receive no surviving spouse benefit until Sharon would have reached normal retirement age, which would be in 20 years. He would then receive a spouse benefit of \$306.45 for the rest of his life. See the calculation on the next page.

### Starts Survivor Benefit Immediately

If David elects to take his surviving spouse benefit immediately, the family will receive the following survivor benefit:

<b>David's reduced spouse benefit (see the next calculation) =</b>	<b>\$53.48</b>
<b>\$306.45 x .1745 (age 40 50% Beneficiary Option age factor)</b>	<b>= \$53.48</b>
<b>10% of final compensation for each child (\$322 x 3 children) =</b>	<b>\$966</b>
<b>Total =</b>	<b>\$1,019.48</b>

Each dependent child's benefit will stop when he or she reaches age 21. After David's last child is no longer eligible, he will continue to receive his spouse's benefit, \$53.48 a month, for his lifetime. In addition, an annual benefit adjustment increase of 2 percent of the basic benefit will be added each September, beginning a year after Sharon's death.

Here are the choices David must make for the spouse's monthly benefit:

<b>Survivor Benefit Example</b>	
<b>Coverage B</b>	
Member:	Sharon, age 40
Spouse:	David, age 40
Children:	Joe, 12; Sam, 9; and Jake, 7
Service Credit:	10 years
Final Compensation:	\$3,220
Sharon's Member-Only Benefit, as if she were normal retirement age 2% x 10 years of service credit x \$3,220	Survivor Benefit = \$644.00
Reduced benefit, based on option factor of .9517 (member and spouse normal retirement age)	0.9517 x \$644 = \$612.89
David would receive, when Sharon would have reached normal retirement age, one-half of Sharon's reduced benefit	\$612.89 ÷ 2 = \$306.45
David could begin receiving, as of the date of Sharon's death, actuarially reduced,	\$306.45 x .1745 = \$53.48

## Defined Benefit Supplement Distribution

If you elect an annuity for your Defined Benefit Supplement account and die after retirement, your Defined Benefit Supplement balance will be distributed to your recipients named on your *Recipient Designation* form (or the *One-Time Death Benefit Recipient* form).

## Coverage A or B—When You Die After Retirement

### One-Time Death Benefit

If you die after retirement, the one-time death benefit is the same under both Coverage A and Coverage B. CalSTRS pays a one-time death benefit to your named recipients if you're a retired member. The current one-time death benefit is \$6,163. The amount may be adjusted periodically by the Teachers' Retirement Board. If you name more than one recipient, the benefit is divided equally, unless you specified other percentages of distribution. If you did not name a one-time death benefit recipient, CalSTRS will make the payment to your estate.

### Monthly Benefit With an Option

Once you have retired, no monthly benefit is payable to your survivors unless you elected an option beneficiary for your retirement benefit. If you elected an option, your option beneficiary will receive the monthly benefit payable under the option you elected. If you didn't elect an option, you would have been receiving the Member-Only monthly benefit.

The option beneficiary you designated to receive a monthly Defined Benefit and Defined Benefit Supplement payment after your death may name their own beneficiary to receive any remaining accrued balance after their death.

### Monthly Benefit Without an Option

If you elected the Member-Only Benefit for your Defined Benefit pension, you'll receive it for your lifetime. No continuing monthly benefit will be payable after your death.

Your one-time death benefit recipient, however, will receive the monthly retirement benefit that accrued but was not paid during the month of your death, plus any contributions and interest in your Defined Benefit account not already paid to you in benefit payments.

In addition, your one-time death benefit recipient will receive any contributions and interest in your Defined Benefit Supplement account not already paid to you in benefit payments. If you elected a Member-Only Annuity for your Defined Benefit Supplement distribution, your one-time death benefit recipient will receive the monthly annuity payment that accrued but was not paid during the month you died.

## Member Death After Retirement Example

### Member-Only Benefit

Elaine had been retired for 10 years at the time of her death on the 15th of the month. Elaine's monthly benefit was \$950. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death.

The amount payable to Elaine's recipient would be calculated as follows:

Contribution and interest balance at retirement	\$ 35,000
Less retirement benefit paid	- \$ 115,000
Remaining contributions and interest	0
Accrued monthly benefit during the month of death (½ month x \$950)	\$ 475
Current one-time death benefit	\$ 6,163
<b>Total Payable</b>	<b>\$6,163 + \$475</b>
	<b>\$ 6,638</b>



## Your Disability Benefits

As a member of the Defined Benefit Program, you have disability protection under one of the CalSTRS disability benefit programs: Coverage A (disability allowance) or Coverage B (disability retirement). Find your coverage on your *Retirement Progress Report*.

You may be eligible for a disability benefit if you meet:

- The eligibility requirements, including age, service credit and timelines for application and medical documentation.
- The definition of disabled as established for CalSTRS in the California Education Code and have a medically determined physical or mental impairment that is permanent or expected to last at least 12 continuous months. The impairment must prevent you from performing:
  - » Your usual duties with or without reasonable modification from your employer.
  - » Duties of a comparable level to your usual duties, which you are qualified for or can become qualified for in a reasonable period of time with education, training or experience.
  - » Employment at a comparable level at which you can earn at least 66⅔ percent of your final compensation.

If you were disabled while on active military duty and are unable to return to CalSTRS-covered employment, you may apply for a CalSTRS disability benefit if you meet the other eligibility requirements.

You can apply for service retirement and disability at the same time if you are otherwise eligible to service retire. This will enable you to receive a monthly retirement income while your disability application is being evaluated.

- You'll find the *Disability Benefits Application* in *Your Disability Benefits Guide* at [CalSTRS.com/publications](http://CalSTRS.com/publications).

### Applying for a Disability Benefit

If you're considering applying for a disability benefit, learn about your choices and important considerations. For instance:

- If you return to work and later retire, your benefit will be calculated differently than if you had not received a disability benefit.
- If you're age 55 or older and have 25 years or more of service credit, you may want to consider a service retirement instead of a disability benefit.

A benefits counselor can help you make an informed decision. When scheduling an interview, let the scheduling coordinator know you wish to discuss a disability application.

- [CalSTRS.com/counseling](http://CalSTRS.com/counseling)

### Coverage A or Coverage B

You have disability benefits under Coverage A or Coverage B. If you became a CalSTRS member on or after October 16, 1992, you are covered under Coverage B. If you were a CalSTRS member on or before October 15, 1992, you remain under Coverage A unless you elected Coverage B before April 1993.

You should apply for a disability benefit before you exhaust the other benefits available to you.

## Steps in the Disability Application Process

**Before beginning the disability application process, talk with a CalSTRS benefits counselor. However, if you cannot talk with a counselor right away or if you prefer not to talk to a benefits counselor, do not delay submitting your application. The date CalSTRS receives your application can affect your eligibility, the effective date of your benefit, or both. You may talk to a benefits counselor any time during the process and withdraw your application later, if you choose to do so.**

### Steps in the application process include:

1. Request the *Your Disability Benefits Guide* booklet, which includes the *Disability Benefits Application* or find the booklet and application online at CalSTRS.com.
2. Submit your completed application and any pertinent documents to CalSTRS in person, by fax or by mail. The date CalSTRS receives your application may establish your benefit effective date. If approved, your disability benefit will go into effect on whichever date occurs later:
  - » The first day of the month CalSTRS receives your completed application.
  - » The day after your last day of compensation, including sick leave and subdifferential pay.
3. CalSTRS receives and acknowledges receiving your disability application.
4. CalSTRS reviews your application and eligibility and mails you requests for medical and other required documents.
5. CalSTRS receives your information and sends follow-up requests for missing or additional documents.
6. CalSTRS verifies the employment information you provided in your completed application.
7. CalSTRS notifies you if an independent medical examination or an independent vocational evaluation must be scheduled.
8. CalSTRS reviews all the information submitted and determines if you qualify for a disability benefit.
9. CalSTRS sends you written notification when we reach a decision on your application.

Don't delay submitting your application while waiting for your medical documents. You may submit medical documents after CalSTRS receives your application.

## Reasonable Accommodation

Sometimes modifications in your work environment can enable you to continue working. Making such adjustments is known as reasonable accommodation. Federal and state laws require employers to make reasonable accommodations for employees. CalSTRS may require you to request reasonable accommodation from your employer as a condition for receiving a disability benefit.

If you have questions about reasonable accommodation, contact your school district.

## When to Apply

You can submit the *Disability Benefits Application* while you're working or receiving sick leave or subdifferential pay from your employer. Your disability benefit effective date cannot be earlier than the first day of the month CalSTRS receives your application, but it must be later than the last day of service for which you are paid.

You should apply for a disability benefit before you exhaust other benefits available to you.

You can submit an application if you're not working if you meet one of the following conditions:

- You apply within four months of terminating your CalSTRS-covered employment unless termination was due to a change of position and subsequent election of membership in the California Public Employees' Retirement System and you're not yet vested in CalPERS.
- You apply within four months of your last day of actual performance of service if you're on a personal leave of absence.
- You apply within 12 months of your last day of actual performance of service if you're on an employer-approved leave to study at an approved college or university.
- You have been physically or mentally incapacitated from performing service, and the incapacity has been continuous from your last day of actual performance of service.

For more information, visit [CalSTRS.com](http://CalSTRS.com) or contact CalSTRS to request a disability interview with a benefits counselor. Conservators, guardians or others caring for a physically or mentally incapacitated CalSTRS member are also encouraged to contact us to determine if the member qualifies for disability benefits.

## The Application Review Process

Processing times vary depending on individual cases. To avoid processing delays, submit a complete and properly signed application. You'll need to provide additional information such as medical records, hospital reports and employer-related information. You are responsible for submitting the medical documents and paying any fees charged for providing information to us.

If additional medical information is necessary, CalSTRS may schedule an independent medical examination. We will notify you if this is necessary and pay for the examination and any reasonable related costs.

You can apply for service retirement and disability at the same time if you're eligible to retire, so you may receive a monthly retirement income while your disability application is being evaluated. See next page.

## Service Retirement During Evaluation of a Disability Application

If you're eligible to retire from service, you may wish to receive a service retirement benefit while your application for disability benefits is being evaluated. To learn more, visit [CalSTRS.com](http://CalSTRS.com) or contact us for the booklet, *Your Disability Benefits Guide*, which includes the *Disability Benefits Application* and important considerations.

If your application for disability is approved, your service retirement benefit will be canceled and retroactively converted to a disability benefit.

### Important Things to Consider

Before you apply for a service retirement benefit while your disability benefit application is being evaluated, consider the following:

- You'll remain retired from service if your application for disability is rejected.
  - The election that you make for your service retirement benefit will remain in effect if your application for disability is not approved. For example, if you elect a Member-Only Benefit and begin receiving a service retirement benefit, your Member-Only Benefit will continue.
  - You must make the same disability Defined Benefit Supplement distribution election that you made for your service retirement Defined Benefit Supplement distribution election, with certain exceptions.
- If you receive a service retirement benefit while your disability application is being evaluated, you will:
    - » Not be eligible to participate in the Reduced Benefit Election.
    - » Not receive credit for unused sick leave before an evaluation is made regarding your application for disability. If your application for disability is rejected, your service retirement benefit will be recalculated to include your eligible unused sick leave, adjusted to the effective date of your service retirement.
  - If you receive a service retirement benefit during evaluation of your application and you die before a determination is made, any subsequent benefits payable will be based on your service retirement elections.
  - If your application is rejected and you remain on service retirement, you will not be eligible to reapply for a disability benefit unless you terminate your service retirement, return to CalSTRS-covered employment and earn one year of service credit. In that case, any physical or mental conditions known to exist when you return to active membership may be considered pre-existing conditions, and you would not be able to apply for a disability benefit for those conditions if they remain substantially unchanged.
  - If your application for a disability benefit is rejected, you still may be eligible to request an administrative appeal.

## Independent Vocational Evaluation

An independent vocational evaluation may be required to determine if you can perform your essential core duties at a comparable level. Duties of a comparable level are defined as any job you may be qualified to perform that will provide earnings of 66⅔ percent or more of your indexed final compensation.

The independent vocational evaluation usually begins with an interview with a vocational consultant. The consultant will discuss your job history and residual functional capabilities and limitations. Your employer may be interviewed to determine if your job can be modified and to see if reasonable accommodation would allow you to continue working.

## Notification

CalSTRS will notify you in writing after we reach a decision on your disability application.



## Application Approval

If we approve your disability application and you're still working, you must stop working before we can begin paying your benefits. If you do not stop working within 90 days of being notified of the approval, CalSTRS will reverse the approval and reject your application.

You should receive your first disability benefit payment within 45 days after we receive all necessary information. The payment will include any retroactive disability payments due. After receiving your first payment, you'll receive a regular disability payment on or about the first day of each month. We will notify your employer that your application was approved.

## Prescribed Treatment Program

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a prescribed treatment program developed by your attending physician.

## Limited-Term Disability Benefits

If your condition is expected to improve with mental, physical or vocational rehabilitation, you may be approved for limited-term disability benefits. These benefits are granted for a specific time period and can be renewed if your condition does not improve.

## Vocational Rehabilitation Program

The CalSTRS Rehabilitation Program provides services to certain members receiving a disability benefit. If CalSTRS determines you are a potential candidate for its rehabilitation program, a vocational consultant will conduct an independent vocational evaluation to assess your current capabilities and limitations. The consultant will work with you to develop a rehabilitation plan with the goal to help you return to a comparable level of employment.

You are required to make a good faith effort in developing a rehabilitation plan. Upon approval of your plan, CalSTRS will pay reasonable costs for tuition, fees, books and materials related to a college or vocational training program, transportation, job placement assistance and other activities that prepare you to return to a comparable level of employment.

If your medical condition worsens and you cannot continue your vocational rehabilitation program, your benefit will not be terminated.

## Benefits to Survivors

If you are approved for a disability benefit and die before receiving notification of your approval, any subsequent benefits will be paid as if you had died while receiving a disability benefit.

## Application Rejection

If your disability application is rejected, CalSTRS will send you a letter explaining the reason and your right to reapply, request a review or appeal.

## Reapply

If you have additional or new information you did not submit in your original application, you may be able to reapply. Your benefit effective date then will be based on the date we receive your second application or your last day of compensation, whichever is later.

If you receive a service retirement benefit during evaluation of your disability application, you will not be eligible to reapply. Once you retire from service, you're no longer eligible to apply for a disability benefit.

## Executive Review and Right to Appeal

An Executive Review is an internal, high-level review of your application and the initial decision. Not every case merits an Executive Review. If you are not satisfied with the outcome of the Executive Review, you may request an administrative appeal.

- See “Your Rights—The Appeals Process,” page 110.

## Coverage A Disability Benefit

The Coverage A disability benefit (disability allowance) is generally 50 percent of final compensation.

The Coverage A disability benefit will be paid as long as you remain disabled or until you reach age 60. At age 60, your disability benefit will end and you must apply for service retirement to receive a monthly benefit. Your disability benefit may continue beyond age 60 only if you have eligible dependent children and remain disabled.

To qualify for a disability benefit under Coverage A, you must meet the following requirements:

- You must be under age 60.
- You must have five or more years of service credit. (If you were the victim of an unlawful act on the job, you may qualify for a disability benefit with one year of service credit. For more information, contact us.)
- Your last five years of service credit must have been performed in California. Four of the five years of service credit must be for actual performance of creditable service. You must have earned at least one year of service credit following a service retirement termination, or following the most recent refund of your accumulated contributions.

If you plan to reinstate to active member status, first make an appointment with a CalSTRS benefits counselor to discuss important considerations, including how your future benefits may be affected.

## Benefit Increase for Eligible Dependent Children

If you have eligible dependent children, you'll receive an additional 10 percent of final compensation for each child, up to an additional 40 percent.

A child is considered to be your dependent if he or she is all of the following:

- Not married or registered as a domestic partner.
- Is your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born within the 10-month period beginning on the benefit effective date of your disability benefit.
- Under age 22.
- Financially dependent on you on your disability benefit effective date.

When your child reaches age 22, marries, registers as a domestic partner or dies, your monthly benefit will be reduced by that child's portion.

## Defined Benefit Supplement Distribution

If you are approved to receive a disability benefit under Coverage A, you will receive the balance of your Defined Benefit Supplement account. If your balance is \$3,500 or more, you can choose from one of several Member-Only annuity choices.

- See "Your Defined Benefit Supplement Distribution," page 63.

## Reductions to Your Disability Benefit

Your monthly Coverage A disability benefit, including the amount received for eligible dependent children, will be reduced by payments from other public systems, including:

- Workers' compensation.
- Social Security disability.
- Federal military disability.
- Employer-paid income protection plans.
- Other disability programs financed with public funds.

## Periodic Review

CalSTRS will periodically review your medical and work status for continuing eligibility for disability benefits. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry about other disability benefits.

As part of the review, CalSTRS may ask you to verify your earnings with documentation from the Employment Development Department, your employer and your tax returns.

Notify us if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in benefits from another public agency or the benefits end.
- Have a child who reaches age 22, or marries or becomes a registered domestic partner, or dies.

## Preretirement Election of an Option

A preretirement election of an option may be available if you want to ensure a monthly lifetime income to someone if you should die before retirement. If you are approved for a disability benefit under Coverage A after making a preretirement election, you may maintain your preretirement election. If you're not eligible to elect a preretirement option at the time you apply for disability benefits, you may make a preretirement election of an option while receiving a disability benefit after reaching age 55.

- See "Protecting Your Survivor With a Lifetime Benefit," page 59.

A survivor benefit under Coverage A will not be payable if you made a preretirement election of an option. Instead, your option beneficiary will receive a lifetime benefit based on your preretirement election of an option.

- See "Survivor Benefits," page 85.

Keep CalSTRS informed of events that may affect your eligibility.

## Transitioning to Service Retirement at Normal Retirement Age

Approximately six months before normal retirement age, we will notify you of the pending termination of your disability benefit and your eligibility to apply for service retirement. The notification includes an estimate of your service retirement benefit and the *Service Retirement Application*. If you still have eligible dependent children, you'll continue to be eligible for a disability benefit.

Before calculating your service retirement benefit, we'll project your service credit through the duration of your disability. The final compensation used for your disability benefit will be projected forward at the rate of 2 percent per year. Your retirement benefit will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement benefit or the disability benefit you were receiving before your 60th birthday, whichever is less.

You also may elect the Modified Benefit for your service retirement benefit by naming an option beneficiary. If you have a preretirement election of an option on file, you may change your option election when you transition to service retirement. However, if you do make a change, your service retirement benefit will be subject to an assessment.

### Single-Month Earnings Limit

Margaret has a base disability benefit of \$1,500 and employment earnings of \$2,075 in a single month. Her employment earnings plus her disability benefit exceed 100 percent of her indexed final compensation (\$3,100).

\$1,500	Disability benefit and annual benefit adjustments
+ 2,075	Monthly employment earnings
= 3,575	Total monthly income
- 3,100	Indexed final compensation
= \$475	Overpayment, which CalSTRS will recover

### Six-Month Earnings Limit

Bob earns \$2,075 monthly from employment earnings over any continuous six-month period.

\$3,100.00	Indexed final compensation
x .66667	66 $\frac{2}{3}$ %
x 6	Months
= \$12,400.06	6-month earnings limit
\$2,075.00	Monthly employment earnings
x 6	Months
= \$12,450.00	6 months employment earnings
- \$12,400.06	6-month earnings limit
= \$49.94	Earnings in excess of 6-month earnings limit, which CalSTRS will recover

In addition, Bob's disability benefit will be terminated.

**Coverage A Earnings Limits** You can earn income while you're receiving a Coverage A disability benefit. You can teach under certain employer conditions, but you cannot earn CalSTRS service credit or contribute to CalSTRS while receiving a disability benefit. Two earnings limits apply:

**Single-Month Earnings Limit** Your disability benefit, including cost of living adjustments but not including any child's portion or restrictions for other public benefits, plus your earnings from all employment is compared to your indexed final compensation. A comparison is made to determine if your earnings exceed the single-month earnings limit. If your earnings exceed the limit, the excess amount is considered an overpayment and CalSTRS will collect it back by deducting 15 percent of future benefit payments until paid in full.

**Six-Month Earnings Limit** CalSTRS makes a separate calculation that compares your earnings to 66 $\frac{2}{3}$  percent of your indexed final compensation. If your average earnings over a continuous six-month period exceed 66 $\frac{2}{3}$  percent of your indexed final compensation, you are no longer considered disabled. Your disability benefit will be terminated, effective on the first day of the month following the six-month period. Any benefit payments made after this termination date will be recovered by CalSTRS from the total benefit or any subsequent benefits.

Both limits apply to all earned income. The earnings limits are initially based on your final compensation. In subsequent years an index factor, developed from the average salary increase of all CalSTRS active members, is used to determine indexed final compensation. Indexed final compensation serves as a measure of current salaries.

**You must provide CalSTRS with an annual report of your gross earnings from all employment.**



## Coverage A Disability Benefit

### Examples

Your final compensation must be determined before your monthly disability benefit can be calculated. Service credit is used to determine your monthly benefit when you have fewer than 10 years of service credit and you are between the ages of 45 and 60.

#### Disability Benefit

##### More than 10 years of service, with children

Charles is granted disability benefits with a benefit effective date of July 1. Charles has one child eligible for benefits, and he receives \$300 a month from workers' compensation.

#### Alternative Formula

##### Fewer than 10 years of service, with children

Sharon is granted disability benefits with a benefit effective date of January 1. She has 8.072 years of service credit and is between age 45 and 60. She has two eligible children and receives \$300 a month from workers' compensation.

Charles: Coverage A Disability Benefit—More Than 10 Years			Sharon: Coverage A Disability Benefit—Fewer Than 10 Years		
<b>Step A: Final Compensation</b>			<b>Step A: Final Compensation</b>		
Highest 36 consecutive months average annual compensation earnable			Highest 36 consecutive months average annual compensation earnable		
7/1/12 to 6/30/13 (12 months)		\$52,430	7/1/12 to 12/31/12 (6 months)		\$25,950
7/1/11 to 6/30/12 (12 months)		\$49,850	7/1/11 to 6/30/12 (12 months)		\$49,256
7/1/10 to 6/30/11 (12 months)		\$47,700	7/1/10 to 6/30/11 (12 months)		\$46,624
<b>Final Compensation</b>		<b>= \$4,166.11</b>	<b>Final Compensation</b>		<b>= \$3,863.75</b>
\$149,980 (36 months total) ÷ 36 months			\$139,095 (36 months total) ÷ 36 months		
<b>Step B: 50% Formula</b>			<b>Step B: Alternate Formula</b>		
1. Final Compensation x 50%	\$4,166.11 x 50%	\$2,083.06	Number of years of service credit	8.072	
2. Eligible dependent children (1 child @ 10%)	10% x \$4,166.11	+ \$416.61	1. Service Credit x 5% x Final Compensation	8.072 x 5% x \$3,863.75	\$1,559.41
3. Monthly benefit before offset for other public benefit	\$2,083.06 + 416.61	= \$2,499.67	2. Eligible dependent children	2 x 10% x \$3,863.75	+ \$772.75
4. Less benefit payable from another public system (workers' compensation)		- \$300.00	3. Monthly benefit before offset for other public benefit	\$1,559.41 + \$772.75	= \$2,332.16
5. Adjusted Monthly Benefit		<b>= \$2,199.67</b>	4. Less benefit payable from other public system (workers' compensation)		- \$300.00
			5. Adjusted Monthly Benefit		<b>= \$2,032.16</b>

## Benefit Reduction

If you receive both a Coverage B disability benefit and a disability benefit under a workers' compensation program for the same impairment, your CalSTRS benefit will be reduced by an amount equal to your workers' compensation benefit.

## Coverage B Disability Benefit

The Coverage B disability benefit (disability retirement) is 50 percent of your final compensation. Your final compensation must be determined before your monthly benefit can be calculated and may be reduced for periods of part-time employment. Service credit is not a factor in determining your disability retirement benefit. (See example on next page.)

You will not receive service credit while you receive a disability retirement benefit. Your benefit will continue to be paid as long as you remain disabled, without respect to age. If we determine you are no longer disabled, your disability benefit will be terminated.

If you plan to reinstate to active member status, first make an appointment with a CalSTRS benefits counselor to discuss important considerations, including how your future benefits may be affected.

To apply for a Coverage B disability benefit, you must meet the following requirements:

- You must have five or more years of service credit. (If you were the victim of an unlawful act on the job, you may qualify if you have one year of service credit. To learn more, contact us.)
- Your last five years of service credit must have been performed in California. Four of the five years of credit must be for actual performance of creditable service. At least one year of service credit must have been earned after one of the following:
  - » Receiving a disability benefit.
  - » Service retirement.
  - » The most recent refund of your accumulated contributions.

There are no age restrictions.

## Option Beneficiary

An option is a plan feature that allows you to distribute your Coverage B disability benefit over your lifetime and the lifetime of your beneficiary or beneficiaries after your death. An option provides a reduced disability benefit based on a percentage of the Member-Only Benefit level. Your Member-Only Benefit will be adjusted depending on the option you elect, your age and the age of your beneficiaries.

A Member-Only Benefit is usually the highest monthly CalSTRS benefit you can receive. Upon your death, your Member-Only Benefit will stop. It does not provide for a monthly benefit to a survivor after your death.

Option factor tables for disability are not included in this handbook. Contact a CalSTRS benefits counselor for an estimate of your benefit and the benefit of your beneficiaries under each of the options.

## Increased Benefit for Eligible Dependent Children

If you have eligible dependent children, each child's portion will be 10 percent of your final compensation up to an additional 40 percent. If you have more than four children, each child will share equally in the maximum benefit of 40 percent. The maximum benefit you can receive, including portions for eligible dependent children, is 90 percent of your final compensation.

Your child is eligible if he or she is all of the following:

- Your natural, adopted or stepchild, and is not adopted by anyone other than your spouse or registered domestic partner.
- Born no later than 10 months after the effective date of your disability benefit.
- Under age 21.
- Financially dependent on you on the effective date of your Coverage B disability benefit.

When your child reaches age 21, your monthly benefit will be reduced by that child's portion. Your children's CalSTRS benefits are not affected if you receive other benefits.

### Coverage B Disability Benefit Calculation

Jack is granted a Coverage B disability benefit with an effective date of September 1. He has three eligible dependent children. Jack has elected to receive a Member-Only Benefit. He is not eligible for workers' compensation.

Step A: Final Compensation		
36 consecutive months compensation earnable		
7/1/13-8/31/13 (2 months)		\$5,727.30
7/1/12-6/30/13 (12 months)		\$33,099.00
7/1/11-6/30/12 (12 months)		\$30,375.60
9/1/10-6/30/11 (10 months)		\$24,908.30
<b>Final Compensation</b>		<b>= \$2,614.17</b>
\$94,110.20 (36 months total) ÷ 36 months		
Step B: Calculate Disability Benefit		
1. Final Compensation x 50%		= \$1,307.09
= Member-Only Benefit (\$2,614.17 x 50%)		
2. Benefit payable from workers' compensation		- \$0.00
3. Number of eligible children	(3 x 10% x \$2,614.17)	+ \$784.25
<b>4. Adjusted Monthly Benefit</b>		<b>= \$2,091.34</b>

Keep CalSTRS informed of events that may affect your benefit eligibility. If you do not respond to requests for information, CalSTRS may terminate your benefits.

## Defined Benefit Supplement Distribution

If you are approved to receive a Coverage B disability benefit, you will receive the balance of your Defined Benefit Supplement account. If your balance is \$3,500 or more, you may choose to receive your funds as an annuity.

- See "Your Defined Benefit Supplement Distribution," page 63.

## Preretirement Election of an Option

If you made a preretirement election of an option before being eligible for a disability benefit under Coverage B, your preretirement election will be voided as of the effective date of your approved disability benefit and the Member-Only Benefit or Modified Benefit you elected on your *Disability Application* will become effective.

We recommend you make an appointment with a benefits counselor at [CalSTRS.com/counseling](http://CalSTRS.com/counseling) to help you understand your disability coverage.

## Earnings Limit

You can earn income after you begin receiving a disability Coverage B benefit. You can teach under certain employer conditions, but you are not allowed to earn CalSTRS service credit or contribute to CalSTRS while receiving a disability retirement benefit. Your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are participating in an approved CalSTRS rehabilitation plan.

CalSTRS retirement benefits will be reduced dollar-for-dollar by the total amount of earnings from all employment in excess of the 12-month calendar year limit. You will be required to provide CalSTRS with an annual report of your gross earnings from all employment. The Employment Development Department and your employer will verify your reported earnings.

The 2014 calendar year earnings limit is \$27,900. The limit is determined early each calendar year.

## Periodic Review

CalSTRS will periodically review your medical and vocational status to determine your continuing eligibility. This review will include:

- Medical reports from your doctor.
- Your annual earnings from all employment.
- An annual inquiry about other disability benefits.

As part of the review, CalSTRS may ask you to verify your earnings with documentation from your employer's W-2 forms and your tax returns.

Notify CalSTRS if you:

- Return to employment or become self-employed.
- Change your address.
- Receive a change in workers' compensation benefits.

## Tax Information and Legal Matters

This section covers tax information and legal matters that affect your benefits.

### Income Tax Withholding

Under federal and California law, CalSTRS will withhold income tax from the taxable portion of your benefit unless you choose not to have taxes withheld. To do that, you must complete an *Income Tax Withholding Preference Certificate* (included in the *Service Retirement Application*). View and update your tax withholding preferences on *myCalSTRS*. Elections made the first of the month are effective immediately.

You may also request a change to your income tax withholding by completing the *Income Tax Withholding Preference Certificate* form. Your election will take effect within 60 days after CalSTRS receives your form.

If you do not have taxes withheld or if you do not have enough taxes withheld, you may need to make estimated tax payments. Generally, your withholding or estimated tax payments, or the total of both, must cover at least 90 percent of your total tax liability for the current year. If you fail to meet the 90 percent limit, you may have to pay penalties.

A portion of your benefit may not be taxable if you made previously taxed contributions to CalSTRS during your career. CalSTRS uses the Simplified Method established by the IRS to determine the taxable portion of your benefit. You may use any acceptable method when reporting to the IRS.

- See *Pension and Annuity Income*, IRS publication 575, available at [irs.gov](http://irs.gov) or *Pension and Annuity Guidelines*, FTB publication 1005, from the California Franchise Tax Board at [ftb.ca.gov](http://ftb.ca.gov).

### Periodic Payments

Unless you choose not to withhold taxes or specify different income tax withholdings, CalSTRS will withhold income tax on your periodic payments—those payments you receive in installments at regular intervals—as if you were married with three allowances.

### Eligible Rollover Distributions

CalSTRS withholds income tax from eligible rollover distributions made to you, including a one-time lump-sum distribution, the one-time death benefit or the benefit accrued and unpaid on the date of death of a CalSTRS benefit recipient (non-periodic payments). Federal tax withholding from eligible rollover distributions is mandatory and set at 20 percent. If you choose to have California state income tax withheld, CalSTRS will withhold at 2 percent.

- See the *Tax Considerations for Rollovers* booklet, available at [CalSTRS.com](http://CalSTRS.com).

Your election will take effect within 60 days after CalSTRS receives your updated form. Tax withholding preferences made using your *myCalSTRS* account will be effective sooner.

## Tax Withholding for Out-of-State Residents

Under federal law, if you're not a California resident, you are not subject to California state tax. However, your CalSTRS benefits may be subject to taxes in the state where you live. CalSTRS cannot withhold taxes for another state.

In addition, CalSTRS will not withhold California state income taxes from your benefit payment if you live outside California unless you complete the *Income Tax Withholding Preference Certificate*.

If you or your beneficiaries reside outside the U.S. or its possessions, CalSTRS must withhold federal income tax from your payments.

Contact the IRS, the California Franchise Tax Board or a qualified tax adviser for information relevant to your individual situation. For general information on withholding tax from CalSTRS benefits, go to CalSTRS.com.

## Internal Revenue Codes Affecting Benefits

### Section 401(a)(9)

Internal Revenue Code section 401(a)(9) and the California Education Code require CalSTRS to begin a minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 70½, provided you're no longer performing CalSTRS creditable service. For example, if your birthday is October 5, you would turn 70½ on April 5, so you would have until April 1 of the following year before you would be required to take a minimum distribution.

If you're age 70½ or older and no longer working in a CalSTRS-covered position and request a 100 percent rollover of your account balance based upon the IRC regulation above, CalSTRS will calculate and pay your minimum distribution directly to you and rollover any remaining funds. The rollover will be considered a complete rollover, even though 100 percent of your account balance was not rolled over.

CalSTRS is not required to begin distribution of your account if:

- You're currently employed in a CalSTRS-covered position.
- Your current employment is covered by, or you are retired from, another public retirement system.
- See "Retiring From More Than One Public Retirement System," page 43.

CalSTRS sends courtesy notification letters twice to both active and inactive members regarding the required minimum distribution: The first letter is sent the month after you reach age 69; the second is sent the month after you reach age 70. Be sure CalSTRS always has your current mailing address.

If you're rolling over your payments from your Defined Benefit Supplement period-certain annuity of three to nine years and turn 70½ before the annuity payments end, your annuity rollover payments will end with the December payment, the year before you turn 70½. You're not eligible to roll over funds once you reach 70½, even if there are remaining years for your period-certain annuity. Any remaining annuity payments will automatically become direct payments. CalSTRS is required to withhold 20 percent for federal tax and 2 percent for California state tax from the direct payments.

Employers may offer their employees a defined contribution plan, such as CalSTRS Pension2, for contributions on excess compensation.

The IRS may impose an excise tax of 50 percent of the minimum required distribution if you receive less than the minimum required distribution for a taxable year. Contact the IRS or your tax professional for details.

### Section 401(a)(17)

Internal Revenue Code section 401(a)(17) limits the compensation that can be used to provide a CalSTRS benefit. The compensation limit applies if you became a CalSTRS member or Cash Balance participant on or after July 1, 1996. For calendar year 2014, the compensation limit is \$260,000. Any compensation in excess of this limit is not creditable compensation, and neither your employer's nor your contributions to the Defined Benefit Program, the Defined Benefit Supplement Program or the Cash Balance Benefit Program should be paid to CalSTRS on the excess amount.

- **CalSTRS 2% at 62:** The limit on creditable compensation is lower than that required by IRC section 401(a)(17). The limit on creditable compensation that may be counted toward your CalSTRS retirement benefit formula is 120 percent of the 2013 Social Security wages, which is \$136,440 for 2013–14. The cap is adjusted annually based on changes to the Consumer Price Index for All Urban Consumers: U.S. City Average.

### Section 415

Internal Revenue Code section 415 limits the benefits that can be paid by CalSTRS. Benefits are limited to an absolute dollar amount that is indexed for inflation. For calendar year 2014, the Internal Revenue Code dollar limit is \$152,886 at age 60. The limit is lower below age 60 and higher above it. However, the IRC limit serves as a general guideline. There are other considerations that could make you subject to the provisions of IRC 415.

Currently, few CalSTRS members have been, or are likely to be, affected by the limits of section 415. Once we receive your *Service Retirement Application*, we will notify you if your benefit will be affected by the section 415 benefit limit. Consistent with federal law, CalSTRS has established the Replacement Benefits Program from which benefits in excess of the section 415 limits can be paid. If your benefit is limited by section 415, you will receive an additional separate payment from the Replacement Benefits Program.

- **CalSTRS 2% at 62:** The Replacement Benefits Program is not available.

### CalSTRS Right to Recover Costs

When a third party causes you to be injured or die before you retire and you or your family pursues civil litigation, CalSTRS must be informed. We have the right of subrogation to recover an amount equal to the actuarial equivalent of benefits paid under the plan because of your injury or death.

### Power of Attorney

You can arrange to have a third party manage your CalSTRS benefits if or when you become incapacitated and can no longer manage your financial affairs, including your CalSTRS account and benefits. That authority could extend to changing your mailing address, instituting or changing direct deposit authorizations, and changing tax withholding preferences.

A durable power of attorney is the most common method used to delegate authority to act on your behalf. This document permits you to act as a principal and appoint an agent. The document also identifies the extent of authority granted to your agent as well as when that authority becomes effective. A durable power of attorney can be drafted by an attorney or purchased as a commercially available fill-in-the-blank form.

In addition, we may require an agent to execute an affidavit affirming the agent's authority under the durable power of attorney. For the agent's convenience, the CalSTRS form, *Declaration of Attorney in Fact*, can be completed by the agent each time he or she makes a request.

## **Your Rights—The Appeals Process**

Any person or entity who disagrees with a decision by the director of a CalSTRS program area may request a review of that decision by the program's executive. If you disagree with the program executive's determination, you may request an administrative hearing, and an administrative law judge will issue a Proposed Decision. The Teachers' Retirement Board considers the Proposed Decision and makes the final CalSTRS decision. A brief description of the appeals process follows. It is not intended to take the place of the law, regulations or the written procedures for the appeals process.

### **Requesting an Executive Review**

If you disagree with a decision by the director of a CalSTRS program area, you may request a review by the program's executive (Executive Review) within 45 days of the date of the letter informing you of the CalSTRS decision. According to state regulations, your request for an Executive Review must include a statement of all facts, any basis in the Education Code or other law that you believe is relevant, and any other pertinent information to dispute the decision.

### **Requesting a Hearing**

Once the determination has been issued, or you are informed that there will be no Executive Review, you may request a hearing before an administrative law judge at the Office of Administrative Hearings within 90 days of the date of the letter informing you of the CalSTRS determination.

The Office of Administrative Hearings will schedule the hearing and notify all parties regarding the time, date and location. The hearing is a full evidentiary hearing, meaning witnesses may be called. CalSTRS may be represented by the state attorney general or in-house counsel. You may be represented by an attorney or you may represent yourself. Following the hearing, the administrative law judge will submit a Proposed Decision to CalSTRS. CalSTRS will provide all parties with a copy of the Proposed Decision within 30 days.

### **Proposed Decision and Further Action**

The Proposed Decision of the administrative law judge is not the final decision. The Teachers' Retirement Board must decide whether or not to adopt the Proposed Decision within 100 days of receiving it. If the board takes no action, the proposed decision automatically becomes the decision.

When you receive your copy of the Proposed Decision, you'll be given the date that the Appeals Committee will act on your case, staff recommendations regarding your case, and procedures for submitting further written argument.

If the Appeals Committee adopts the Proposed Decision, then that is CalSTRS' final decision. If the Appeals Committee does not adopt the Proposed Decision, it must either send it back to the administrative law judge or decide the matter itself at a future meeting of the committee.



If you're dissatisfied with the boards' Appeals Committee's decision, you may ask the committee to reconsider its decision or you may appeal to Superior Court. You'll be notified of this right when you receive your copy of the Appeals Committee's decision shortly after the hearing takes place.

## Community Property Considerations

If you have been, or are currently going, through a divorce, legal separation or termination of a registered domestic partnership, your current or former spouse or partner may have a community property interest in your CalSTRS benefits. You may need to refer to your settlement agreement or contact an attorney for legal advice.

Your court order may address the CalSTRS benefits and might specify that your former spouse or partner is entitled to a share of each of your accounts and benefits, including death benefits. If you think your former spouse may be entitled to a community property share of your benefits, you can submit your judgment of dissolution and marital settlement agreement to the CalSTRS Community Property office for review. However, CalSTRS cannot provide you with legal advice.

It is important to know that a dissolution of marriage, legal separation or termination of a registered domestic partnership can invalidate the one-time death benefit designation of a former spouse or partner. However, the designation of any additional beneficiaries named on your *Recipient Designation* form (*One-Time Death Benefit Recipient* form) may remain valid. Be sure to update your designation to assure your current election wishes are on file with CalSTRS.

If you choose to have your former spouse as your one-time death benefit recipient, you must submit a new *Recipient Designation* form after your marital termination date and indicate the proper relationship status.

➤ See the *CalSTRS Community Property Guide* at [CalSTRS.com](http://CalSTRS.com).

## Overpayments

Overpayments occur from time to time. If you (or a benefit recipient on your account) receive an overpayment, you will receive a letter from CalSTRS with the amount of the overpayment and how we will recover the money. Early in retirement, the most common reasons for an overpayment are benefits that were based on estimated service credit or salary, or an incorrect last day of employment. Amounts due CalSTRS will also occur if you earn more than the annual earnings limit while receiving a benefit.

CalSTRS typically will deduct overpayments from your monthly benefit at a rate of 5 percent of your benefit until the entire amount is paid in full. However, if the overpayment was made because you provided inaccurate information or failed to provide information affecting your benefit status, we will deduct the overpayment at a rate of 15 percent of your benefit until the entire amount is paid in full.

If you return to CalSTRS-covered employment in the first 180 calendar days of your most recent retirement (and you do not reinstate), you will be subject to the zero-dollar earnings limit/separation-from-service requirement. CalSTRS will deduct all of your excess earnings from your monthly benefit up to your benefit amount payable during that period. If you earn more than the annual postretirement earnings limit during the fiscal year, we will deduct all of

the excess earnings from your monthly retirement benefit up to your total annual retirement benefit amount, minus any previous reduction to your benefit due to the zero-dollar earnings limit. You may also contact CalSTRS to request alternative payment arrangements.

If an overpayment is due to intentional misrepresentation of facts, or fraud by you, these collection methods do not apply, and CalSTRS will recover the amounts due by any means authorized under the law.

### **Benefit Forfeiture for Felony Convictions**

Under the California Public Employees' Pension Reform Act of 2013, if you are convicted of a felony committed in connection with your job, you will forfeit all of your retirement benefit earned or accrued after the commission of the felony but not benefits accrued prior to the commission of the felony.

CalSTRS will return any contributions you made after that date, without interest. After being convicted, you and the prosecuting agency must notify your employer within 60 days of your conviction, and your employer must notify CalSTRS within 90 days of your conviction.

If your conviction is overturned, you can either receive the forfeited benefits or redeposit the returned contributions, with interest.

# Glossary

## A

### Age Factor

The percentage of your final compensation that you will receive as a retirement benefit for every year you work. The age factor is based on your age on the last day of the month in which your retirement is effective.

#### **CalSTRS 2% at 60:**

The age factor at age 60 is 2 percent. The maximum age factor is 2.4 percent. The age factor gradually decreases to 1.1 percent at age 55 if you retire before age 60, and increases to the maximum 2.4 percent at age 63 if you retire after age 60.

For example, if you retire at age 60 and have 20 years of service, you will receive 2 percent (your age factor at age 60) of your final compensation multiplied by the 20 years you worked, or 40 percent of your final compensation (2 percent x 20).

#### **CalSTRS 2% at 62:**

The age factor at age 62 is 2 percent. The age factor gradually decreases to 1.16 percent at age 55 if you retire before age 62 and increases to the maximum 2.4 percent at age 65 if you retire after age 62.

### Additional Earnings Credit

A percentage increase to the account balance of Defined Benefit Supplement Program members and Cash Balance Benefit Program participants that is granted by the Teachers' Retirement Board when investment earnings exceed what is necessary to meet the liabilities of the programs.

### Air Time

See nonqualified service credit.

### Annual Benefit Adjustment

An automatic annual increase to your monthly benefit provided by state law. The increase is effective on September 1 of each year after the first anniversary of your benefit effective date and appears on your October 1 payment. Annual benefit adjustments are calculated at 2 percent of your initial benefit. The increase is not compounded or tied to changes in the cost of living.

### Annuity

#### **Member-Only Defined Benefit Supplement or Participant-Only Cash Balance Annuity:**

A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipients.

**100% Beneficiary Annuity:** Provides an actuarially reduced monthly payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity will be paid to your option beneficiary upon your death.

**75% Beneficiary Annuity:** Provides an actuarially reduced monthly payment for your lifetime and the lifetime of your annuity beneficiary. Seventy-five percent of your monthly annuity will be paid to your option beneficiary upon your death.

**50% Beneficiary Annuity:** Provides an actuarially reduced monthly payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity will be paid to your option beneficiary upon your death.

For the 100%, 75% and 50% beneficiary annuities, if your beneficiary dies before you, your benefit will rise to the Member-Only amount.

**Period-Certain Annuity:** A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid; the lower the number of years, the higher the annuity. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipients.

### Assessment

The reduction applied to your benefit if you change or cancel your preretirement election of an option. The amount is the actuarial equivalent of the coverage you received as a result of the preretirement election. (Assessments of \$0 do not result in a benefit reduction.)

### Annuitant

A retired member who receives funds from her or his Defined Benefit Supplement or Cash Balance account as an annuity payment.

## B

### Beneficiary

Any person or entity receiving or entitled to receive payments after your death. Only a person (not an estate, trust or corporation) may be designated to receive an option benefit because of your death or disability.

### Benefit

A monthly or lump-sum amount payable to a retired member, disabled member, retired participant, disabled participant or beneficiary.

### Benefit Formula (Service Retirement)

For the Member-Only Benefit, the formula is service credit x age factor x final compensation. If choosing an option, multiply the Member-Only Benefit by the appropriate option factor.

### Benefit Formula (Disability Coverage A or B)

For the Member-Only disability benefit, the formula is generally 50 percent of your final compensation.

### Benefit Recipient

A person or entity that receives a one-time death benefit payment or an ongoing CalSTRS benefit payment.

## C

### CalPERS

California Public Employees' Retirement System

### CalSTRS 2% at 60 CalSTRS 2% at 62

The California Public Employees' Pension Reform Act of 2013 made significant changes to the benefit structure for Defined members and Cash Balance participants first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result, CalSTRS now has two benefit structures:

- Members and participants first hired on or before December 31, 2012, are under CalSTRS 2% at 60.
- Members and participants first hired on or after January 1, 2013, are under CalSTRS 2% at 62.

In addition, educators who 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 CalSTRS member are under the CalSTRS 2% at 60 benefit structure, as are those who performed CalSTRS creditable activities that were subject to coverage under a different retirement system, including Social Security, on or before December 31, 2012.

The 2 percent refers to the age factor, or percentage of final compensation that Defined Benefit members will receive as a retirement benefit for every year of service credit. To receive an age factor of 2 percent, you must work until age 62 if you're under CalSTRS 2% at 62. The basic age factor for members under CalSTRS 2% at 60 is 2 percent at age 60.

Other benefit differences for CalSTRS 2% at 62 include a three-year final compensation period (based on the highest three consecutive school years regardless of years of service credit), lower compensation cap, no career factor, and a higher retirement age (you are not eligible to retire as early as age 50 with 30 years of service credit).

### CalSTRS Pension2®

CalSTRS' voluntary defined contribution plan offers 403(b), Roth 403(b) and 457 plans for additional income for retirement. Select from a variety of investment options with low fees and expenses.

### Career Factor

An increase in the percentage of final compensation on which your Defined Benefit service retirement is based. If you retire with at least 30 years of earned service credit, 0.2 percent is added to the age factor up to the maximum age factor of 2.4 percent, which is reached at age 61½ with the career factor. The career factor doesn't apply if you die before retirement unless you filed a preretirement option election with CalSTRS.

### CalSTRS 2% at 62:

There is no career factor enhancement to the age factor.

## Cash Balance Benefit Program

An alternative CalSTRS retirement plan for educators hired to work part time. The Cash Balance Benefit Program is an alternative to Social Security, private plans and the CalSTRS Defined Benefit Program.

## Cash Balance Plan

A retirement plan in which your contributions and your employer's contributions earn a guaranteed annual interest rate. At retirement, you receive all the funds in your account. The Defined Benefit Supplement and the Cash Balance Benefit programs are cash balance plans.

## Client ID

A CalSTRS randomly generated number used to identify members. CalSTRS uses it instead of your Social Security number to secure your identity. Your Client ID is on your *Retirement Progress Report*.

## Comparable Level Position

Any job in which you can earn 66⅔ percent or more of indexed final compensation.

## Compensation Earnable

Compensation you could earn in a school year for creditable service performed full time not including service for which contributions are credited to your Defined Benefit Supplement account.

## Concurrent Retirement

Retiring at the same time from CalSTRS and the Legislators' Retirement System, California Public Employees' Retirement System, San Francisco Employees' Retirement System, University of California Retirement System or those systems established under the County Employees' Retirement Law of 1937; or retiring on different dates as long as you perform no service creditable to either system between those dates. CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement benefit if the service was not performed during the same pay period as the CalSTRS service.

## County Employees' Retirement Law of 1937

The following counties provide retirement benefits under this law: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura.

## Coverage A

The disability and survivor benefit programs available to those who became members on or before October 15, 1992. Coverage A is mandatory for all members of the Defined Benefit Program who were receiving a disability benefit or a service retirement benefit with an effective date on or before October 15, 1992. Members who were not receiving a benefit on or before that date could choose to retain Coverage A or elect Coverage B.

## Coverage A Disability Benefit (Disability Allowance)

A feature of the Defined Benefit Program elected by and offered to individuals who became members on or before October 15, 1992, that provides income replacement for disabled members. The benefit is paid as long as you are disabled up to normal retirement age, when you become eligible for service retirement.

## Coverage A Survivor Benefit (Family Allowance)

A monthly amount paid to your surviving spouse or registered domestic partner with eligible dependent children after your death. The maximum amount is 90 percent of your final compensation—40 percent for your spouse or partner plus 10 percent for each eligible dependent child up to an additional 50 percent.

## Coverage B

The disability and survivor benefit programs for new members after October 15, 1992, or who previously had Coverage A and elected Coverage B.

### **Coverage B Disability Benefit (Disability Retirement)**

A feature of the Defined Benefit Program for individuals who became members after October 15, 1992, or elected Coverage B during the special election held October 1992 to April 1993. Those receiving payments under Coverage B are “retired” and will be paid as long as they are disabled, without respect to age, until eligible to transition to service retirement.

### **Coverage B Survivor Benefit**

If you die before retirement and had a preretirement election of an option on file with CalSTRS, a lifetime benefit will be payable to your elected option beneficiary. If you do not have a preretirement election of an option, a survivor benefit may be payable to your surviving spouse or registered domestic partner and eligible dependent children.

### **Creditable Compensation**

Salary and other remuneration payable by an employer to everyone in the same class of employees and paid to an employee for performing creditable service.

#### **CalSTRS 2% at 62:**

Only compensation paid in cash each pay period in which creditable service is performed under a publicly available written contractual agreements is considered creditable compensation. Creditable compensation for service in excess of one year in a school year will continue to be credited to the member’s Defined Benefit Supplement account, up to the compensation cap. Compensation, such as allowances, bonuses, cash in lieu of fringe benefits, limited-period compensation or compensation determined to have been paid for the purposes of enhancing a benefit, is not be creditable to any CalSTRS benefit program.

The limit on creditable compensation counted toward the CalSTRS retirement benefit formula is 120 percent of the 2013 Social Security wage base, which is \$136,440 for 2013–14. The cap is adjusted annually based on changes to the Consumer Price Index for All Urban Consumers: U.S. City Average. Employers may offer their employees a defined contribution plan such as CalSTRS Pension2 for contributions on excess compensation amounts.

### **Creditable Service**

Specific employment activities, such as teaching, vocational or guidance counseling, services related to school curriculum and certain administrative duties performed for an employer in a position requiring a credential, certificate or permit, or under minimum standards adopted by the Board of Governors of the California Community Colleges, or under the provisions of an approved charter for a charter school eligible to receive a state apportionment. Includes service performed by school health professionals, school librarian, superintendent and others as defined in California Education Code section 22119.5.

### **Credited Interest**

At the end of each fiscal year, interest is credited to the accumulated Defined Benefit contributions and interest in each active and inactive member’s account at the interest rate adopted by the Teachers’ Retirement Board. The current rate approximates the yield on two-year Treasury notes.

### **Credited Service**

See service credit.

## **D**

### **Defined Benefit Plan**

A retirement plan in which your retirement benefit is based on a formula not on how much you contribute or how well investments perform.

### **Defined Benefit Program**

A traditional defined benefit plan within the State Teachers’ Retirement Plan that provides a lifetime retirement benefit (based on a formula set by law: age factor x service credit x final compensation), and disability and survivor benefits.

## Defined Benefit Supplement Program

The Defined Benefit Supplement is a hybrid cash balance plan for Defined Benefit members that provides additional savings for retirement. Benefits are based on contributions and interest credited to your account. Your contributions and your employer's contributions earn a guaranteed annual interest rate. At retirement, you receive all the funds in your account. Funds come from compensation earned from service in one school year in excess of one year of service credit and limited-term salary increases. From January 1, 2001, through December 31, 2010, funds came from 25 percent of your monthly CalSTRS contribution.

### CalSTRS 2% at 62:

Funds come from service in excess of one year of service credit in a school year, up to the compensation cap.

## Defined Contribution Plan

A retirement plan in which the benefit depends on your contributions, investment gains or losses, and expenses. Benefits under defined contribution plans are not guaranteed. CalSTRS Pension2 is CalSTRS' voluntary defined contribution plan.

## Disability or Disabled

A medically determinable physical or mental impairment that is permanent or that can be expected to last continuously for at least 12 months. The disability must prevent you from performing your usual duties with reasonable accommodation or the duties of a comparable level for which you are qualified or can become qualified by education, training or experience. You may apply for disability while still employed. Any impairment from a willful self-inflicted injury does not constitute a disability.

See Service Retirement During Evaluation of a Disability Application.

## E

### Earnings Limit

The amount a disabled or retired Defined Benefit member or Cash Balance annuitant may earn from employment in a month or year without a reduction in the CalSTRS benefit. The earnings limits are different for disabled and retired members and may be adjusted each year by the Teachers' Retirement Board.

See Postretirement Earnings Limits.

## Earnings Limits While Receiving a Coverage A Disability Benefit

**Single-Month Earnings Limit:** The amount a disabled member may earn in any month without a reduction in the disability benefit. Your disability benefit and employment earnings in a single month are added together and compared to the indexed final compensation for the month. Amounts in excess of the limit will be collected by CalSTRS dollar for dollar.

**Six-Month Earnings Limit:** Average earnings and disability benefit over any continuous six-month period are compared to two-thirds of the indexed final compensation. If you exceed this limit, your disability benefit can be terminated.

## Eligible Dependent Children

**Coverage A:** Your unmarried children or children not in a registered domestic partnership, or adopted children or stepchildren under age 22 who are financially dependent on you on the effective date of your disability benefit or the date of your death.

**Coverage B:** Your children, adopted children or stepchildren, under age 21, if financially dependent on you on the effective date of your disability retirement or the date of your death.

## F

### Final Compensation

The highest average annual compensation earnable during a specified period of CalSTRS-covered paid employment. The period is 12 consecutive months if you have at least 25 years of service credit. Otherwise, the period is three consecutive school years if you have fewer than 25 years of service credit.

### CalSTRS 2% at 62:

Final compensation is based on highest three consecutive school years.

## Full Time

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement to receive the compensation earnable.

## H

### Home Loan Program

The CalSTRS Home Loan Program has been suspended.

### Hybrid Retirement System

CalSTRS administers a hybrid retirement system consisting of traditional defined benefit (Defined Benefit Program), cash balance (Defined Benefit Supplement and Cash Balance Benefit programs) and voluntary defined contribution (CalSTRS Pension2) plans. CalSTRS also provides survivor and disability benefits.

## I

### Indexed Final Compensation

The final compensation used to determine your disability benefits, multiplied by the indexed final compensation factor, based on the year of your initial benefit.

## L

### Longevity Bonus

A benefit enhancement that increases your monthly benefit if you had at least 30 years of qualified service credit on or before December 31, 2010. The bonus will be reduced by an option factor if you choose an option.

## M

### Member

Anyone who has performed creditable service as a Defined Benefit Program member, has earned creditable compensation for that service, and has not received a refund for that service, unless specifically excluded by law.

**Active Member:** A member who is not retired or disabled and who earns creditable compensation during the school year.

**Inactive Member:** A member who is not retired or disabled and who has not earned creditable compensation during the current or preceding school year.

**Disabled Member:** A member who receives a CalSTRS disability benefit.

**Retired Member:** A member who has terminated employment and has retired from service or has retired for disability and receives a retirement benefit.

**Vested Member:** A member who has accrued five years of service credit to be eligible for service retirement or a disability benefit in the Defined Benefit Program.

### Member-Only Benefit

The highest monthly benefit you can receive when you retire from service or disability before any reduction to provide for an option beneficiary.

## N

### Nonconsecutive Final Compensation

The highest average annual compensation earnable during any period of three school years of paid employment covered by CalSTRS. Available if you received a salary reduction due to a reduction in school funds. Upon certification from your employer, CalSTRS will use your highest three nonconsecutive school years to determine your final compensation.

### Nonqualified Service Credit

Service not connected to any prior specific employment. The purchase of nonqualified service credit, or air time, is no longer permitted.

## O

### One-Time Death Benefit

A one-time benefit paid to your death benefit recipients after you die.

### Option

A plan feature that allows you to distribute your retirement benefit over your lifetime and the lifetime of one or more persons.



**100% Beneficiary Option:** Upon your death, the reduced benefit will be paid to the option beneficiary for life. If your option beneficiary dies before you, your benefit will be raised to the Member-Only Benefit level.

**75% Beneficiary Option:** Upon your death, three-quarters of the reduced benefit will be paid to your option beneficiary for life. If your option beneficiary predeceases you, your benefit will be raised to the Member-Only Benefit level.

**50% Beneficiary Option:** Upon your death, one-half of the reduced benefit will be paid to your option beneficiary for life. If your option beneficiary predeceases you, your benefit will be raised to the Member-Only Benefit level.

**Compound Option:** Upon your death, benefits will be paid to multiple option beneficiaries for life. The benefit paid to an individual beneficiary depends on which option was elected for that beneficiary, and what percentage of the total benefit was subject to the option and beneficiary elected.

## Option Beneficiary

The person you name to receive a lifetime monthly benefit after your death.

## Option Factor

An actuarially determined factor used to calculate the amount of monthly benefit when an option is elected to provide a lifetime monthly benefit to a designated option beneficiary after your death.

## P

### Participant

A person who has performed creditable service subject to coverage by the Cash Balance Benefit Program and who has contributions credited or is receiving an annuity under the Cash Balance Benefit Program.

### Pension2

Pension2 is CalSTRS' voluntary defined contribution plan which offers 403(b), 457 and Roth 403(b) investment plans.

## Postretirement Earnings Limits

### Separation-From-Service Requirement

**Zero-Dollar Earnings Limit:** If you return to CalSTRS-covered employment during the first 180 calendar days after your most retirement date, your retirement benefit is reduced dollar for dollar by the amount you earn up to your benefit amount payable during that period. (All Cash Balance annuitants who retire on or after January 1, 2014, regardless of age, also have the 180-day separation-from-service requirement.) Following the 180-day period, you may return to work under the annual earnings limit.

**Postretirement Earnings Limit:** If you return to work in a CalSTRS-covered position as an employee of a public school system, an independent contractor, or an employee of a third party, you can earn up to the annual postretirement earnings limit without affecting your benefit. If you earn more than the limit, your CalSTRS benefit will be reduced dollar for dollar by the amount of creditable earnings in excess of the limit up to your annual retirement benefit minus any reduction due to the zero-dollar earnings limit. The Teachers' Retirement Board adjusts the earnings limit annually. The earnings limit for the 2013–14 fiscal year is \$39,903.

### Post-Tax Contributions

Member contributions paid into the CalSTRS Defined Benefit Program based on creditable compensation from which federal and state income taxes have been withheld.

### Projected Final Compensation

The final compensation used to determine your disability or survivor benefit under Coverage A, increased by 2 percent, compounded annually, to the earlier of age 60 or the date the disability benefit is terminated.

### Projected Service

Service credit plus the service you would have earned to age 60 (or termination of the disability benefit, whichever comes first) had you continued to work and receive service credit at the same rate as the highest of any one of the three school years immediately preceding your death or the date your disability benefit began to accrue under Coverage A.

## R

### Reasonable Accommodation

Federal and state laws give you the right to request accommodation that would allow you to continue working and obligates employers to make a good faith effort to accommodate these requests. Before making a final decision on your application for disability benefits, CalSTRS may require you to pursue a request for reasonable accommodation. This would enable you to continue employment in your same position, or in one with comparable responsibilities. Reasonable accommodation could be accomplished by changing the duties of your position or reassigning you to alternate duties you are qualified to perform through modification of your work site or other measures.

### Recipient

The beneficiary you name to receive your one-time death benefit.

### Redeposit

The purchase of service credit represented by previously refunded member's contributions and interest. Redeposit costs include the interest the refunded amount would have earned had the funds remained in the CalSTRS account. If repaid over time, a financing charge is added.

### Reduced Benefit Election

A retirement alternative for Defined Benefit members. You must be at least age 55, but under age 60, and have at least five years of service credit to retire under this alternative. You receive one-half your monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, you will receive your normal service retirement benefit. You're not eligible if you previously received a CalSTRS service retirement or disability benefit, or if you are applying for a service retirement while your disability application is being evaluated.

**CalSTRS 2% at 62:** Members under CalSTRS 2% at 62 are not eligible for the Reduced Benefit Election.

### Reduced Workload Program

Under this CalSTRS program, you may reduce your workload from full time to part time (a minimum of at least 50 percent of full time) and still receive a full year of service credit. You may participate in this program for up to 10 years before retirement. The opportunity to participate is available only if your employer offers the program.

### Refund

A distribution of all your post-tax contributions, tax-deferred contributions and interest credited on those contributions after you terminated employment with the California public school system.

### Registered Domestic Partner

A registered domestic partner has many of the same rights and responsibilities as a spouse under California law, including laws concerning community property, child custody and support, and access to family court for the dissolution of a partnership. To register a domestic partnership with the California Secretary of State's office, you and your partner must be of the same sex, or if you and your partner are opposite sexes, one of you must be at least 62 years old.

### Reinstatement

Returning to employment in a position requiring CalSTRS membership and terminating a CalSTRS benefit, such as a retired educator returning as an active member to the classroom in a credentialed position.

### Retirement Benefit

A monthly benefit paid to a member each month after retirement for reasons other than disability.

### Retirement Benefit Calculation

The formula used to calculate the Member-Only amount CalSTRS members will receive each month after retiring from service. The formula is: service credit x age factor x final compensation = Member-Only Benefit.

#### **CalSTRS 2% at 60:**

Age factor is 2 percent at age 60.

#### **CalSTRS 2% at 62:**

Age factor is 2 percent at age 62.

## Retirement Incentive Program

A program provided by employers that would increase the service credit used in calculating the CalSTRS service retirement benefit. This program allows Defined Benefit members who are eligible to retire to receive two additional years of service credit. If you return to work with the same employer within five years of retirement, or if you reinstate, you will lose the ongoing increase in your benefit.

## Retirement Progress Report

An annual report for active and inactive members that includes:

- A summary of Defined Benefit and Defined Benefit Supplement program transactions during the prior year.
- Accumulated service credit.
- Contribution and interest balances.
- Death benefit recipient and beneficiary information.
- Two projections of your retirement benefit if you are at least age 45.

CalSTRS also provides a *Retirement Progress Report* for Cash Balance Benefit Program participants. Starting in 2014, CalSTRS will provide your report exclusively online on your *myCalSTRS* account.

## Return of Member Contributions

A one-time payment of all your accumulated contributions. The payment equals your total contributions and interest at time of retirement, disability or death, less the sum of all monthly benefit payments received. This is payable when there are no longer any option beneficiaries or survivors who qualify for a continuing monthly benefit.

## S

### Service Credit

Accumulated period in years, including partial years, for which you earned creditable compensation and made contributions under the Defined Benefit Program. Service credit is one of the factors used to determine your eligibility for benefits under the Defined Benefit Program. Service credit cannot exceed 1.000 in any given school year.

### Service Retirement During Evaluation of a Disability Application

If you are applying for a disability benefit, you may be eligible to receive a service retirement benefit while CalSTRS evaluates your application for disability benefits. This will enable you to receive monthly retirement income while awaiting the determination. However, you will not be eligible for the Reduced Benefit Election.

### Subrogation

A process that permits CalSTRS to participate in an action to recoup benefits paid, expenses and legal costs when a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation.

## **Supplemental Benefit Maintenance Account**

The account from which payments are made to members and beneficiaries whose current benefit is worth less than a specified percent of the original benefit when adjusted for increases in the California Consumer Price Index. The percentage is currently set at 85 percent.

## **Surviving Spouse or Registered Domestic Partner**

A person who was one of the following:

- Married to you or registered as your domestic partner for at least 12 months before your death.
- Married to you or registered as your domestic partner fewer than 12 months if a child was born during the marriage or partnership or if your surviving spouse or partner is pregnant with your child.
- Continuously married to you or registered as your domestic partner for fewer than 12 months before your accidental death or for the period beginning before the occurrence of the injury or diagnosis of the illness that resulted in your death.

## **V**

### **Vested Member**

A member of the CalSTRS Defined Benefit Program who has at least five years of service credit or is eligible to retire concurrently with another public retirement system.

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## CalSTRS Resources

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