



CALSTRS®

YOUR SMART RETIREMENT MEMBER KIT

Near Retirement

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. 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.

We invite you to take a few minutes to look through your kit. You'll find important information as you get closer to retirement.

Learn about our workshops and benefits planning services that will help you make decisions before and after retirement. We also encourage you to view our member benefit videos, including the one on beneficiary options, at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Our benefits specialists can also provide benefit estimates and explain how different decisions will affect your benefit. It's easier to schedule an appointment during the nonpeak months of August–March.

Thank you for dedicating your career to education.

Sincerely,



Jack Ehnes  
Chief Executive Officer

## Our mission

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



## Your timeline

This event timeline from the year before you retire up to your first benefit payment will give you an idea of what to do and when.

01

### Anytime:

- Activate your *myCalSTRS* account, if you haven't already. Go to [myCalSTRS.com](https://www.calstrs.com).
- Attend benefits or financial awareness workshops. Visit [CalSTRS.com/workshops](https://www.calstrs.com/workshops).

02

### 10–12 months before your retirement date:

- Read the *Your Retirement Guide* booklet, available at [CalSTRS.com/publications](https://www.calstrs.com/publications).
- Make your retirement benefit decisions. See pages 16–18.
- Check to see if pending or new legislation may affect your benefit or influence the timing of your retirement.
- Visit [CalSTRS.com/benefits-planning-services](https://www.calstrs.com/benefits-planning-services) to sign up for a workshop or planning session.

03

### Six months before you plan to retire:

- Submit your *Service Retirement Application* and other forms using *myCalSTRS*, or download forms at [CalSTRS.com/forms](https://www.calstrs.com/forms).
- Submit your application no earlier than six months before your requested retirement date.

04

### After you submit your application:

- Check the status of your application on *myCalSTRS*, if you submitted it online.
- Review your award letter, which includes the amount of your retirement benefit.
- Look for your first benefit payment, which you should receive within 45 days of your retirement date or the date your application was processed, whichever is later.

# 10

## Things to do now for your **smartretirement**

You've been helping students build their futures, now it's time to get ready to enjoy yours!



How do you picture your future?  
**Start envisioning with the checklist on page 22.**

- |                                     |   |   |    |
|-------------------------------------|---|---|----|
| <input checked="" type="checkbox"/> |    | Open Your Smart Retirement Member Kit               |    |
| <input type="checkbox"/>            |    | Access your account information on <i>myCalSTRS</i> | 2  |
| <input type="checkbox"/>            |    | Estimate your retirement benefit                    | 4  |
| <input type="checkbox"/>            |    | Increase your retirement benefit                    | 9  |
| <input type="checkbox"/>            |  | Increase your 403(b) or 457(b) contribution         | 11 |
| <input type="checkbox"/>            |  | Get the facts on Social Security                    | 12 |
| <input type="checkbox"/>            |  | Review your Retirement Progress Report              | 13 |
| <input type="checkbox"/>            |  | Learn about your survivor benefits                  | 14 |
| <input type="checkbox"/>            |  | Understand your retirement decisions                | 16 |
| <input type="checkbox"/>            |  | Attend a workshop                                   | 21 |

*CalSTRS is governed by the Teachers' Retirement Law, available at [CalSTRS.com](http://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](http://CalSTRS.com), the California State Legislative Counsel website at [leginfo.legislature.ca.gov](http://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.*

# Why are we sending you a member kit?

The mission of the California State Teachers' Retirement System—securing the financial future and sustaining the trust of California's educators—drives everything we do. Your member kit explains CalSTRS benefits and other issues fundamental to California's 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.

As an educator nearing retirement, it's important for you to understand the value and security of the CalSTRS defined benefit you're earning. 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.



## Access your CalSTRS information online

myCalSTRS offers easy, secure and convenient access to your accounts and forms—anytime, anywhere. Register at [myCalSTRS.com](https://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 View your account balances.
- 4 Name and update your one-time death benefit recipient.
- 5 Exchange secure messages with CalSTRS representatives.
- 6 Complete and submit forms.
- 7 Link to 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](https://myCalSTRS.com).

You'll find help with resetting your password at [CalSTRS.com/myCalSTRS-help-videos](https://CalSTRS.com/myCalSTRS-help-videos).



## 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.

➤ See page 16 to learn more.

# Your CalSTRS retirement at a glance

**As a vested member of CalSTRS, you're entitled to a 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.

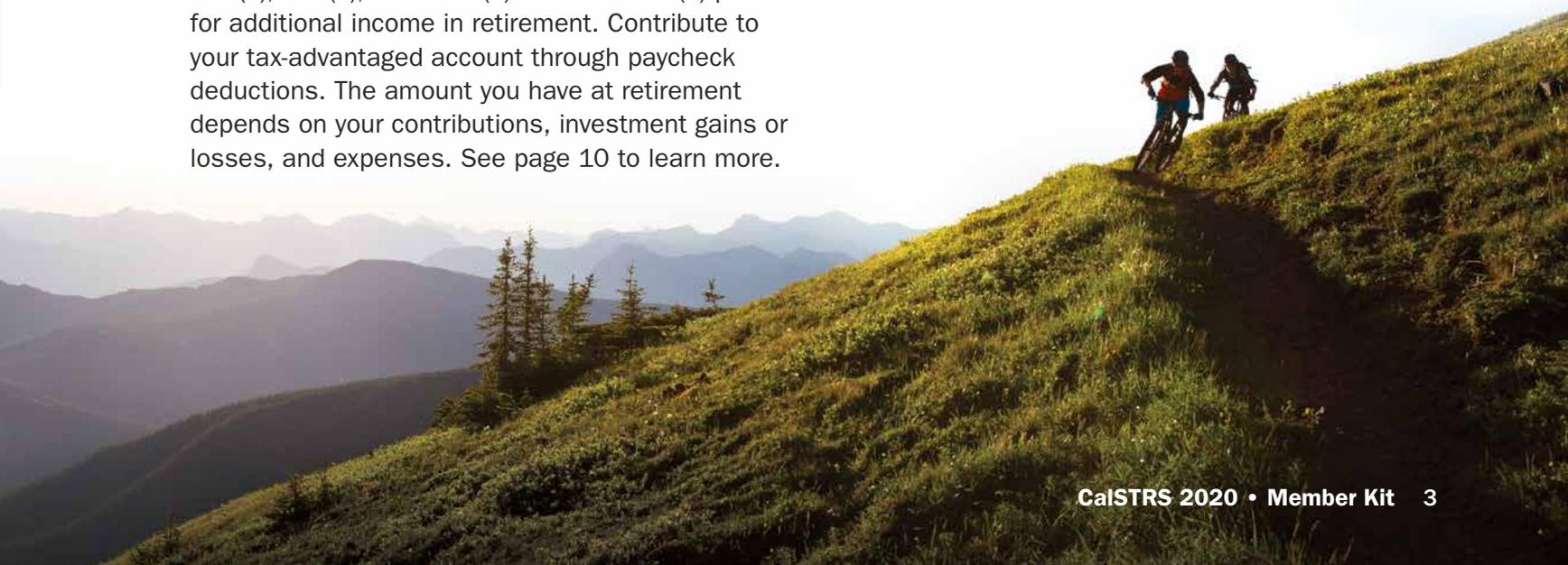
Your income in retirement is a shared responsibility between CalSTRS and you. Your CalSTRS retirement benefit is a strong foundation, but you'll likely need more to meet your retirement income goal.

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 well 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 7–8 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 page 10 to learn more.





# Estimate 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 age, 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 7–8.

## 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).

## 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. See the age factor tables in the *Member Handbook* for more information.

### 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%	

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

# Your retirement formula: How it works

## Let's look at Faye:

Faye, a CalSTRS 2% at 60 member, 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 gross monthly salary is \$5,708.

Here are three examples for her Member-Only retirement benefit calculation, not including any unused sick leave she may have that will be converted to service credit at retirement. The examples assume her pay stays the same and she does not elect an option to provide a lifetime benefit to someone upon her death.

If Faye retires with at least 30 years of service credit, a 0.2% career factor will be added to her age factor, up to a maximum age factor of 2.4%.

### service credit x age factor x final compensation

#### Example 1

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

$$\frac{29 \text{ (service credit)} \times 1.76\% \text{ (age factor)} \times \$5,708 \text{ (final compensation)}}{= \$2,913 \text{ (retirement benefit)}}$$

#### Example 2

If she continues working until her 60th birthday, she would qualify for the career factor. Her monthly retirement benefit would be:

$$\frac{31 \text{ (service credit)} \times 2.2\% \text{ (age factor + career factor)} \times \$5,708 \text{ (final compensation)}}{= \$3,893 \text{ (retirement benefit)}}$$

#### Example 3

If she continues working until her 62nd birthday, she would be eligible for the maximum combined age factor and career factor of 2.4%, giving her a monthly retirement benefit of:

$$\frac{33 \text{ (service credit)} \times 2.4\% \text{ (age factor + career factor)} \times \$5,708 \text{ (final compensation)}}{= \$4,521 \text{ (retirement benefit)}}$$

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

➤ Find the career factor and age factor tables in the *Member Handbook* at [CalSTRS.com/publications](https://www.calstrs.com/publications).

## Contributions to your CalSTRS retirement

CalSTRS pays retirement benefits using a combination of investment income and 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.

### Health insurance in retirement

**CalSTRS does not provide health benefits.** Your health benefits depend on your district’s agreement with your employee bargaining unit. Many retired educators have to contribute to or pay their own health insurance costs.

**Consider setting aside extra money now for your future.**

You and your employer each pay 1.45% of your wages toward earning coverage under Medicare, the federal health insurance program for people age 65 and older.

## 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.

## 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.

# Your Defined Benefit Supplement account— Additional money for retirement

As a Defined Benefit 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 account balance on your *Retirement Progress Report* at [myCalSTRS.com](https://myCalSTRS.com).

## 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.

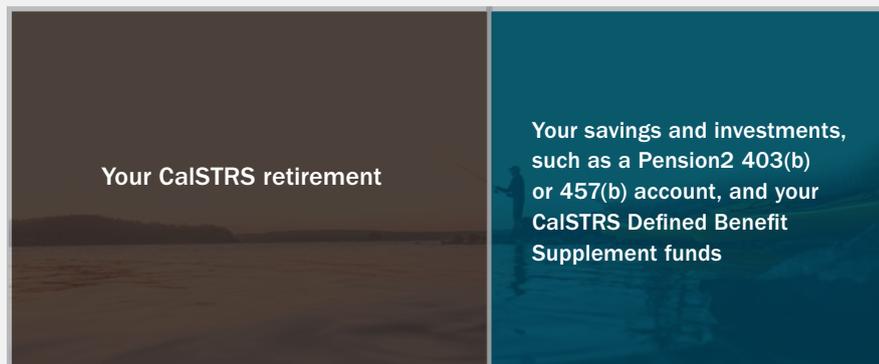
The dollar value of those excess contributions is reported each year on your *Retirement Progress Report*. Your *myCalSTRS* account shows a breakdown of excess contributions by employer.

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://CalSTRS.com/videos)

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

On average, the CalSTRS defined benefit pension 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. Don't know where to begin? CalSTRS Pension2 is your personal wealth plan. See page 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.](https://CalSTRS.com/videos)

## Defined Benefit Supplement account excess contributions example

Gabriel is a CalSTRS 2% at 60 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 was 10.25%. 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 the compensation credited to the Defined Benefit Program (regular teaching assignment) is higher than the contribution rate for the 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

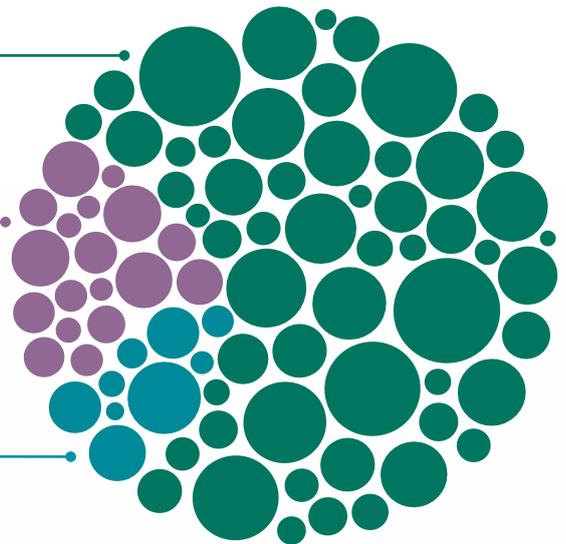
Gabriel earned a year of service credit from his regular teaching assignment to be used to determine his lifetime benefit under the Defined Benefit Program.

### Defined Benefit Supplement account

Following the end of the fiscal year, CalSTRS credited the equivalent of 8% 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.





# Increase your retirement benefit

You can increase your benefit by increasing one or more components of the retirement benefit formula:

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

## Purchase additional service credit

The more service credit you have at retirement, the greater your retirement benefit. You can:

- Redeposit previously refunded contributions and restore service credit if you return to CalSTRS membership or work covered by another eligible California public retirement systems.
- Purchase nonmember service, such as part-time or substitute service in the California public school system, earned before you were a CalSTRS member or after taking a refund and before becoming a member again.
- Buy permissive service credit for employer-approved leaves or service not previously credited, if eligible.

➤ See the *Purchase Additional Service Credit* booklet at [CalSTRS.com/publications](https://www.calstrs.com/publications).

📺 View the *Purchase Service Credit* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

## Work a while longer

The longer you work, the more service credit you'll have—and if you're under the CalSTRS 2% at 60 benefit structure, you may qualify for the one-year final compensation and career factor benefit enhancements:

- With 25 or more years of service credit, your final compensation will be based on your highest average annual compensation earnable for 12 consecutive months.
- With 30 or more years, 0.2% will be added to your age factor to a maximum combined age factor and career factor of 2.4% at age 61 and 6 months.

## Convert unused sick leave to service credit at retirement

CalSTRS will convert your unused sick leave to service credit when you retire. 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.

If you're employed full time as an educator, sick leave credit is calculated by dividing the number of accumulated unused sick leave days by the number of base service days, excluding holidays, required to complete the last school year:

$$\frac{\text{Accumulated days of unused sick leave}}{\text{Number of base days for full-time service}} = \text{Service credit}$$

If you work 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, if you're under the CalSTRS 2% at 60 benefit structure, up to two-tenths of one year of unused sick leave may be used to qualify for benefit enhancements.

➤ See the "Your retirement benefit" section in the *Member Handbook*.

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



**If you're like many educators, you'll likely need additional savings to bridge the gap between your CalSTRS retirement benefit and your retirement income goal.**

With the Pension2 supplemental savings plan, you'll have:

- 403(b), 457(b), Roth 403(b) and Roth 457(b) plan options.
  - Low and transparent costs.
  - Flexible investment options that match your investment ability:
    - » **Easy Choice Portfolios**—Consider your risk tolerance and retirement date, and include a mix of core investment options.
    - » **Core Investment Options** —Build your own portfolio from a list of more than 20 funds.
    - » **Self-Directed Brokerage Account**—Access an expanded range of mutual funds.
  - Professional advice, services and retirement income planning tools.
- View the Pension2 ebook and enroll online at [Pension2.com](https://www.pension2.com) or call toll free **888-394-2060**.

## Have other retirement savings accounts? Bring them all together!

Now is the perfect time to combine your retirement accounts. When you roll over money in other qualified retirement plans to CalSTRS Pension2, you manage your retirement savings all in one place.

**Asset consolidation is a powerful management strategy.** Managing one account rather than several makes it easier to implement and track your investment strategy.

**You may be able to save on fees.** Less in fees can translate into more money for you.

- To get a no-cost, no-obligation comparison of the fees you may pay elsewhere and with Pension2, call **888-394-2060, option 2**.





## Increase your 403(b) or 457(b) contribution

**Are you saving enough?** One way to save is to invest in a 403(b) or 457(b) tax-advantaged account. It's never too late to start.

### 403bCompare™

#### Find the right 403(b) for you

403bCompare is your resource for information on the 403(b) plans offered by your school district. You'll find everything you need to compare, select and start building your personal retirement savings.

Visit 403bCompare to:

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

➤ Check out [403bCompare.com](https://www.403bcompare.com) today.



#### Did you know?

**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.

Investing involves risk, including risk of loss of principal.

To help keep your savings on track, use the savings calculator at [CalSTRS.com/savingscalculator](https://www.calstrs.com/savingscalculator). See how much more you could have at retirement if you increased your monthly contribution by \$100.



# 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.**

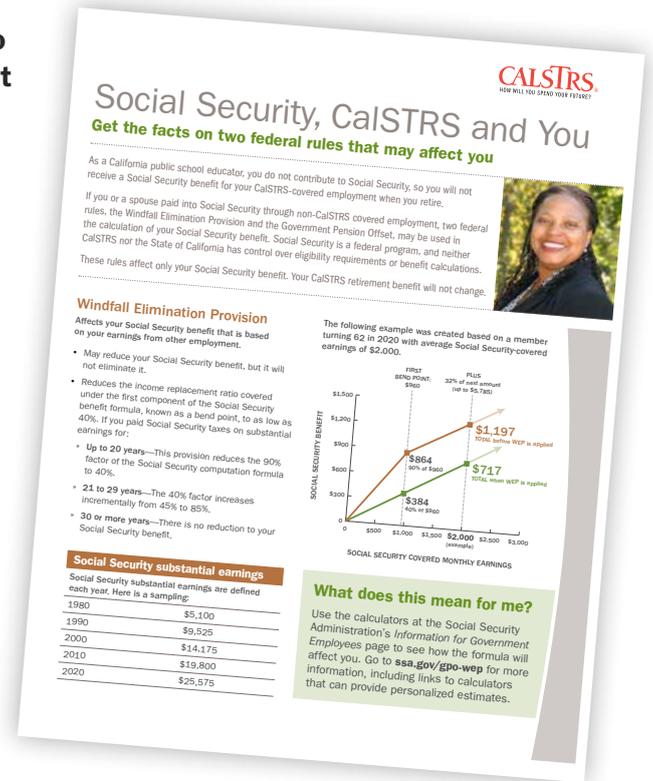
If you or a spouse paid into Social Security through other employment, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—may be used in the calculation of your Social Security benefit. The application of these offsets may leave you with a smaller Social Security benefit 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](https://CalSTRS.com/publications).

📺 View the *Introduction to Social Security* video at [CalSTRS.com/videos](https://CalSTRS.com/videos).

Find details, including calculators, to help you determine if these federal rules might affect you at [ssa.gov](https://ssa.gov).



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.

## Are you saving enough?

According to the 19th Annual Transamerica Retirement Survey, nearly half of workers say they “guessed” when asked how they estimated their retirement savings needs. About one in four workers estimated the amount based on their current living expenses, and only 12% have used a retirement calculator.

🔗 Use the worksheets on pages 23–24 to estimate your income and expenses in retirement.

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



# Review your Retirement Progress Report

Keep tabs on your CalSTRS account and service credit balances by reviewing your *Retirement Progress Report* each year. Your new report is available online on *myCalSTRS* 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.
- Two estimates of your CalSTRS monthly retirement benefit and your Defined Benefit Supplement account distribution. These are estimates only and not binding.

Be sure to:

- Verify your paycheck information, including your deductions, each pay period.
- Keep your mailing and email addresses current at **myCalSTRS.com**.



**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 saved more than one year of your service credit in a school year, most of your and your employer's contributions from your earnings in excess of one year will be credited to this account. You can build your account by taking on extra pay assignments such as summer school instruction, weekend advisor or music director. When you retire, you'll receive your CalSTRS retirement benefit and your Defined Benefit Supplement funds.

If you're under the CalSTRS 2% or 60% benefit structure, Social Security payments and retirement accounts are also available 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 earnings from prior years may be listed as negative amounts. The timing of any 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 2005 California's public school educators voted against joining into Social Security. If you expect to receive a Social Security benefit through other employment or your spouse, see **Retirement Info - the Workday Estimator Promise** and the **Government Pension Offset** - they have you with a similar Social Security benefit or possibly no benefit at all. Your CalSTRS retirement benefit will not be reduced by these rules. See the Social Security, CalSTRS and You fact sheet at [CalSTRS.com/join/act](http://CalSTRS.com/join/act).

**CalSTRS Benefits and Financial Awareness Workshops**

CalSTRS offers a number of benefits 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 800-228-5453, option 3. Go to [CalSTRS.com/benefits-planning](http://CalSTRS.com/benefits-planning) 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 403(b), 457(b), Roth 403(b) 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 charge

Learn more at [Pension2.com](http://Pension2.com)

**Compare 401k-403b-Careers**

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, service and performance. Visit [403bCompare.com](http://403bCompare.com).

**History of Terms**

Need help understanding a term in this report? See our online glossary at [CalSTRS.com/terms](http://CalSTRS.com/terms).

The Defined Benefit Progress Report: Service Credit + Age Factor + Final Compensation + Your Retirement Benefit



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

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



## 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. You can also elect an option at retirement, or under the Coverage B disability retirement based on your earned income.

### 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).

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

## 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 earned compensation. The maximum benefit, including benefits for eligible dependent children, is 90% of your final earned 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 worker's 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).





# Understand your retirement decisions

**It's never too early to start planning for your retirement.** Attend a CalSTRS workshop or benefits planning session to help you with your decisions. Then when you're ready, complete and submit your *Service Retirement Application* online using *myCalSTRS*.

## Are you eligible to retire?

If you're under the CalSTRS 2% at 60 benefit structure, you're eligible to retire as early as age 50 with at least 30 years of service credit or age 55 with at least five years of service credit or under the special circumstances of concurrent retirement.

If you're under the CalSTRS 2% at 62 benefit structure, you're eligible to retire at age 55 with at least five years of service credit or under the special circumstances of concurrent retirement.

## Do you want to provide a lifetime monthly retirement benefit to someone after your death?

### Member-Only Benefit

The Member-Only Benefit provides the highest monthly benefit. It does not provide a monthly lifetime benefit for someone after your death. After your death, any remaining balance in your account will be paid to your one-time death benefit recipient.

### Modified Benefit

You can choose to distribute your retirement benefit over your life and the life of one or more people. You'll receive a reduced monthly lifetime benefit, known as a Modified Benefit, based on the option you choose, your age and your beneficiary's age at election. When you die, your option beneficiary will receive a lifetime monthly benefit.

You can provide your beneficiary with 100%, 75% or 50% of your modified Member-Only Benefit. Or you can choose the Compound Option that lets you provide a lifetime monthly benefit for one or more individuals and keep a portion of your benefit as a Member-Only Benefit. After you retire, you can change your option beneficiary only under limited circumstances.

To find out how each option would affect your retirement benefit, use the *Retirement Benefits Calculator* at **CalSTRS.com/calculators** or schedule a benefits planning session at **CalSTRS.com/benefits-planning** or call **800-228-5453, option 3**.

## Electing an option beneficiary before retirement

You can elect an option beneficiary when you're eligible but not yet ready to retire. This is called a preretirement election of an option.

### Advantages include:

- The benefit begins immediately after your death.
- If you die before you retire, your option beneficiary will receive a monthly lifetime benefit. If you do not preelect an option beneficiary and you die before retirement, your survivors may receive a smaller benefit or none at all.
- In most cases, the Modified Benefit you'll receive in retirement will be higher if you preelect an option than if you elect an option at the time of retirement.

### Disadvantages include:

- If you cancel or change your option before retiring, a lifetime assessment will be applied to your retirement benefit. The assessment may reduce your retirement benefit for life.
- If your option beneficiary dies before you retire, the election will be canceled automatically. Your retirement benefit will be subject to an assessment that may reduce your benefit for life.

If you choose to elect an option before retirement, complete and submit the *Preretirement Election of an Option* form online using *myCalSTRS*.

➤ See "Protecting your loved ones before you retire" and "Protecting your survivors with a lifetime benefit" in the *Member Handbook*.

📺 View the *Beneficiary Options* video at **CalSTRS.com/videos**.

## How do you want to receive the funds in your Defined Benefit Supplement account?

When you retire, you'll receive the funds in your Defined Benefit Supplement account. Your most recent *Retirement Progress Report* shows the total amount in your account at the end of the last school year.

### Things to consider

The amount in your account determines how you can receive your funds at retirement:

- If you have less than \$3,500 in your account, you will receive your account balance as a lump-sum payment. You may receive your funds directly or roll them into a qualified retirement plan, such as CalSTRS Pension2.
- If you have \$3,500 or more in your account, your choice depends on whether you elect a Member-Only Benefit or a Modified Benefit. You can choose a lump-sum payment, annuity payments or both.

➤ See “Your Defined Benefit Supplement account distribution” in the *Member Handbook*.

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

## Ease into retirement under the Reduced Workload Program

If you're not ready to retire but want to cut back on the number of hours you work, consider the Reduced Workload Program (also known as the Willie Brown Act). This program allows you to work less than full time but continue to earn service credit as if you were working full time. You and your employer continue to pay CalSTRS contributions based on your full-time salary.

To participate, you must be at least age 55, have at least 10 years of service credit and have been employed full time in a CalSTRS-covered position for the last five years. Talk to your employer to find out whether the program is offered. Availability and participation are at your employer's discretion.

➤ See the “Reduced Workload Program” section in the *Member Handbook*.

## If you contributed to another public retirement system

If you're also a member of another public retirement system in California, you'll need to file for retirement separately with each system.

When calculating your retirement benefit, CalSTRS may be able to use compensation for service performed under the other eligible retirement system if you didn't work for both systems at the same time.

➤ See the *Concurrent Retirement* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications) for a list of eligible public retirement systems.

According to our 2019 Member Demographic Survey, 77% of newly retired CalSTRS respondents report they are satisfied or completely satisfied with their quality of life in retirement.

## Working after retirement

As you plan for retirement, consider how you'll spend your time as well as how much money you'll need.

If you think you may return to work, here's what you need to know:

- You can work in any job outside the California public school system with no restrictions on your earnings. This includes working for private schools, state colleges and universities, and the private sector.
- Under the separation-from-service requirement, your CalSTRS benefit will be reduced by the amount you earn performing retired member activities during the first 180 calendar days following your most recent retirement date, up to your benefit amount payable during that period. This includes performing retired member activities as a substitute teacher and as an employee of a public school system, an independent contractor or an employee of a third party.
- If you perform retired member activities as an employee of the California public school system, including substitute teaching, an independent contractor, or an employee of a third party, there's a limit to the amount of money you can earn in a year without affecting your retirement benefit. For fiscal year 2020–21, the postretirement earnings limit is \$47,713.

- If you retired under the Retirement Incentive Program, you will lose the ongoing increase in your benefit from the incentive if you return to work within five years of retirement in any job with the employer that granted the incentive.

## Your responsibility

If you return to work in the California public school system, you will need to keep track of your gross earnings (your income before any taxes are deducted) so you do not exceed the earnings limit. CalSTRS will also monitor your earnings, but it usually takes three to four months to receive, review and post your earnings to your account.

If you earn more than the limit, your monthly retirement benefits will be reduced by the excess amount, up to the amount of your total annual benefit. For example, if you earn \$3,000 above the limit in a fiscal year (July 1 to June 30), we will reduce your retirement benefits by \$3,000.

**NOTE:** About half of CalSTRS retirees volunteer their time during retirement. If you choose to volunteer, be aware that an employment arrangement that involves volunteering in a position to perform service that would otherwise be creditable to CalSTRS may be in violation of the postretirement earnings limitations.

- See the *Working After Retirement* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications) and “Reinstatement to active member status” in the *Member Handbook*.

**DID  
YOU  
KNOW**



**22% of retired members work for pay.**

The main reason: they **enjoy working** and want to **stay active (26%)**. Some **24%** of those working for pay said they **need the income for living expenses**. One-third of those retirees working for pay **work in CalSTRS-covered employment**. About half of all CalSTRS retirees do volunteer work.

—CalSTRS 2017 Retirement Readiness Assessment Survey

# Our member service centers

CalSTRS offers telephone, webinar and in-person benefits planning services online and at member service centers located throughout the state. Go to [CalSTRS.com/benefits-planning](https://www.calstrs.com/benefits-planning) to see our full range of services.

To find out more about your local member service center, 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.

### **Understanding the Formula**

Know how your retirement benefit is calculated.

### **Working After Retirement**

Know the earnings limits and other legal restrictions if you return to work after service retirement in a CalSTRS-covered position.

### **Defined Benefit Supplement Program**

Learn about this additional source of money for retirement.

### **Survivor Benefits**

Find out about your survivor benefits, eligibility requirements and the application process.

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

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



## Stay engaged

Read our *Connections* newsletter, which provides information about benefits, retirement planning, 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.

# myCALSTRS | my retirement

## Ready to retire?

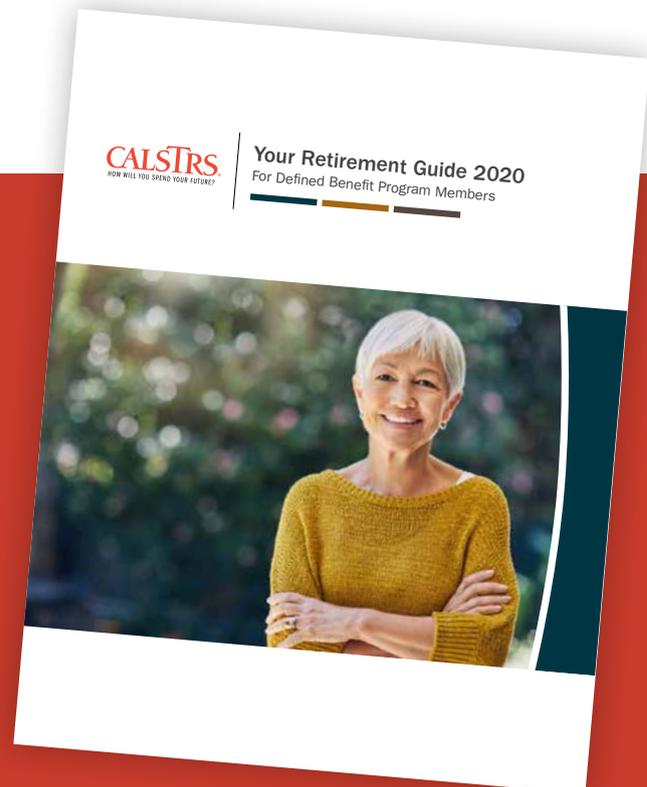
Complete and submit your *Service Retirement Application* online using your myCalSTRS account. Or, if you're unable to submit online, you can print and mail or fax it to us.

When you complete your application online using myCalSTRS:

- You'll receive step-by-step guidance to help you complete your application correctly.
- Your member-specific information is auto-filled, saving you time.
- You'll receive an immediate email confirmation when we receive your application and after it has been processed.
- We'll promptly contact you via email if we need additional information to process your application.

## Need help completing your application?

Read *Your Retirement Guide*, available at [CalSTRS.com/publications](https://www.calstrs.com/publications), schedule a benefits planning session or give us a call at 800-228-5453.





## Attend a workshop

Want to learn more about your benefits? How to save, plan and protect your financial future? Take advantage of our workshops and benefits planning sessions.



### Understand your retirement timelines and decisions

Sign up for the **Your Retirement Decisions** workshop. You'll learn how:

- We calculate your CalSTRS monthly retirement benefit.
- You can provide a lifetime monthly benefit to your survivors—and how this would affect your monthly benefit.
- To receive the funds in your Defined Benefit Supplement account.
- To submit your *Service Retirement Application*.
- You can return to work in the California public school system in retirement.

➤ Sign up at [CalSTRS.com/benefits-planning](https://CalSTRS.com/benefits-planning).

### Financial awareness workshops

Learn how to make smart decisions today about your financial future by attending these financial awareness workshops:

**Save for Your Future**—Discover ways to create a spending plan, understand your credit report, build and keep good credit, manage debt and ask the right questions before investing.

**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 risks of underestimating your expenses in retirement, and how to choose a financial professional.

➤ Register now at [CalSTRS.com/financial-awareness](https://CalSTRS.com/financial-awareness).

### Benefits planning session

Eligible to retire or considering retirement within the next five years? Learn about your retirement decisions and review personalized estimates prepared by a CalSTRS benefits specialist in a confidential, yet interactive, small-group setting. The **CalSTRS and Your Retirement** session covers:

- Your CalSTRS accounts and personalized benefit estimates.
- How to leave a lifetime benefit to a loved one.
- How to purchase service credit and what happens to your unused sick leave.
- Concurrent retirement—retiring from more than one California public retirement system.
- Considerations regarding health benefits, Medicare and Social Security.
- How to apply for retirement and when to expect your benefit.

➤ Schedule a **CalSTRS and Your Retirement session** at [CalSTRS.com/webinars](https://CalSTRS.com/webinars), or call **800-228-5453, option 3**.

### Do you know how much you'll need?

Try living on your estimated retirement income for a few months while you're still working. Use the monthly retirement income and expense worksheets on pages 23–24 to get an idea of where you stand now.





# Your retirement picture

**According to CalSTRS' 2019 Member Demographic Survey, 77% of respondents indicated they are satisfied or completely satisfied with their quality of life in retirement. How do you envision your retirement?**

Check all the things you see yourself doing:

## Work

- Start a new career or business
- Work part time or consult
- Volunteer
- Mentor

## Family

- Visit family often
- Care for grandchildren
- Care for a parent
- Care for a spouse

## Education

- Take classes
- Learn a language
- Read more
- Focus on staying healthy

## Travel

- Travel as much as possible
- Take one trip per year
- Buy an RV

## Fun

- Spend more time on hobbies
- Dine out often
- Attend special events
- Plant a garden

## Transportation

- Reduce the number of cars I own
- Use public transportation

## Housing

- Stay in my current home
- Downsize my living space
- Pay off a home mortgage
- Remodel
- Rent
- Buy a second or vacation home
- Move to an active adult community
- Live with family
- Look into assisted living

## Location

- Live near friends or family
- Live in a different climate
- Live closer to my interests
- Move somewhere with a lower cost of living

## Other \_\_\_\_\_

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# Your retirement income worksheet

This worksheet will give you an idea of what your income in retirement will look like. Enter monthly amounts before taxes.

## Guaranteed income

<b>Defined Benefit Program pension</b>	
My benefit	\$
Other benefit	\$
<b>Defined Benefit Supplement payment</b>	
Lifetime monthly annuity	\$
<b>Social Security</b>	
My benefit from other work	\$
Other benefit	\$
<b>Veteran's benefit</b>	
My benefit	\$
Other benefit	\$
<b>Annuities</b>	
My annuity income	\$
Other annuity income	\$
<b>Other guaranteed income</b>	
Other income	\$
<b>Total guaranteed monthly income</b>	<b>\$</b>



### Guaranteed income checklist

- Have I received estimates of my monthly benefits from all sources?
- Do these income sources adjust with inflation?
- What are the tax considerations of these income sources?
- What happens to these income sources if I or my significant other dies?

## Nonguaranteed income

<b>403(b), 457(b), 401(k), IRA</b>	
Monthly distributions	\$
<b>Roth 403(b), Roth 457(b), Roth 401(k), Roth IRA</b>	
Monthly distributions	\$
<b>Brokerage and savings accounts</b>	
Monthly distributions	\$
<b>Full-time and part-time work</b>	
Income	\$
<b>Income outside of work</b>	
Real estate rental income	\$
Other annuity income	\$
Other	\$
<b>Total nonguaranteed monthly income</b>	<b>\$</b>



### Nonguaranteed income checklist

- Do I have a strategy for taking distributions from each account?
- Have I looked into converting these accounts to guaranteed income, if needed?
- How do the IRS required minimum distribution rules affect these accounts?
- What are the tax considerations of these income sources?

<b>TOTAL MONTHLY INCOME</b>	<b>\$</b>
-----------------------------	-----------

# Your retirement expense worksheet

Categorize each monthly expense as a Must-have or a Want. If an item is both, allocate separate amounts for each and then total them.

Expenses	Must-have	Want	Total
<b>Taxes</b>			
State	\$	\$	\$
Federal	\$	\$	\$
<b>Home</b>			
Mortgage/rent	\$	\$	\$
Property tax and insurance	\$	\$	\$
Association dues	\$	\$	\$
Home repair and maintenance	\$	\$	\$
<b>Utilities</b>			
Utilities (gas, electricity, water)	\$	\$	\$
Home phone/cell phone	\$	\$	\$
<b>Food and household items</b>			
Groceries	\$	\$	\$
Eating out	\$	\$	\$
Household supplies	\$	\$	\$
<b>Transportation</b>			
Loan payments	\$	\$	\$
Gas	\$	\$	\$
Insurance	\$	\$	\$
Maintenance/repairs	\$	\$	\$
<b>Health and grooming</b>			
Health insurance premiums	\$	\$	\$
Life insurance premiums	\$	\$	\$
Long-term care insurance premiums	\$	\$	\$
Medical out-of-pocket expenses	\$	\$	\$
Prescription medication	\$	\$	\$
Gym/health club dues	\$	\$	\$
Clothing	\$	\$	\$
Personal care products/maintenance	\$	\$	\$
<b>Entertainment and recreation</b>			
Cable TV, internet, streaming services	\$	\$	\$
Movies, concerts, sports, other events	\$	\$	\$
Pet care	\$	\$	\$
Newspapers, magazines, books	\$	\$	\$
Vacations/travel	\$	\$	\$
Hobbies	\$	\$	\$
Gifts	\$	\$	\$
<b>Debt obligations</b>			
Credit card payments	\$	\$	\$
Loan payments	\$	\$	\$
<b>Other</b>			
Other	\$	\$	\$
Other	\$	\$	\$
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>





# 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](http://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](http://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](http://CalSTRS.com/localoffices)



### FAX

916-414-5040



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