



CALSTRS®

YOUR SMART START MEMBER KIT

Early Career

2020



THE BENEFIT OF A LIFETIME

Dear CalSTRS member,

As your retirement plan, CalSTRS is dedicated to your secure financial future and helping you get there.

Your Smart Start Member Kit provides a quick understanding of your defined benefit pension. As a vested member of CalSTRS, you're eligible to receive a lifetime monthly benefit when you retire, regardless of how well the CalSTRS Investment Portfolio performs.

Your income in retirement is a shared responsibility between CalSTRS and you. Your CalSTRS benefit generally will replace 50% to 60% of your final salary. If you think you'll need more income for your future, Pension2®, CalSTRS' voluntary supplemental savings program with 403(b) and 457(b) plans, can help fill the gap. See pages 9-10 to learn more.

Every career depends on your valuable work. Thank you for choosing education as your career.

Sincerely,

Jack Ehnes
Chief Executive Officer

Our mission

Securing the financial future and sustaining the trust of California's educators

Will you have enough?

Start now, invest regularly and your money can work for you.

5 Reasons why you should start a 403(b) or 457(b) account today

- 1 Close your retirement income gap.
 - 2 Give yourself a tax break.
 - 3 Take advantage of Easy Choice Portfolio investing.
 - 4 Have more time to benefit from the power of compound interest.
 - 5 Gain peace of mind for a more secure financial future.
- See the Pension2 ebook at [Pension2.com](https://www.calstrs.com/pension2) to learn more.



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

Your CalSTRS lifetime monthly retirement benefit is an excellent start. You'll likely need more to meet your retirement income goal. That's why we created CalSTRS Pension2—an additional savings plan. Learn about the advantages of Pension2's low-cost 403(b) and 457(b) plans on pages 9–10.



Pull out your savings calculator and see why it pays to start saving sooner rather than later.

- 1 Flip to the side with the photo.
- 2 Find the age closest to your current age in the current age column.
- 3 Choose your monthly contribution—\$100, \$250, \$500, \$750 or \$1,000.
- 4 See how much your account could be when you're 65 if you start today—then look across and see how much you could be missing out on if you wait for even one year.

CalSTRS Member Handbook

Know your benefits.

Find the handbook online at [CalSTRS.com/publications](https://www.calstrs.com/publications).



Why did you become a teacher?

We asked our early career members to tell us all the reasons they joined the education profession. Active member survey respondents stated:

69% I wanted to make a difference in the lives of students

40% I wanted to give back to the community

39% I had a teacher who inspired me

27% I have known my whole life I wanted to be an educator

25% I liked the teaching schedule

14% I came from a family of educators

Whatever your reason, we thank you!

8

Things to do now for your **smartstart**

You're helping students build their futures, don't forget about yours.

-  Open Your Smart Start Member Kit
-  Know your retirement benefit 4
-  Access your account information on *myCalSTRS* 6
-  Learn the advantages of CalSTRS Pension2 403(b) and 457(b) plans 9
-  Start your 403(b) or 457(b) account today 11
-  Review your Retirement Progress Report 13
-  Learn about your survivor benefits 16
-  Attend a workshop 20

CalSTRS is governed by the Teachers' Retirement Law, available at CalSTRS.com, and other governing laws. If there is a conflict between the law and this booklet, the law prevails. CalSTRS makes reasonable effort to provide accurate information in its publications, but such information is not meant to replace the law or provide legal or financial advice. To stay informed, consult a variety of sources, including CalSTRS.com, the California State Legislative Counsel website at leginfo.legislature.ca.gov, your union and elected legislative representatives. CalSTRS can provide you with information on your benefit choices but does not provide any legal, financial, tax or other advice. For such advice, consider consulting a professional in the relevant field.

CalSTRS is here for you

The California State Teachers' Retirement System is *your* retirement plan. For more than 100 years, we have been prudently managing the defined benefit pension funds of California's public school educators. CalSTRS is the largest educator-only pension fund in the world and the second largest public pension fund in the U.S.

We provide you with retirement, disability and survivor benefits, plus resources specific to your career stage:

- Publications such as *Welcome to CalSTRS*, the *Member Handbook*, *Your Retirement Guide* and *Working After Retirement*.
- Financial awareness and benefits planning workshops.
- Your annual *Retirement Progress Report*, available on *myCalSTRS*, which provides a summary of your accounts and service credit.
- CalSTRS Pension2® low-cost traditional and Roth 403(b) and 457(b) plans for additional retirement savings.

Why are we sending you a member kit?

The mission of CalSTRS—securing the financial future and sustaining the trust of California's educators—drives everything we do. Your member kit explains CalSTRS benefits and issues fundamental to California educators, such as Social Security offsets and other policies that could affect your secure financial future. Sending member kits at key points in your career places essential information at your fingertips right when you need it.

Now more than ever, it's important for you to understand the value and security of the CalSTRS defined benefit you're earning. Yet when asked, most early career educators report they have a limited understanding of their CalSTRS benefits. For over 10 years, we have refined this kit based on your feedback. We hope you enjoy your member kit.

THE BENEFIT OF A LIFETIME

YOUR CALSTRS DEFINED BENEFIT PENSION MAY BE YOUR GREATEST ASSET.
TAKE A FEW MINUTES NOW TO LEARN MORE.



Your CalSTRS retirement at a glance

As a vested member of CalSTRS, you're entitled to a guaranteed, lifetime monthly benefit when you retire.

If you're like most educators, your retirement income will come from four main sources:

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

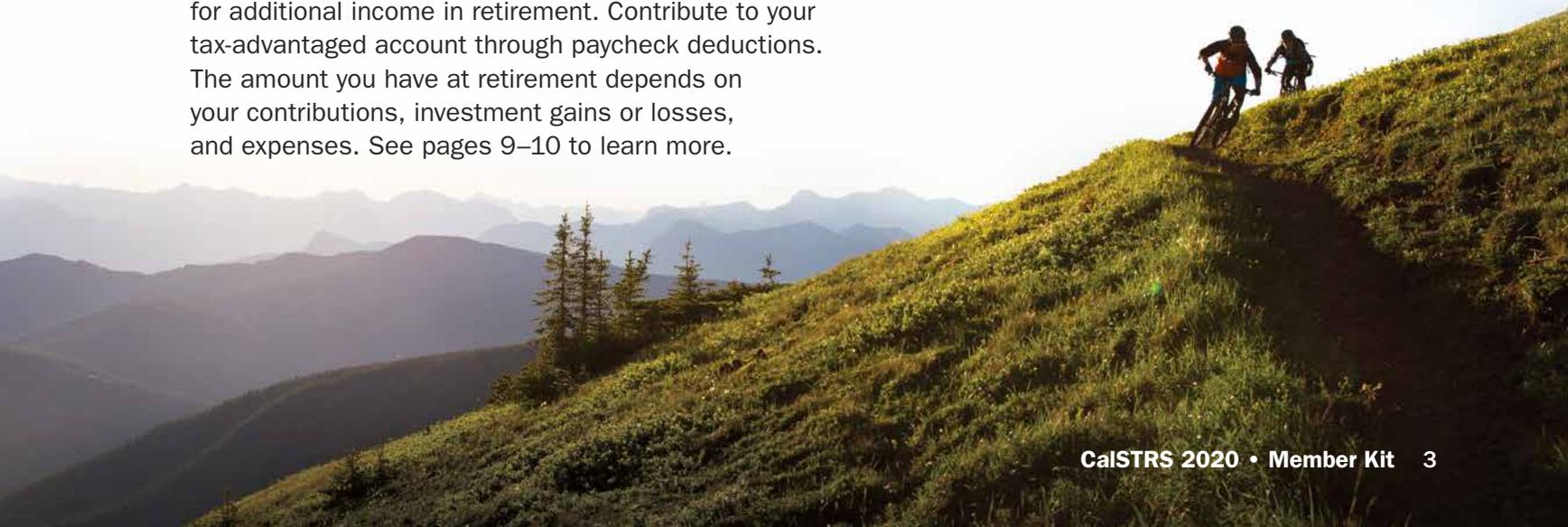
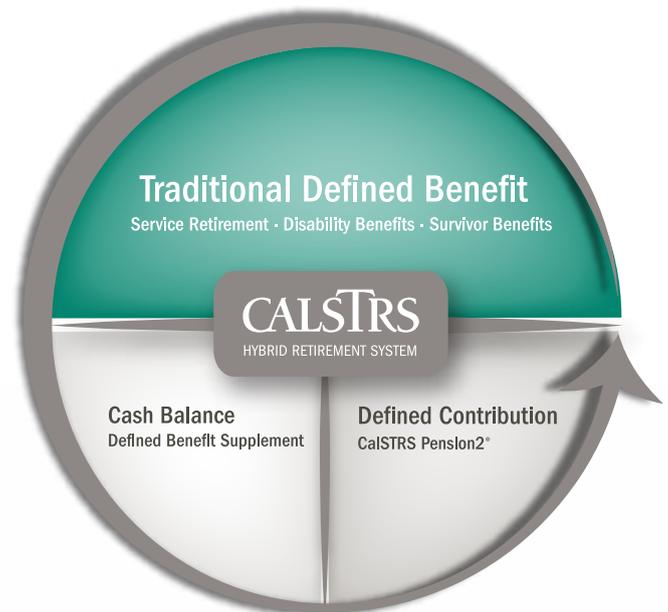
Your income in retirement is a shared responsibility between CalSTRS and you. Your CalSTRS retirement benefit is a strong foundation, but you'll likely need more to meet your retirement income goal.

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 that provides a fixed percentage of your final compensation based on the age you retire and your years of service credit, not on how much you contribute or how CalSTRS investments perform.

service credit x age factor x final compensation

- **Cash balance plan:** Your CalSTRS Defined Benefit Supplement account is a cash balance plan. A portion of your and your employer's contributions on earnings in excess of one year of service are credited to your Defined Benefit Supplement account. All the funds in your account are yours at retirement. See pages 6–7 to learn more.
- **Defined contribution plan:** CalSTRS Pension2 offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans for additional income in retirement. Contribute to your tax-advantaged account through paycheck deductions. The amount you have at retirement depends on your contributions, investment gains or losses, and expenses. See pages 9–10 to learn more.





Know your retirement benefit

Your primary retirement benefit is based on a formula set by law:

service credit x age factor x final compensation

As a result of the California Public Employees’ Pension Reform Act of 2013, CalSTRS has two benefit structures:

CalSTRS 2% at 60: Members first hired to perform service that could be credited to the Defined Benefit Program on or before December 31, 2012, in addition to certain other members.

CalSTRS 2% at 62: Members first hired to perform service that could be credited to the Defined Benefit Program on or after January 1, 2013.

The 2% refers to the percentage of your final compensation that you’ll receive as a retirement benefit for every year of service credit, also known as the age factor. Other differences between the two benefit structures include final compensation, normal retirement ages, creditable compensation caps and contribution rates.

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.

If you earn more than one year of service credit in a school year by performing service such as outgrowth assignments or working in multiple positions, most of your and your employer’s contributions from the additional service will go into your Defined Benefit Supplement account (see pages 6–7).

Final compensation

Final compensation is your highest average annual compensation earnable for 36 consecutive months, or your highest 12 consecutive months if you’re a CalSTRS 2% at 60 member and have 25 or more years of qualified service credit.

● See the “Your retirement benefit” section in the *Member Handbook*.

📺 View the *Understanding the Formula* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Estimate your projected retirement benefit using the calculator at [CalSTRS.com/calculators](https://www.calstrs.com/calculators).

Age factor

Your age factor is a percentage based on your age on the last day of the month in which you retire. The age factor is less if you retire at an earlier age and is more if you retire at a later age.

CalSTRS 2% at 60 | Retirement age

55	56	57	58	59	60
1.40%	1.52%	1.64%	1.76%	1.88%	2.00%
61	62	63+			
2.13%	2.27%	2.40%			

CalSTRS 2% at 62 | Retirement age

55	56	57	58	59	60
1.16%	1.28%	1.40%	1.52%	1.64%	1.76%
61	62	63	64	65+	
1.88%	2.00%	2.13%	2.27%	2.40%	

➤ For more detailed age factor tables, see the *Member Handbook*.

Contributions to your CalSTRS retirement

CalSTRS pays benefits using a combination of investment income and member, employer and state contributions.

Your member contributions

CalSTRS 2% at 60 members: You contribute 10.25% of your Defined Benefit creditable earnings to help finance your retirement benefit.

CalSTRS 2% at 62 members: Your contribution rate is connected with the normal cost of your retirement benefits assessed each year based on the actuarial valuation—the snapshot of CalSTRS' financial status presented to the Teachers' Retirement Board each spring. For 2020–21, your contribution rate is 10.205%.

Employer and state contributions

Employer and state contribution rates vary year to year and are deposited in the Teachers' Retirement Fund to help pay benefits for all members and their beneficiaries.

Inflation protection

Your retirement benefit is protected against rising prices in two ways:

- 1 Starting September 1 after the first anniversary of your retirement date, your benefit increases automatically each year by 2% of your initial benefit.
- 2 If inflation erodes the purchasing power of your retirement benefit, you'll receive an additional quarterly payment subject to the availability of funds set aside for purchasing power protection. The purchasing power protection level is currently set at 85% of your initial benefit.

Your retirement benefit—Your options

The highest retirement benefit you can receive is the Member-Only Benefit. The Member-Only Benefit stops with your death. Or you can choose to provide a lifetime monthly benefit to someone upon your death. If you choose to do so, your benefit will be reduced based on your age and your beneficiary's age at the time you elect an option, and the option you elect.

 View the *Beneficiary Options* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Securing your financial future

Your CalSTRS defined benefit plan is likely the cornerstone of your retirement savings. Since it's set by a formula, not by the amount of contributions you make, it's structured to shield you from the risks of investment. In addition to receiving monthly income for the rest of your life, you also have access to disability benefits while working and to survivor benefits to provide financially for your loved ones.

myCALSTRS ▶ Are you registered?

myCalSTRS offers easy, secure and convenient access to your accounts and CalSTRS forms—anytime, anywhere. Register at myCalSTRS.com.

With myCalSTRS, you can:

- ① Update your contact information.
- ② Access your annual *Retirement Progress Report* and view information reported by your employer.
- ③ Name and update your one-time death benefit recipient.
- ④ View your account balances.
- ⑤ Exchange secure messages with CalSTRS representatives.
- ⑥ Complete and submit forms.
- ⑦ Easily access your CalSTRS Pension2 403(b) or 457(b) account, if you have one.



Need help registering?

View the self-paced, interactive online registration guide at myCalSTRS.com.

You'll find help with resetting your password at CalSTRS.com/myCalSTRS-help-videos.

Your Defined Benefit Supplement account— Additional money for retirement

As a Defined Benefit Program member, you have a Defined Benefit Supplement account that provides additional savings for your retirement.

Your Defined Benefit account contains your member contributions for up to one year of service performed in a school year. Contributions on your earnings in excess of one year of service are credited to your Defined Benefit Supplement account. If you're a CalSTRS 2% at 60 member, your contributions on limited-term payments are also credited to your Defined Benefit Supplement account.

Your Defined Benefit Supplement account balance earns a guaranteed interest rate. For 2020–21, the rate is 2.44%. When you retire, you'll receive the funds in your Defined Benefit Supplement account. Your benefits are paid as either a lump sum or an annuity equal to the total balance of your account.

Contributions to your Defined Benefit Supplement account don't affect your ability to make contributions to 403(b), 457(b) or similar tax-advantaged accounts.

- Find your current Defined Benefit Supplement account balance on your *Retirement Progress Report*, available online in your myCalSTRS account.

Excess contributions

If you make contributions on earnings in excess of one year of service, you're eligible for a return of your contributions that exceed the contribution rate for compensation creditable to your Defined Benefit Supplement account—8% for CalSTRS 2% at 60 members and 9% for CalSTRS 2% at 62 members.

The dollar value of those excess contributions is reported on your *Retirement Progress Report*. Your *myCalSTRS* account shows a breakdown of excess contributions by employer.

Your employer is responsible for returning your excess member contributions to you, less any authorized adjustments or tax withholding. If you have questions regarding the return of your excess contributions, contact your employer.

 **View the Defined Benefit Supplement Program video series at [CalSTRS.com/videos](https://www.calstrs.com/videos).**

Defined Benefit Supplement account excess contributions example

Gabriel is a CalSTRS 2% at 62 member who earned \$60,000 teaching English at a high school in Northern California. He also taught summer school, where he earned \$5,000 at a lower pay rate than his regular full time assignment. This extra pay activity was in addition to the one year of service credit he earned teaching during the regular school year.

Gabriel's member contribution rate to the Defined Benefit Program is 10.205%. His employer deducted this amount from his salary. At the end of the school year, CalSTRS determined \$5,000 of Gabriel's earnings was for excess service earned by teaching summer school, the contribution for which was then credited to his Defined Benefit Supplement account.

Since the contribution rate for compensation credited to the Defined Benefit Program (regular teaching assignment) is higher than the contribution rate for compensation credited to the Defined Benefit Supplement Program (summer school assignment), both Gabriel and his employer are eligible for a return of their excess contributions.

If you perform excess service, CalSTRS will return excess contributions to your employer in the fall. Your employer is responsible for returning those funds to you.

Defined Benefit Program

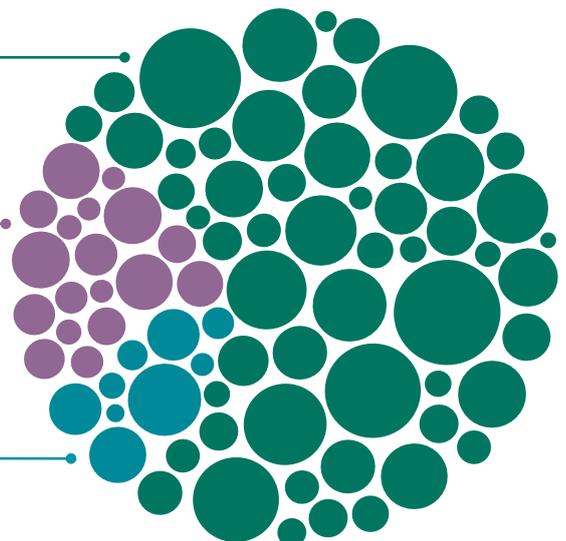
Gabriel earned a year of service credit from his regular teaching assignment to be used to determine his lifetime benefit under the Defined Benefit Program.

Defined Benefit Supplement account

Following the end of the fiscal year, CalSTRS credited the equivalent of 9% of Gabriel's summer school compensation to his Defined Benefit Supplement account on behalf of Gabriel and an additional 8% to his Defined Benefit Supplement account on behalf of his employer.

Excess contributions

CalSTRS returned excess contributions to Gabriel's employer; then his employer returned Gabriel's portion to him.



Ways to increase service credit

The more service credit you have at retirement, the greater your CalSTRS monthly benefit.

You may buy service credit for:

- Eligible leave, including maternity, paternity and sabbatical leave and leave approved under the federal Family and Medical Leave Act and the California Family Rights Act.
 - Eligible service in out-of-state or foreign public schools, the military, Peace Corps or Job Corps.
 - Nonmember service for part-time or substitute work performed before you were a CalSTRS member.
 - Redeposits of previously refunded contributions, plus interest, after returning to CalSTRS-covered employment or if you're a member of another eligible California public retirement system.
- View the *Purchasing Service Credit* video at CalSTRS.com/videos or see the fact sheet and booklet at CalSTRS.com/publications.

Transfer unused sick leave if you change districts

When you service retire, CalSTRS will convert your unused sick leave to additional service credit using the information your employer provides.

If you change employers during your career, be sure to coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

It costs less to buy service credit earlier in your career than later.

Your CalSTRS retirement benefit is a healthy start—Will it be enough?

On average, the CalSTRS retirement benefit replaces 50% to 60% of a career educator's salary. You'll need to close any gap between your retirement income goal and your retirement benefit with savings and investments. The CalSTRS Pension2 personal wealth plan is a good place to start. See pages 9–10 to learn more.



Invest sooner rather than later. That's the top recommendation from a poll of California educators ages 40 to 49 when asked what advice they would give their younger colleagues.

📺 View *The Gap* video at CalSTRS.com/videos.



Learn the advantages of CalSTRS Pension2 403(b) and 457(b) plans

You're already off to a great start with your CalSTRS retirement benefit. Next, you'll likely need personal savings. Pension2, the CalSTRS voluntary supplemental savings plan, offers low cost, flexible 403(b), 457(b), Roth 403(b) and Roth 457(b) plans. Pension2 is designed to fill the gap between your CalSTRS retirement benefit and your retirement income goal.

Designed with your interests in mind

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

- Low and transparent costs—no commissions, no load fees and no surrender charges.
- Flexible investment choices that match all levels of investment ability:
 - » **Easy Choice Portfolios**—Consider your risk tolerance and retirement date, with a mix of the core investment options.
 - » **Core Investment Options**—Build your own portfolio from a list of more than 20 funds.
 - » **Self-Directed Brokerage Account**—Access a greatly expanded range of mutual funds.
- Professional advice, services and retirement income planning tools.

CALSTRS

pension2
personal wealth plan

*Pension2 can take you
where you want to go*

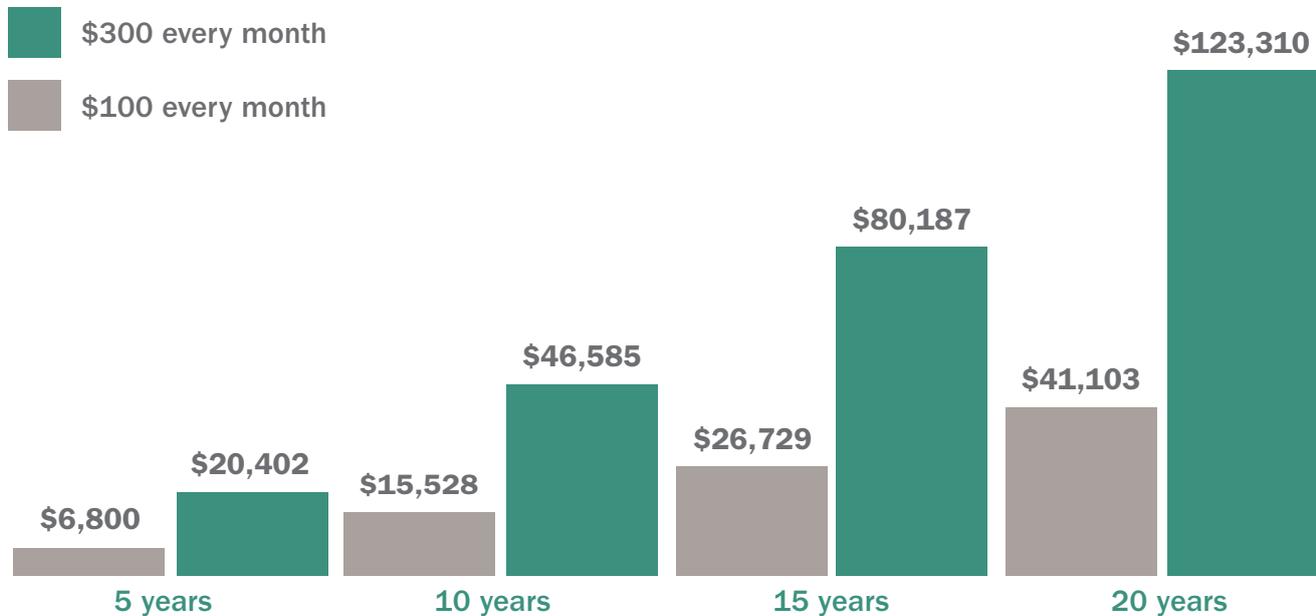
You can save a little or a lot—and you can change your contribution amount any time.

- > See the Pension2 ebook and enroll online at [Pension2.com](https://www.pension2.com) or call toll free 888-394-2060.

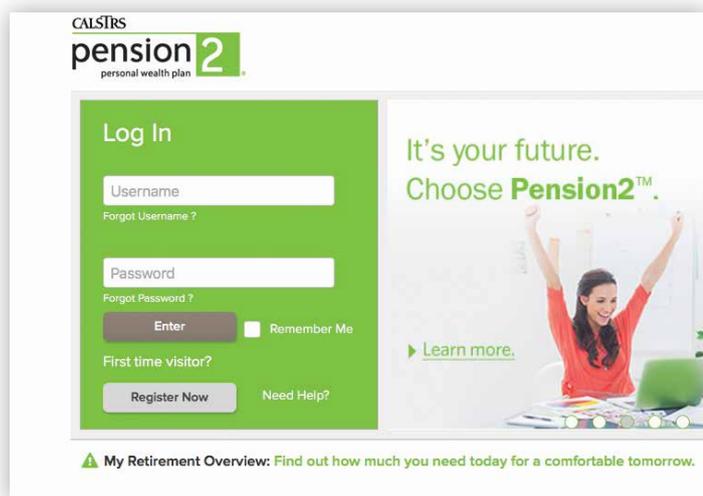
A little now can really add up later

Let's say you contribute \$100 a month to your account directly from your paycheck. If your account averages a 5% rate of return annually, after 20 years you could have \$41,103. If you increase your monthly contribution to \$300 a month, your savings could grow to \$123,310.

+ An added benefit of tax-deferred contributions: Your \$300 investment may reduce your paycheck by only \$173.



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



Start your Pension2 account

You've done your research and selected your plan.

Now:

- Enroll online at **Pension2.com** or call **888-394-2060**.
- Determine how much you want to invest.
- Fill out your district's salary reduction agreement form, available from your payroll office or online at **403bCompare.com** (select Find Employer).



Start your 403(b) or 457(b) account today

We get it. Retirement is probably one of the last things on your mind. And since you're busy, we're making it easy for your future to start now.

403bCompare™

Find the right 403(b) or 457(b) for you

Most likely, your school district offers dozens of supplemental savings products and hundreds of investment options to choose from. It can be somewhat overwhelming to decide which plan to choose.

403bCompare helps you find the 403(b) or 457(b) account that fits your needs. You can easily compare fees, services and performance of all the plans your district offers. Once you select the plan you want, your personal retirement savings will start growing with easy paycheck contributions.

➤ Check out 403bCompare.com today.



Why start now? It's smart!

Power of time and money. With compound interest, you earn interest on your total balance—your original contribution plus all interest earned and any additional contributions—so your money can grow faster.

Tax advantages. When you contribute to your 403(b) or 457(b) account directly out of your paycheck, you defer taxes on the money you invest each month. Your earnings grow tax-deferred, and your monthly taxable income is lower. Contribute to a Roth 403(b) or Roth 457(b) account through your paycheck and you won't get a tax break up front, but your contributions and earnings will be tax-free at retirement when you withdraw your funds.

More time to take risks. The earlier you start, the longer you'll be able to weather financial downturns and reap the benefits of strong economic times—and the longer you can take advantage of compound interest.

Investing involves risk, including risk of loss of principal.

Did you know you can start a 403(b) or 457(b) account with as little as \$25 a month?

5 questions to ask before investing

Whether you're opening an account to invest for the long term or save for the short term, it's important to make sure the opportunity is right for you.

1 What is my tolerance for risk?

All investments have risk. Before you invest, know your risk profile. CalSTRS Pension2 Easy Choice Portfolios provide a ready-made mix of the Pension2 core investments for specific time horizons and risk tolerances.

2 What is my timeline?

Your timeline is made up of the years that represent your financial life. Most of your timeline will be spent saving and building your savings, and the last part withdrawing and living off that money.

3 Do I understand it?

If you don't understand how an investment works, you can't properly assess whether it matches your overall goals, risk tolerance and timeline. Take the time to find the investment that best meets your needs.

4 What are the fees, expenses and commissions?

Most investments charge fees and expenses. Returns are never guaranteed, but fees, expenses and commissions are. Check the investment prospectus and ask financial professionals how they are paid. Compare costs of 403(b) plans offered in your district at 403bCompare.com.

5 How easily can I pull my money out?

Some 403(b) annuity investments require you to stay invested for a set period of time and charge penalties if you pull your money out early. Know your options before you decide.

Want to learn more? Our team can help you determine your investment timeline and risk tolerance. Call Pension2 at 888-394-2060.

Your retirement income gap

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

1. My retirement goal

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

According to financial professionals, you may need 80–90% of your salary to maintain your current standard of living in retirement.

2. Calculate my gap

$$\frac{\text{Service credit}}{\text{Age factor}} \times \frac{\text{My goal}}{\% \text{ of final compensation}} = \frac{\text{My gap}}{\% \text{ of final compensation}}$$

ⓘ Your percentage of final compensation will be less if you choose to elect an option benefit.



Review your Retirement Progress Report

Keep tabs on your CalSTRS account and service credit balances by reviewing your *Retirement Progress Report* each year. Your report is posted online on *myCalSTRS* annually in mid-September.

Your *Retirement Progress Report* summarizes:

- Your service credit.
- The name of your one-time death benefit recipient.
- Accumulated contributions and interest in your Defined Benefit and Defined Benefit Supplement accounts.
- Information about your disability and survivor benefit coverage.

While working, be sure to:

- Verify your paycheck information, including your deductions, each pay period.
- Keep your mailing and email addresses current with your employer and CalSTRS. Visit **myCalSTRS.com** to update your CalSTRS information.



A personal report for: DEFINED BENEFIT MEMBER Birth year: 1952
Client ID: 333333333 Initial membership date: 08/01/2001

Your Retirement Benefit Basics
As a CalSTRS member, you participate in a hybrid retirement system consisting of traditional defined benefits (Defined Benefit Program) and defined benefit supplement programs (Supplemental Defined Benefit Program and Voluntary Defined Contributions (CalSTRS Pension2) plans). With the passage of the California Public Employees' Pension Reform Act of 2013, CalSTRS has two benefit structures:

- CalSTRS 2% at 60: You're eligible to retire at age 55 with at least 30 years of service credit, at age 55 with at least five years of service credit, or under the special circumstances of concurrent retirement.
- CalSTRS 2% at 62: You're eligible to retire at age 55 with at least five years of service credit or under the special circumstances of concurrent retirement.

You can find which benefit structure you're under in the **Special Messages** section on page 3.

Defined Benefit Program
Your retirement benefit is a defined benefit pension calculated using a formula that provides a fixed percentage of your final compensation as of the age you retire and your years of service credit, not on how much you contribute or how well CalSTRS investments perform. The formula: Service Credit x Age Factor x Final Compensation = Your Retirement Benefit

Service Credit is time, in full and partial years, that you earned creditable compensation for CalSTRS-covered service. Your total service credit is listed below.

SERVICE CREDIT ACTIVITY	SERVICE CREDIT
DB beginning balance as of July 1, 2017	16,000
Current year service credit	2,964
DB ending balance as of June 30, 2018	18,964

The Defined Benefit Account Activity shows your 2017-18 fiscal year contributions and interest. For 2017-18, Defined Benefit accounts earned 5.9 percent interest. Remember, your monthly benefit is based on the formula above, not on your contributions or total account balance. For more information, see "Your Defined Benefit Membership" in the Member Handbook at CalSTRS.com/publications.

	MEMBER	INTEREST		TOTAL
		PAID	RECEIVED	
DB beginning balance as of July 1, 2017	0.00	10,282.08	6,724.44	16,006.52
Interest credited for 2017-2018		6,426.61	586.82	6,013.43
Current year contribution	0.00	69,021.74	9,866.37	78,888.11
DB ending balance as of June 30, 2018				108,898.06

Log in to your account at myCalSTRS.com to view your earnings and contributions by employer and a glossary of terms used in this report.

Additional Information

More Money for Retirement
Defined Benefit Supplement Account
As a Defined Benefit member, you have a Defined Benefit Supplement account that provides additional savings for your retirement. This is a separate fund and benefit in addition to your main CalSTRS retirement benefit.

Since you cannot earn more than your one year of service credit in a school year, most of your and your employer's contributions from your earnings in excess of one year, up to the compensation cap, are credited to this account. You can build your account by taking on extra pay assignments such as summer school, internships, yearbook adviser or movie director. When you retire, you'll receive your CalSTRS retirement benefit and your Defined Benefit Supplement funds.

If you're under the CalSTRS 2% at 60 benefit structure, limited term payments and retirement incentives are also payable to your Defined Benefit Supplement account.

Excess Contributions
If you earn more than one year of service in a school year you're eligible for a return of your member contributions that were made in excess of the 8 percent contribution rate on Defined Benefit Supplement compensation. If you made excess contributions in the 2017-18 fiscal year, the total amount of excess contributions is provided in the Special Messages section on page 3.

CalSTRS will return the excess contributions to your employer, typically in October. Your employer is responsible for returning your excess member contributions to you. Adjustments to the excess savings from prior years may be held as negative amounts. The timing of the excess member contributions returned to you by your employer will vary. Please contact your employer if you have any questions.

Social Security, CalSTRS and You
As a CalSTRS member, you do not contribute to Social Security so you will not receive Social Security benefits from your CalSTRS-covered service. That's because in 1955 California's public school educators voted against opting into Social Security. If you expect to receive a Social Security benefit through other employment or your spouse, see federal rules—the Windfall Elimination Provision and the Government Pension Offset—may leave you with a smaller Social Security benefit or possibly no benefit at all. Your CalSTRS retirement benefits will not be reduced by these rules. See the Social Security, CalSTRS and You fact sheet at CalSTRS.com/publications.

CalSTRS Benefits and Financial Awareness Workshops
CalSTRS offers a number of benefit workshops, each designed to meet your needs at different stages during your career. Benefits specialists also provide assistance at CalSTRS member service centers and local offices or by calling 800-225-0433, option 3. Go to CalSTRS.com/benefits for more information.

CalSTRS Pension2—Save More for Your Future
Your CalSTRS benefit may not be enough for your retirement. CalSTRS Pension2 is a voluntary supplemental savings program that offers 401(k), 457(b), Roth 401(k) and Roth 457(b) plans to help you set aside additional money for retirement.

CalSTRS Pension2 plans feature:

- Easy payroll deductions
- Flexible investment options
- Low and transparent costs—no commissions, no load fee and no surrender charges

Learn more at Pension2.com.

Compare Us—403bCompare
403bCompare is your resource for information on the 403(b) plans offered by your school district. You'll find everything you need to compare and select the 403(b) that best fits your needs, including costs, services and performance. Visit 403bCompare.com.

Glossary of Terms
Need help understanding a term in this report? See our online glossary at CalSTRS.com/rglossary.



If you believe there's a discrepancy in your report, correct errors by contacting your employer immediately.

➤ View your *Retirement Progress Report* at **myCalSTRS.com**.

CHECK YOUR MONEY



You know the cost of a cup of coffee, a movie ticket and your monthly rent or mortgage, but how about your total monthly expenses?

Use the worksheet on pages 22 and 23 to help you find more money for your future goals.

Get the facts on Social Security

As a California public school educator, you do not contribute to Social Security, so you will not receive a Social Security benefit for your CalSTRS-covered employment when you retire.

If you or a spouse paid into Social Security through non-CalSTRS-covered employment, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—may be used in the calculation of your Social Security benefit. The application of these offsets may leave you with a smaller Social Security benefit or possibly no Social Security benefit at all.

Your CalSTRS retirement benefit will not be reduced by these rules. Social Security is a federal program and neither CalSTRS nor the State of California has control over eligibility requirements or benefit calculations.

➤ See the *Social Security, CalSTRS and You* fact sheet at CalSTRS.com/publications.

📺 View the *Introduction to Social Security* video at CalSTRS.com/videos.

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

Social Security, CalSTRS and You
Get the facts on two federal rules that may affect you

As a California public school educator, you do not contribute to Social Security, so you will not receive a Social Security benefit for your CalSTRS-covered employment when you retire.

If you or a spouse paid into Social Security through non-CalSTRS covered employment, two federal rules, the Windfall Elimination Provision and the Government Pension Offset, may be used in the calculation of your Social Security benefit. Social Security is a federal program, and neither CalSTRS nor the State of California has control over eligibility requirements or benefit calculations. These rules affect only your Social Security benefit. Your CalSTRS retirement benefit will not change.

Windfall Elimination Provision
Affects your Social Security benefit that is based on your earnings from other employment.

- May reduce your Social Security benefit, but it will not eliminate it.
- Reduces the income replacement ratio covered under the first component of the Social Security benefit formula, known as a bend point, to as low as 40%. If you paid Social Security taxes on substantial earnings for:
 - Up to 20 years—This provision reduces the 90% factor of the Social Security computation formula to 40%.
 - 21 to 29 years—The 40% factor increases incrementally from 45% to 85%.
 - 30 or more years—There is no reduction to your Social Security benefit.

The following example was created based on a member turning 62 in 2020 with average Social Security-covered earnings of \$2,000.

SOCIAL SECURITY COVERED MONTHLY EARNINGS	SOCIAL SECURITY BENEFIT
\$500	\$384
\$1,000	\$864
\$2,000 (Example)	\$717
\$2,500	\$1,197

Social Security substantial earnings
Social Security substantial earnings are defined each year. Here is a sampling:

1980	\$5,100
1990	\$9,525
2000	\$14,175
2010	\$19,800
2020	\$25,575

What does this mean for me?
Use the calculators at the Social Security Administration's *Information for Government Employees* page to see how the formula will affect you. Go to ssa.gov/gpo-wep for more information, including links to calculators that can provide personalized estimates.

What if you leave education?

You can keep your money with CalSTRS if you leave education or you can request a refund. A refund includes the total balance of your own Defined Benefit Program contributions and interest, and a distribution of the total balance of your Defined Benefit Supplement account. You cannot withdraw employer contributions that were made to the Defined Benefit Program. Even if you think you may not return to public education, taking a refund may not be the best financial option.



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're age 55 if you have at least five years of service credit or less if under the special circumstances of concurrent retirement with certain California public retirement systems.

 View the *Refund: Consider the Consequences* video at CalSTRS.com/videos or the fact sheet at CalSTRS.com/publications.



Consequences of cashing out include:

- You'll no longer be a member of CalSTRS.
- You'll give up all rights to your retirement benefit, as well as survivor and disability benefits, unless you return to CalSTRS covered employment.
- Your refund may be subject to 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.
- If you take a refund, it's expensive if you return to public education and want to redeposit your service credit.

What if I'm a member of another retirement system?

If you're a member of CalSTRS and certain other eligible California public retirement systems, you may be able to service retire concurrently and:

- Qualify for a CalSTRS service retirement benefit at age 55 or older with less than five years of CalSTRS service credit.
- Increase your CalSTRS service retirement by using higher salaries from another public retirement system for your final compensation.

 See the *Concurrent Retirement* fact sheet at CalSTRS.com/publications.



POP QUIZ

When are you eligible to retire?

You can retire at age 55 with five years of service credit—or fewer if you service retire concurrently from one or more eligible California public retirement systems. If you're a CalSTRS 2% at 60 member, you can retire as early as age 50 if you have at least 30 years of service credit.

- Are you a member of another California public retirement system? See the *Concurrent Retirement* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications) to learn more.



Your survivor benefits

Your spouse, children and other loved ones may be eligible for survivor benefits after your death. The type and amount of benefits depend on:

- Your years of service credit.
- Your type of coverage: A or B.
Find your coverage on your *Retirement Progress Report*.
- Your membership status.
- If you elect an option.

Depending on your member status at the time of your death, your beneficiaries may be eligible for three types of benefits:

- One-time death benefit.
- Defined Benefit Program monthly benefit.
- Defined Benefit Supplement account distribution.

NOTE: All survivor benefits are considered taxable income.

One-time death benefit recipient

You may designate one or more recipients to receive a one-time death benefit—a person, trust, estate, charitable organization, corporation or public entity. If you die during active service, the benefit is currently \$6,372 under Coverage A and \$25,488 under Coverage B. If you die after you've retired or while receiving a CalSTRS disability benefit, the benefit amount is currently \$6,372.

Name your one-time death benefit recipient using *myCalSTRS*. Then be sure to keep your recipient information current.

Defined Benefit Program monthly benefit

If you die before retirement, your survivors, including your spouse or registered domestic partner and dependent children, may be eligible for a monthly survivor benefit.

You may choose to elect an option to provide a lifetime monthly benefit to one or more beneficiaries instead of a monthly survivor benefit when you're eligible to retire, under Coverage B disability retirement or at retirement.

Defined Benefit Supplement distribution

Your membership status when you die determines how the balance in your Defined Benefit Supplement account will be distributed.

If you die before retirement, your Defined Benefit Supplement account balance will be distributed to your one-time death benefit recipient. If you did not name a recipient, CalSTRS will pay the balance to your estate.

If you die after retirement, your account balance will be distributed to your one-time death benefit recipient or option beneficiary, depending on the distribution you elected at retirement.

● See the *Survivor Benefits* brochure at [CalSTRS.com/publications](https://www.calstrs.com/publications).

📺 View the *Survivor Benefits* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Your disability benefits

You may be eligible for disability benefits if you have a medically determined physical or mental impairment that is permanent or expected to last at least 12 consecutive months and prevents you from performing:

- Your usual duties with or without reasonable accommodation.

OR

- Duties in a comparable level position.

In general, the basic disability benefit is 50% of your final compensation. The maximum benefit, including benefits for eligible dependent children, is 90% of your final compensation.

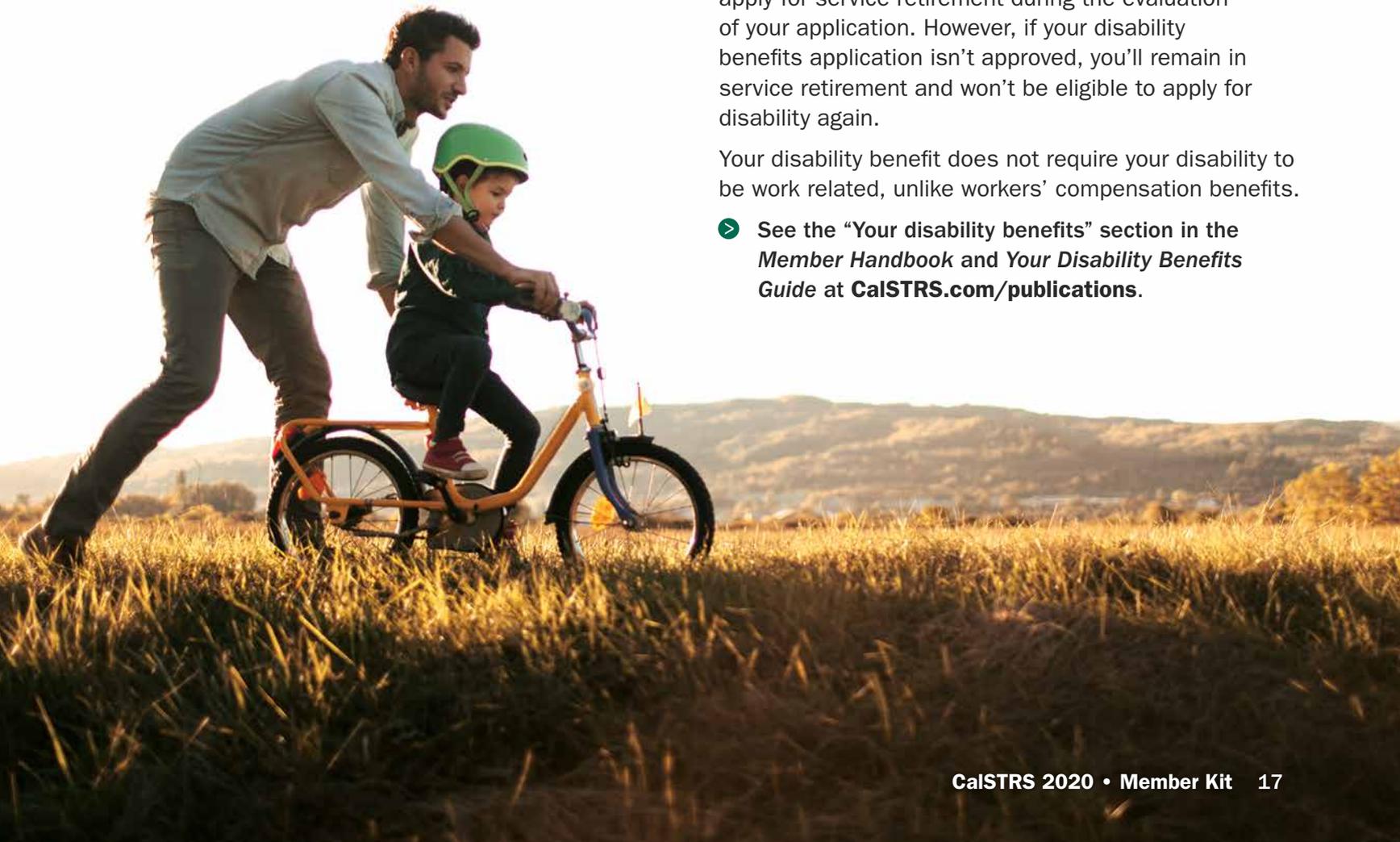
In order to have income while your application for disability benefits is being evaluated, you may apply while:

- You're still working.
- You're receiving sick leave or differential pay.

In addition, if you're eligible to service retire, you can apply for service retirement during the evaluation of your application. However, if your disability benefits application isn't approved, you'll remain in service retirement and won't be eligible to apply for disability again.

Your disability benefit does not require your disability to be work related, unlike workers' compensation benefits.

➤ See the "Your disability benefits" section in the *Member Handbook* and *Your Disability Benefits Guide* at [CalSTRS.com/publications](https://www.calstrs.com/publications).



Keep your address current

Be sure CalSTRS has your current mailing and email addresses, so you receive all important communications from us.



Moved or planning a move soon?

Three ways to update your contact information:



myCalSTRS makes it easy. From the homepage, select *Update Your Profile*, then follow the instructions. If you're not yet registered, complete the registration process today to activate your account.

➤ myCalSTRS.com



Complete the *Address Change Request* form, then sign, date and mail it to us.

➤ CalSTRS.com/forms



Call us at **800-228-5453**. To use this option, you must have a valid email address.



For your security, when you update your mailing or email address, we will send you a letter and an email confirming the update.

Connect with us on social media

It's a great way to keep up on the latest CalSTRS news, share ideas and connect with other educators. Invite your colleagues to join us, too.

CalSTRS.com/stay-connected



*CalSTRS is
Mobile Friendly*



Our member service centers

CalSTRS has member service centers located throughout the state. Go to [CalSTRS.com/benefits-planning](https://www.calstrs.com/benefits-planning) to see services currently available online or in your area.

To find out more, call 800-228-5453, option 3, or visit [CalSTRS.com/localoffices](https://www.calstrs.com/localoffices).



View our member benefit videos

Browse our library of three- to five-minute member education videos.

Welcome to CalSTRS

Learn more about your benefits and steps you can take now for your secure future.

The Gap

Consider how much of your working salary you'll need to live the retirement you want.

Refund—Consider the Consequences

Understand the consequences of taking a refund if you leave teaching.

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



Stay engaged

Read our *Connections* newsletter, which provides information about benefits, retirement planning, workshops, webinars, legislative news and more.



Go paperless. Sign up on [myCalSTRS](https://mycalstrs.com) to receive your newsletter electronically to help us conserve natural resources and reduce costs.



Attend a workshop

Want to learn more about your benefits as a CalSTRS member? How to save, plan and protect your financial future? Take advantage of our retirement and financial awareness workshops.

My Retirement workshops

The My Retirement interactive workshop series shows you how to make the most of your CalSTRS membership.

My Retirement System—Introduces your retirement, survivor and disability benefits, how to calculate your retirement benefit, and why it pays to start a 403(b) or 457(b) supplemental savings plan sooner rather than later.

My Retirement Benefits—Provides more in-depth information about your benefits, earned and purchased service credit, and the gap between your CalSTRS benefit and your retirement income goal and ways you can bridge it.

My Retirement Decisions—Covers the decisions you'll need to make before you retire, including if you want to elect a beneficiary option, how to complete the application and what you'll need to know after retirement.

➤ Sign up at CalSTRS.com/benefits-planning.

Financial awareness workshops

Learn how to make smart decisions today about your financial future. You'll take home a booklet of helpful checklists and worksheets after attending each of our three financial awareness workshops.

Save for Your Future—Discover ways to create a spending plan, understand your credit score and credit report, build and keep good credit, and manage debt.

Plan for Your Future—Create an action plan for your retirement, estimate your income and expenses in retirement and learn about Medicare basics and Social Security offsets.

Protect Your Future—Learn how to maximize and protect your income and reduce the risk of underestimating your expenses, and how to choose a financial professional.

➤ Register now at CalSTRS.com/financial-awareness.

CalSTRS representatives are available by secure online messaging at myCalSTRS.com and by phone at 800-228-5453, option 3.



Create your monthly spending plan

Start by writing down all your purchases every day for two weeks to understand your spending habits. You'll get a good idea of how many times you eat out, and how many coffees and other items you buy. Be sure to include them along with your regular household expenses, including rent or mortgage, utilities and groceries.

Give it a try!

Complete your monthly spending plan worksheet on the next page. Then, take a look at your results each month.

Do you still have money left after all your expenses and regular savings? If so, consider putting some or all of that extra money into your 403(b) or 457(b) account. If you have credit card debt or a student loan, consider increasing your monthly payments to pay down your debt faster.

Are you spending more than you take in? Consider adjusting your expenses. Look first at your discretionary spending, or your wants, and find small ways to save.

Are you not meeting your Must-haves and your Wants? Think about adjusting your expectations or look into supplementing your income by taking on an extra-pay assignment.

What are your savings goals? Start with your short-term goals—saving for a vacation, new car or wedding? How about your long-term goals like saving for retirement or a down payment for a home? Write down your goals, prioritize them, then keep track of your progress.

Make sure you cover all expenses. If your expenses vary from month to month, track your spending over three months.

 Try a budget app to manage your spending habits.



Your monthly spending plan worksheet

Use this worksheet to track your household income and expenses for one month. For each expense, jot down what you estimate you spend in the Estimate column, then write down what you actually spent in the Actual column. Next, calculate the difference between your estimated and actual expenses in the Difference column. Finally, determine if the expense is a Must-have or Want.

Income

Actual

Monthly pay (after taxes)	
Child support or alimony	
Interest	
Other	
Other	
Total monthly income	

Budget for the month of

Expenses

Estimate

Actual

Difference

Must-have or Want

Expenses	Estimate	Actual	Difference	Must-have or Want
Home				
Mortgage/rent				
Second mortgage				
Property taxes				
Homeowner's or renter's insurance				
Association dues				
Repair/maintenance				
Other				
Total home expenses				
Utilities				
Electric/gas				
Water/sewer				
Phone				
Other				
Total utilities expenses				
Food and household items				
Groceries and household items				
Dining out				
Coffee				
Other				
Total food and household expenses				
Transportation				
Car payment 1				
Car payment 2				
Gas/public transportation				
Car insurance				
Repairs/maintenance				
Other				
Total transportation expenses				
Health and grooming				
Health insurance				
Prescription medication				
Gym/health club				
Grooming (hair, nails)				
Other				
Total health and grooming expenses				

Expenses	Estimate	Actual	Difference	Must-have or Want
Family and pets				
Childcare and babysitting				
Child support or alimony				
Allowances				
Tuition and fees				
Pet food, supplies, veterinarian				
Other				
Total family and pet expenses				
Entertainment and recreation				
Cable TV, internet, streaming services				
Movies, concerts, other events				
Newspapers, magazines, books				
Clubs, sports, hobbies				
Vacations				
Other				
Total entertainment and recreation expenses				
Debt				
Credit card 1				
Credit card 2				
Credit card 3				
Student loan 1				
Student loan 2				
Personal loan				
Other				
Total debt expenses				
Savings and investing				
Emergency savings				
Education savings				
Retirement [403(b), 457(b), IRA]				
Short-term goal 1				
Short-term goal 2				
Short-term goal 3				
Long-term goal 1				
Long-term goal 2				
Long-term goal 3				
Other				
Total savings and investing expenses				
Miscellaneous				
Gifts (family, friends)				
Donations (church, charities)				
Other				
Total miscellaneous expenses				

Now that you have a spending plan, you have a realistic idea of your monthly income and expenses. To figure out your net income, simply subtract your monthly expenses from your monthly income.

$$\begin{array}{r}
 \text{Monthly income} \\
 \hline
 \text{Monthly expenses} \\
 \hline
 \text{Net income}
 \end{array}$$



CalSTRS benefits planning offices

Member service centers

Location			Telephone number	Hours
Fresno	Redding*	Santa Clara	800-228-5453 ext. 3	M-F 8-5
Glendale	Riverside	West Sacramento		
Irvine	San Diego			

* Standard hours of operation may not apply to this location.

Satellite offices

Location					Telephone number
Bakersfield	Eureka	Murrieta	Salinas	Santa Maria	800-228-5453 ext. 3
Ceres	Hanford	Ontario	San Francisco	Santa Rosa	
Cordelia	Hayward	Oxnard	San Marcos	Visalia	
Culver City	Hesperia	Palm Desert	San Mateo	Walnut	
Downey	Lancaster	Palm Springs	Santa Barbara		
El Centro	Los Alamitos	Pleasant Hill	Santa Cruz		

Hours and services vary at satellite offices, so call ahead or visit CalSTRS.com/localoffices for more information.

For the most current listing of our member service centers and satellite offices, visit CalSTRS.com/member-service-centers.

CalSTRS resources



WEB

CalSTRS.com
Click *Contact Us* to email

myCalSTRS.com

403bCompare.com

Pension2.com

STAY CONNECTED



CALL

800-228-5453
7 a.m. to 6 p.m.
Monday through Friday

916-414-1099
Calls from outside the U.S.

888-394-2060
CalSTRS Pension2® personal wealth plan

855-844-2468 (toll free)
Pension Abuse Reporting Hotline



WRITE

CalSTRS
P.O. Box 15275
Sacramento, CA
95851-0275



VISIT

Member Services
100 Waterfront Place
West Sacramento, CA 95605

Find your nearest
CalSTRS office at
CalSTRS.com/localoffices



FAX

916-414-5040



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