



CALSTRS[®]

YOUR NEWLY RETIRED MEMBER KIT

Newly Retired

2020



THE BENEFIT OF A LIFETIME

Dear CalSTRS member,

Congratulations on your retirement! You're receiving this kit because you retired in the last year, and CalSTRS is committed to guiding you through all you'll need to know about your retirement benefit.

Take a few minutes to look through your *Newly Retired Member Kit* now. You'll find valuable information about working after retirement, inflation protection, the importance of signing up for Medicare on time, federal Social Security rules, benefit pay dates and how to keep your contact information current.

We're thankful you dedicated your career to education. Your reward is a secure retirement. Our reward is getting you there.

Sincerely,



Jack Ehnes
Chief Executive Officer

Pay dates

Monthly benefit payment dates

Your upcoming CalSTRS benefit payment dates are below. Payments are made in arrears, so the payment you receive each month is for the prior month's benefit. Check your *Retired Educator* newsletter or [CalSTRS.com/paydates](https://www.calstrs.com/paydates) for future dates.

| Benefit month | Southern California* and out of state | Northern California** | Direct deposit date |
|---------------|--|-----------------------|---------------------|
| October 2020 | 10/28/2020 | 10/28/2020 | 10/30/2020 |
| November 2020 | 11/25/2020 | 11/25/2020 | 12/01/2020 |
| December 2020 | 12/29/2020 | 12/30/2020 | 01/04/2021 |

*ZIP codes beginning with 900–930

**ZIP codes beginning with 931–961

What if your payment hasn't arrived yet?

Direct deposit

If you have direct deposit, your financial institution has until the close of the direct deposit date to place the funds in your account. Contact your financial institution to find out what time it places your funds into your account.

The State Controller's Office has suspended mailing direct deposit advice statements as a result of COVID-19. You can find your monthly statement online at [myCalSTRS](https://mycalstrs.com).

Paper checks

If your benefit payment is mailed to you and you have not received it by the fifth business day of the month, contact us at **800-228-5453**.

Sign up for direct deposit

Direct deposit gives you the quickest access to your benefit payment. Sign up through your *myCalSTRS* account or complete the *Direct Deposit Authorization* form, available at [CalSTRS.com/forms](https://www.calstrs.com/forms). Your first payment will be deposited into your account 60 to 90 days after we receive your authorization.

9

Things to do now that you're retired

You've helped students build their futures, now it's time to enjoy your well-deserved retirement!

THE BENEFIT OF A LIFETIME

Your CalSTRS defined benefit pension may be your greatest asset. Look through this booklet now to learn more.

-  Open Your Newly Retired Member Kit
-  Find out about your benefit of a lifetime 3
-  Get information about working in retirement 5
-  Prepare for the effect of inflation on your benefit 8
-  Learn about your health considerations 9
-  Get the facts on Social Security 11
-  Understand how the federal required minimum distribution may affect you 18
-  Organize your important documents 20
-  Enjoy your retirement!

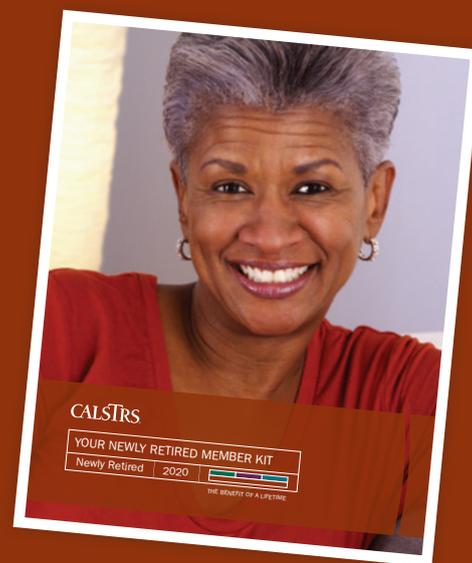
CalSTRS is governed by the Teachers' Retirement Law, available at CalSTRS.com, and other governing laws. If there is a conflict between the law and this booklet, the law prevails. CalSTRS makes reasonable effort to provide accurate information in its publications, but such information is not meant to 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, 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. Now that you're retired, you're receiving a monthly benefit that will continue for your lifetime regardless of how well CalSTRS' Investment Portfolio performs.

Why are we sending you this member kit?

Our mission—securing the financial future and sustaining the trust of California's educators—drives everything we do. This member kit explains CalSTRS benefits and issues key to California's retired educators, such as Social Security offsets, working after retirement parameters and other policies that could affect your financial future. Now more than ever, it's important for you to understand the value and security of the CalSTRS defined benefit you earned.



myCALSTRS ▶ Are you registered?

myCalSTRS is an important resource for you—even in retirement.

With myCalSTRS, you can:

- 1 Sign up for direct deposit or update your direct deposit information.
- 2 Access your 1099-R form.
- 3 Track your deductions and annual benefit adjustments.
- 4 Keep your beneficiary designation up to date.
- 5 Obtain a benefit verification letter when applying for a Social Security benefit or loan.
- 6 Update your tax withholding preferences.
- 7 Keep your mailing and email addresses current.
- 8 Ask questions and receive prompt, secure answers.



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.

The benefit of a lifetime

Our relationship with you began when you started your teaching career and will continue through your retirement years. Because of this, our primary goal is to ensure a financially sound retirement system that will serve you for the rest of your life.

If you're like many CalSTRS members, your career in education may have spanned two to three decades. Even so, we often have a 60- to 70-year relationship with you due to the growing lifespan of our members—CalSTRS members tend to live longer than the average U.S. population. We're committed to maintaining a sustainable organization to ensure we provide benefits to our members and their beneficiaries throughout those years.

362
CalSTRS retired members
over 100 years old

50
Average life
expectancy in 1900

79
Today's average
life expectancy

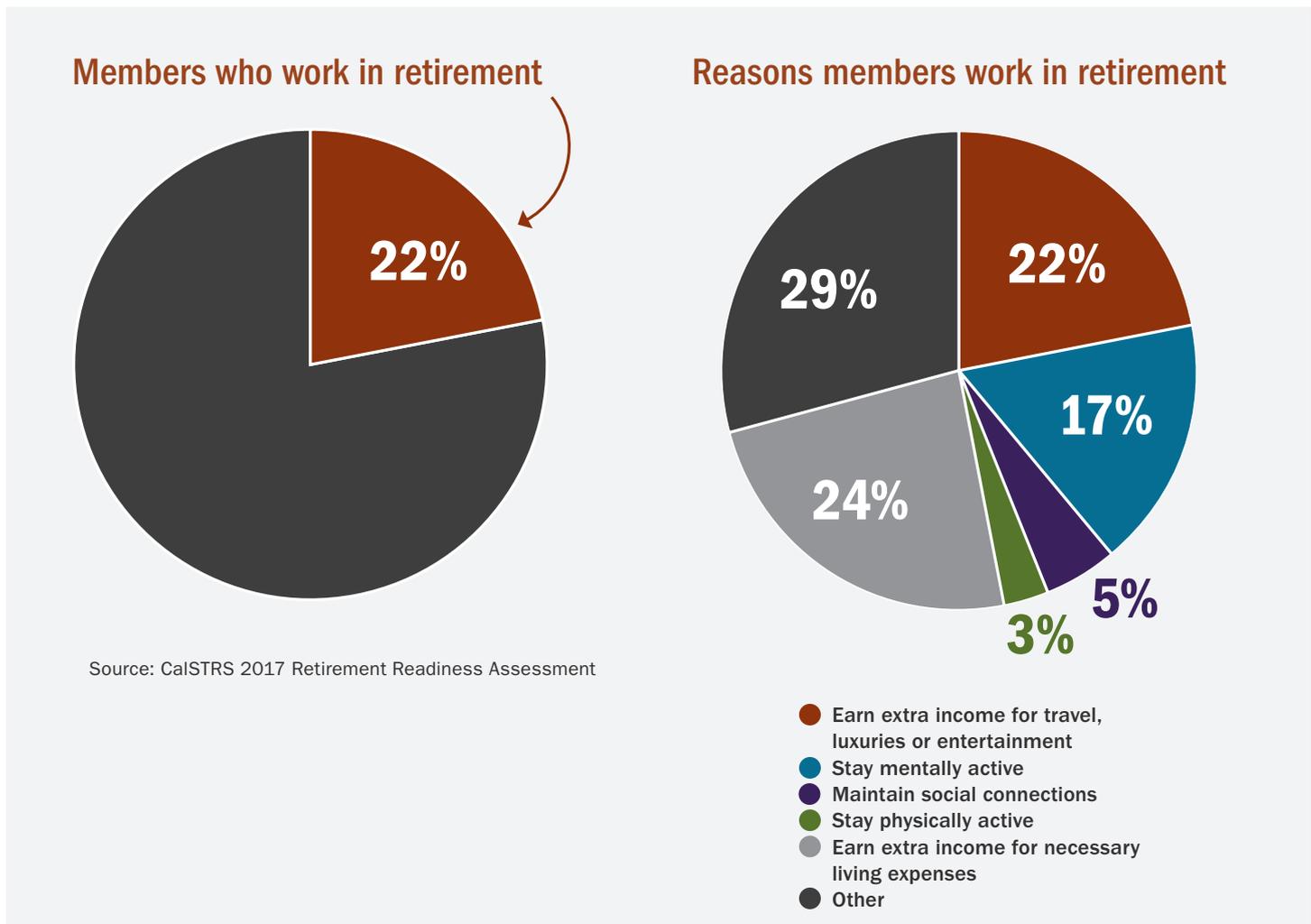


How are you spending your retirement?

Retirement has different meanings to different people. Often, it's considered an active phase of life that includes continued work as well as time for leisure activities, such as traveling, pursuing hobbies, spending more time with family and friends, and volunteering. Your idea of retirement may have even changed over your lifetime.

Many educators continue to work in retirement

We periodically survey our members to assess their overall financial standing and future needs. Our most recent Retirement Readiness Assessment found that about one in five retired member survey respondents, or 22%, work for pay. These members work to stay mentally, socially or physically active; earn extra income for travel or entertainment; and pay necessary living expenses.



Working after retirement

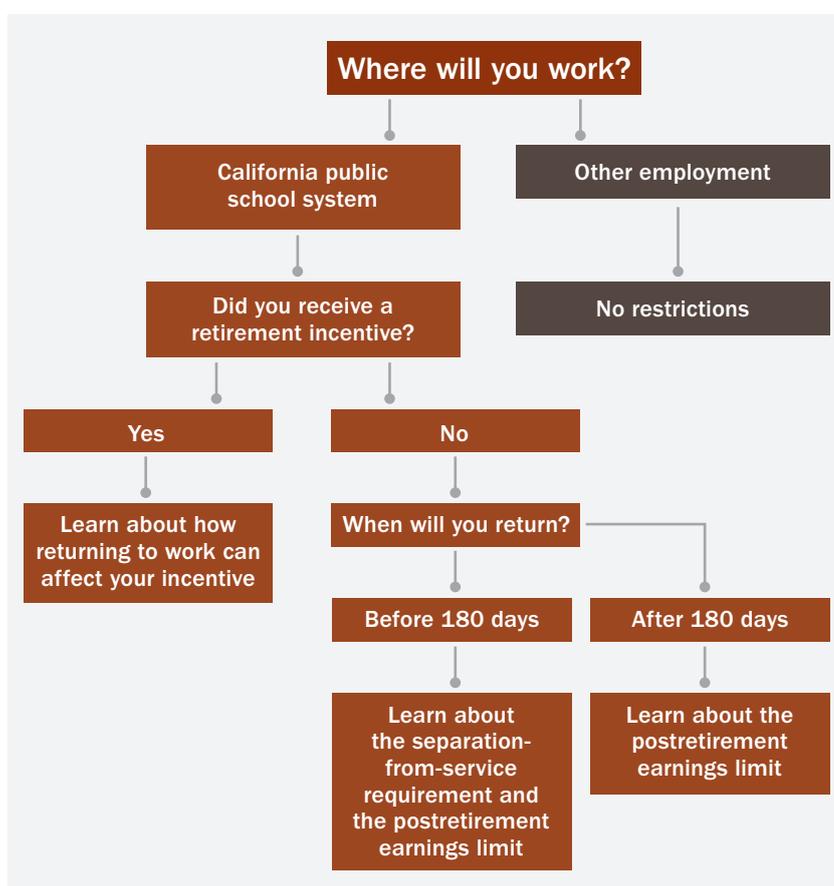
Are you thinking about a second career, or contemplating a return to work in education? You can continue to receive your full CalSTRS retirement benefit if you take a job outside the California public school system. If you decide to accept a position within the California public school system, be sure to consider these important limitations.

Where will you work?

As a retired CalSTRS member, 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, public schools outside of California, and other private or public sector jobs outside of CalSTRS-covered employment.

If you return to employment in the California public school system, you cannot:

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



When will you return to work?

If you perform retired member activities in the California public school system during the first 180 calendar days following your most recent retirement date, you're subject to the separation-from-service requirement. This means your retirement benefit will be reduced dollar for dollar by any compensation you earn during that time—including employer contributions to tax-sheltered annuities and other tax-favored products—up to your benefit amount payable during those 180 days.

Retired member activities include employment in the California public school system as an employee, an independent contractor or an employee of a third party—including substitute teaching.

There are no exemptions from the separation-from-service requirement if you're under normal retirement age or you received a retirement incentive. There is a narrow exemption if you meet all of these requirements:

- You're over normal retirement age.
- Your appointment is necessary to fill a critically needed position.
- The governing body of your employer, such as a school board, approves your appointment by resolution at a public meeting.
- You did not receive a financial incentive to retire.
- Your retirement was not the cause of the need to acquire your services.

Your employer must submit documentation substantiating your eligibility for this exemption, and we must receive the exemption request and required documentation before you begin working.

How much will you earn when you return to work?

You're subject to the annual postretirement earnings limit if you return to work and perform retired member activities in the California public school system as an employee, an independent contractor or an employee of a third party—including substitute teaching.

For the 2020–21 school year, the postretirement earnings limit is \$47,713. If you earn more than the limit, including employer contributions to tax-sheltered annuities and other tax-favored products, your monthly retirement benefit will be reduced by the excess amount, up to the amount of your total annual benefit.

You're subject to an annual earnings limitation even after the 180-day separation-from-service requirement has passed.

For example, a teacher who performed retired member activities and earned \$50,000 exceeded the annual earnings limit of \$47,713 by \$2,287. We will withhold their monthly retirement benefits until we recover \$2,287.

Your employer will report your earnings as a retired member to CalSTRS. Due to delays in employer reporting, we may not be aware that you've exceeded the postretirement earnings limit until after it has occurred. Therefore, it's important for you to keep track of your gross earnings so you do not exceed the limit.



See the *Working After Retirement* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications) to learn more.

Did you retire under the CalSTRS Retirement Incentive Program?

If you retired under the CalSTRS Retirement Incentive Program and begin working in *any* job, including substitute teaching, within five years of retirement with the employer that offered the incentive, you will lose the ongoing increase in your benefit from the incentive.

What if you want to reinstate from retirement?

You may want to return to work in a California public school again without being subject to earnings limitations. You can terminate your retirement by submitting the *Reinstatement After Retirement* form, available at [CalSTRS.com/forms](https://www.calstrs.com/forms). Your reinstatement date can be any date during the month in which we receive your signed *Reinstatement After Retirement* form. For example, if you want your retirement to end July 15, 2021, we must receive your form no later than July 31, 2021.

If you reinstate, you will pay contributions to CalSTRS for the compensation you earn, and you will accrue service credit.

When you re-retire, you'll be subject to the separation-from-service requirement and the postretirement earnings limit again.

How reinstatement can affect your benefit

If you re-retire within one year of reinstating, you cannot change your retirement option or beneficiaries. If you re-retire after 12 months following your reinstatement, you may change or cancel your option election before or at retirement but your benefit will be subject to an assessment—which may reduce your benefit for your lifetime. Once you're retired, you may make a postretirement option change only under limited circumstances.

- **Be sure to meet with a CalSTRS benefits specialist to learn how reinstating will affect your future retirement benefit before you decide to terminate your retirement and return to active membership.**

If you retired under the CalSTRS Retirement Incentive Program, your retirement incentive will not be included in the calculation of your future retirement benefit.

Also, be sure to check with your employer to see if your health care coverage will be affected.

Stay active through volunteering

About half of CalSTRS retirees enjoy regularly scheduled volunteer work. Research suggests that positive, long-term mental health outcomes can be achieved when people age 65 and older remain engaged in the workforce, either paid or as a volunteer.

If you decide to volunteer, be aware that an employment arrangement that involves volunteering in a position creditable to CalSTRS may be in violation of the postretirement earnings limitation.

51%

CalSTRS retired member survey respondents who regularly schedule volunteer work

Where do CalSTRS retirees volunteer?



Source: 2017 CalSTRS Retirement Readiness Assessment

Protecting against inflation during retirement

Since retired CalSTRS members tend to live longer than the average U.S. population, you'll likely need to plan for many years in retirement. You may be spending less on expenses such as gas, food and clothing now that you're retired. You may also own your home, or perhaps you're no longer paying education expenses for your children. These cost savings will help you make the most of your retirement income and protect against inflation.

- **Your CalSTRS benefit has some built-in protection against inflation, but it's important to leverage your assets and income to ensure your quality of living is as high in the future as it is today.**

Annual benefit adjustment

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

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

Purchasing power protection

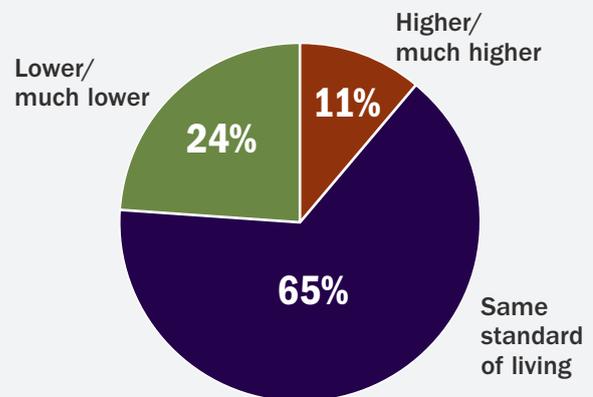
If inflation erodes the purchasing power of your retirement benefit, you may be eligible to receive an additional quarterly payment in the future. Purchasing power is a measurement of how your retirement benefit is keeping pace with inflation. For example, if your benefit stays the same but prices double, your purchasing power is only 50% of what it originally was.

Currently, CalSTRS provides supplemental benefit payments to members whose purchasing power has dropped below 85%.

Read the CalSTRS *Retired Educator* newsletter and other communications you receive from us to stay up to date on the availability and protection level of this important benefit during your retirement.

Seventy-six percent of retired CalSTRS survey respondents reported they maintain a standard of living in retirement that is the same as, or higher than, their standard of living immediately prior to retirement.

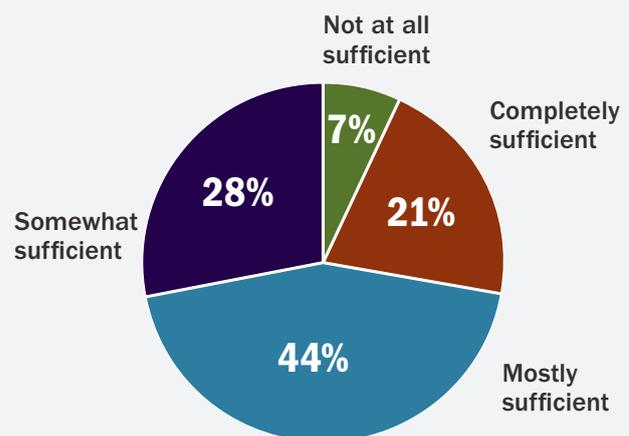
Standard of living in retirement vs. prior to retirement



Source: CalSTRS 2017 Retirement Readiness Assessment

Sixty-five percent of retired CalSTRS survey respondents rated their retirement income as being mostly or completely sufficient to ensure their retirement security.

Sufficiency of retirement income



Source: CalSTRS 2019 Demographic Survey

Health and Medicare considerations

As of June 30, 2019, over 360 retired CalSTRS members are at least 100 years old. With more people having the potential to live longer, this gift of longevity requires taking good care of ourselves. Engaging in health-related activities on a consistent basis is important, such as:

- Exercising regularly.
- Eating healthy meals.
- Getting plenty of rest.
- Maintaining a positive outlook.
- Managing stress.
- Getting routine physicals and recommended health screenings.
- Considering long-term health when making lifestyle decisions.

Health insurance premium deductions

CalSTRS does not provide health or dental insurance coverage for members. Your health insurance premiums may be partially or fully paid by your school district after retirement, depending on your collective bargaining agreement. If your district does not support benefits during retirement, state law requires school districts to offer retiring CalSTRS members the option to continue their medical and dental insurance at their own cost. Benefits vary among districts.

- **To verify coverage information, change premium amounts or cancel your coverage, contact your insurance carrier or employer.**

Medicare

Medicare is the federal health insurance program for people age 65 or older. Medicare helps with the cost of health care, but it doesn't cover all medical expenses or the cost of most long-term care.

Depending on your situation, you may automatically be enrolled in Medicare or you may need to apply. There are only certain times you can enroll in Medicare, the first being the Initial Enrollment Period, which usually:

- Begins three months before you turn 65.
- Includes the month you turn 65.
- Ends three months after you turn 65.

Health care and insurance resources

To find out if you need to apply for Medicare and what happens if you don't enroll when you're eligible, or if you have other health coverage questions, contact:

Social Security (for Medicare eligibility information)
800-772-1213
[ssa.gov](https://www.ssa.gov)

Medicare
800-633-4227
[medicare.gov](https://www.medicare.gov)

Covered California
800-300-1506
[coveredca.com](https://www.coveredca.com)

California Health Advocates, HICAP
800-434-0222
[cahealthadvocates.org/HICAP](https://www.cahealthadvocates.org/HICAP)



Worry less. Get your money on time.

Sign up for direct deposit and get your benefit payment faster, without going to the bank.

When you sign up for direct deposit, your money gets securely deposited into your checking or savings account every payday. Sign up today using your *myCalSTRS* account or download the *Direct Deposit Authorization* form at [CalSTRS.com/forms](https://www.calstrs.com/forms). Your first payment will be deposited into your account 60 to 90 days after we receive the authorization. To learn more, go to [CalSTRS.com/directdeposit](https://www.calstrs.com/directdeposit).



Get the facts on Social Security

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

If you or your spouse paid into Social Security through non-CalSTRS covered employment, two federal rules, the Government Pension Offset and the Windfall Elimination Provision, 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.

Government Pension Offset

Affects the Social Security benefit you receive as a spouse, widow or widower.

- May reduce or eliminate any spouse's, widow's or widower's Social Security benefit you may receive.
- Offsets your Social Security benefit by two-thirds of the amount of your CalSTRS retirement benefit, and may eliminate it.

Example: Assume your expected widow's or widower's Social Security benefit is \$1,500 and your CalSTRS retirement benefit is \$4,500. Since two-thirds of \$4,500 is \$3,000, which is more than your \$1,500 Social Security benefit, you would not get a Social Security benefit.

Windfall Elimination Provision

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

- May reduce your Social Security benefit that is based on your earnings from other employment.
- The reduction to your Social Security benefit cannot be more than half of your monthly CalSTRS benefit.
- Does not apply if you have 30 or more years of Social Security substantial earnings.

➤ Find details, including calculators, to help you determine if these federal rules might affect you at ssa.gov/gpo-wep.

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

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

Consult with a financial professional and refine your financial strategy as your retirement progresses.

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 base 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 | Basic Benefit | WEP Reduction | Total WEP Applied |
|--|---------------|---------------|-------------------|
| \$0 | \$0 | \$0 | \$0 |
| \$500 | \$384 | \$0 | \$0 |
| \$1,000 | \$768 | \$0 | \$0 |
| \$1,500 | \$1,152 | \$0 | \$0 |
| \$2,000 | \$1,536 | \$384 | \$384 |
| \$2,500 | \$1,920 | \$768 | \$768 |
| \$3,000 | \$2,304 | \$1,152 | \$1,152 |
| \$3,500 | \$2,688 | \$1,536 | \$1,536 |
| \$4,000 | \$3,072 | \$1,920 | \$1,920 |
| \$4,500 | \$3,456 | \$2,304 | \$2,304 |
| \$5,000 | \$3,840 | \$2,688 | \$2,688 |

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

| | |
|------|----------|
| 1980 | \$5,100 |
| 1990 | \$9,625 |
| 2000 | \$14,175 |
| 2010 | \$19,800 |
| 2020 | \$25,975 |

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.

Power of attorney: Protect yourself and your loved ones

If you want a loved one to act on your behalf in the event you become incapacitated, a durable power of attorney is a legal document that grants power to someone else to make decisions for you. CalSTRS does not provide power of attorney forms, but an attorney can draft one or you can purchase a fillable form. Let us know if you no longer manage your financial affairs and have given someone the legal authority to make decisions or inquiries related to your CalSTRS account and benefits.

We cannot provide legal advice or assistance in the preparation of such documents, but you can call us at **800-228-5453** if you have general questions related to power of attorney.

Did you know?

You can view and print your 1099-R through your *myCalSTRS* account. Sign up today at **myCalSTRS.com** and securely access your CalSTRS account information 24/7.

Reporting the death of a member or beneficiary

When a member, benefit recipient, option beneficiary or designated recipient dies, notify us as soon as possible by submitting a *Notification of Death* form online or calling 800-228-5453. You'll need to provide the person's:

- Full name
- CalSTRS Client ID or Social Security number
- Date of birth
- Date of death

➔ Find more information on **CalSTRS.com** by clicking the *I would like to...* drop-down menu at the top of the page and choosing the Report a Death link.

Stay informed

Read our *Retired Educator* newsletter for retirees and beneficiaries. You'll stay informed on benefits, services, legislation, investments and Teachers' Retirement Board updates.



Go paperless. Sign up on *myCalSTRS* to receive your newsletter electronically to help us conserve natural resources and reduce costs.



Name or update your one-time death benefit recipient

You can name or update your one-time death benefit recipient at any time during retirement with no financial penalty. Use your *myCalSTRS* account or the *Recipient Designation* form, available at CalSTRS.com.

If you reinstate from retirement and return to employment in a CalSTRS-covered position, you must earn at least one year of service credit before the one-time death benefit is available to you again.

Your one-time death benefit recipient can be a person, trust, charity, estate, parochial institution, corporation or public entity.

Keep your email address current

Be sure we have your personal email address rather than your prior work email address on file so we'll be able to reach you in retirement.

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.

➔ myCalSTRS.com



Complete the *Address Change Request* form, 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.

Confirmation for address and direct deposit updates

We will send you a letter and an email confirming any updates or changes you make to your mailing address as well as to your bank account or direct deposit information. If you receive a confirmation letter or email and did not make a change, contact us immediately.

Your CalSTRS account security is important

Protecting your information is among our highest priorities. Here's how we keep your account secure:

- We use your Client ID for identification verification when possible.
- We generally call or email you only in response to receiving an inquiry from you.
 - » We may also call you if we suspect fraudulent activity on your account or if a natural disaster hinders delivery of your benefit check.
 - » We may occasionally email you about important CalSTRS news or workshops.
- We will never request confidential or personal information through email.
- When you call to speak with a CalSTRS representative, we will ask you some security questions.
- If you authorize someone else to speak with us about your account, we need your permission.
- We record all telephone conversations on our 800 line in order to ensure accuracy of the information we provide.

If you receive a suspicious email that looks like it came from CalSTRS requesting confidential or personal information, do not click on any links and call us immediately at 800-228-5453.

Protect your CalSTRS account information by:

- Not sharing your passwords with anyone for any reason.
- Changing your passwords immediately if you know or suspect they have been compromised.
- Periodically check your email for messages from CalSTRS regarding changes to your account.

Be aware of scams that target seniors, such as Medicare and health insurance fraud, telemarketing fraud, investment fraud, refinancing scams, and fraudulent email messages and telephone calls that ask for your Social Security number or account or credit card information. To learn more, sign up for a financial awareness webinar. Register at **CalSTRS.com/webinars**.

Forgot your *myCalSTRS* password? Go to **myCalSTRS.com** and select the Forgot Your Username or Password? link. Check out **CalSTRS.com/myCalSTRS-help** for easy instructions on resetting your *myCalSTRS* password.

Retired educator organizations

These organizations are resources for you in retirement. Contact information is provided as a courtesy and not as an endorsement.

Association of California School Administrators

1029 J Street, Suite 500
Sacramento, CA 95814
800-608-2272
acsa.org

California Federation of Teachers

Administrative Office
2550 North Hollywood Way, Suite 400
Burbank, CA 91505
818-843-8226
cft.org

California Retired Teachers Association

1750 Howe Avenue, Suite 630
Sacramento, CA 95825
916-923-2200
calrta.org

California Teachers Association/ National Education Association—Retired

P.O. Box 921
Burlingame, CA 94011-0921
650-697-1400
cta.org/retired

Faculty Association of California Community Colleges

1823 11th Street
Sacramento, CA 95811
916-447-8555
facc.org

United Educators of San Francisco—Retired Division

2310 Mason Street
San Francisco, CA 94133
415-956-8373
uesf.org

United Teachers Los Angeles—Retired

3303 Wilshire Boulevard, 10th Floor
Los Angeles, CA 90010
213-487-5560
800-556-8852
utla.net

Dues deductions

You can elect to have your dues payments to some of these associations deducted from your CalSTRS retirement payments. Contact the association to start the process. After we receive the appropriate paperwork from the association, we will set up a deduction. To cancel a deduction, contact the association directly.

Create a spending plan

Taking the time to create a realistic spending plan can give you a sense of certainty. As you create your spending plan, consider both guaranteed and nonguaranteed income sources.

Your retirement income worksheet

Guaranteed income

| | |
|---|-----------|
| Defined benefit pension | |
| My CalSTRS defined benefit | \$ |
| Other benefit | \$ |
| CalSTRS Defined Benefit Supplement payment | |
| My monthly annuity | \$ |
| Social Security | |
| My benefit from other work | \$ |
| Other benefit | \$ |
| Veteran's benefit | |
| My benefit | \$ |
| Other benefit | \$ |
| Annuities | |
| My annuity income | \$ |
| Other annuity income | \$ |
| Other guaranteed income | |
| Other income | \$ |
| Total guaranteed monthly income | \$ |



Guaranteed income considerations

- 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

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



Nonguaranteed income considerations

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

| | |
|-----------------------------|-----------|
| TOTAL MONTHLY INCOME | \$ |
|-----------------------------|-----------|

Your monthly expenses

When considering your expenses, determine which are fixed and which are variable. Your fixed expenses include your mortgage or rental payment, health insurance, groceries and other consistent payments you make. These are easier to determine than the variable expenses. Variable expenses can be taking up new hobbies, redecorating or perhaps taking your grandchildren to soccer games.

| Expense | Fixed or variable | Monthly cost |
|--|-------------------|--------------|
| Mortgage/rent (excluding property taxes and insurance) | | \$ |
| Property taxes | | \$ |
| Homeowner's insurance | | \$ |
| Utilities (gas, electric, water, sewage, trash) | | \$ |
| Internet, phone, streaming services, cable TV | | \$ |
| Home maintenance | | \$ |
| Automobile and transportation (loan payment, gas, insurance, maintenance) | | \$ |
| Food (groceries, eating out) | | \$ |
| Clothing | | \$ |
| Personal care | | \$ |
| Dependent care | | \$ |
| Health care and Medicare | | \$ |
| Credit cards | | \$ |
| Entertainment | | \$ |
| Travel | | \$ |
| Charitable donations or gifts | | \$ |
| Life insurance | | \$ |
| Long-term care | | \$ |
| Spousal or child support | | \$ |
| Education | | \$ |
| Other | | \$ |
| TOTAL MONTHLY EXPENSES | | \$ |

$$\begin{array}{r}
 \$ \\
 \hline
 \text{TOTAL MONTHLY INCOME}
 \end{array}
 -
 \begin{array}{r}
 \$ \\
 \hline
 \text{TOTAL MONTHLY EXPENSES}
 \end{array}
 =
 \begin{array}{r}
 \$ \\
 \hline
 \text{DIFFERENCE}
 \end{array}$$

Strategies to fill the gap between your retirement income and expenses

If you're concerned your retirement income will fall short of your expenses, there are several options you can consider for maximizing your retirement income:

- **Work in retirement**
Consider the separation-from-service requirement and the annual postretirement earnings limit before accepting a new position within the California public school system.
- **Create a Social Security strategy**
Find out how you can time your Social Security collection to best work for your specific circumstances.
- **Make a spending plan**
Track income and expenses in order to avoid overspending.
- **Create a withdrawal strategy**
Determine whether you can allocate some funds into lower-risk accounts for withdrawal in the next few years.
- **Restructure your investments**
You may want to allocate some funds into more aggressive accounts that you won't want to withdraw for many years.

Understand the federal required minimum distribution

Tax-deferred retirement accounts such as 403(b)s and 401(k)s are a way to accumulate money for retirement by not initially paying taxes on contributions you make. But when you withdraw from these accounts, the amount you receive is subject to federal income tax.

Effective January 1, 2020, the federal Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) increased the required minimum distribution age for qualified retirement plans, such as CalSTRS, from age 70½ to age 72 for individuals who turn age 70½ on or after January 1, 2020.

If you're no longer working, Internal Revenue Code section 401(a)(9) and the California Education Code require CalSTRS to begin the required minimum distribution of your benefits no later than April 1 of the calendar year following the year you reach age 70½ or age 72. If you reached age 70½ on or before December 31, 2019, you're subject to the age 70½ required minimum distribution. If you turn age 70½ on or after January 1, 2020, you're subject to the age 72 required minimum distribution.

For the required minimum distribution, there is no limit to the amount you can withdraw, but you must withdraw a required minimum amount, whether you need the money or not.

Tips for required minimum distribution planning

- **Strategize**—Plan to withdraw enough to meet your needs, but not so much that you'll deplete your accounts too soon.
- **Consolidate**—Consider combining multiple accounts into one to simplify the required minimum distribution process.
- **Reinvest**—If you do not need the income to help cover your immediate retirement expenses, consider reinvesting the distribution into a different account, perhaps to cover unexpected medical expenses.

403bCompare™

403(b)Compare helps you easily compare the fees, services and performance of your current 403(b) plan to that of hundreds of other available 403(b) plans.

If you have an investment account such as a 403(b), IRA or 401(k), you can roll these funds into a CalSTRS Pension2 voluntary supplemental savings plan.

Combining multiple accounts into a single account has several advantages:

- You'll likely pay lower costs. Most accounts charge fees and expenses. With only one account, there are fewer fees to pay.
- Your portfolio will be easier to manage.
- Your family members or a financial advisor will find it easier to manage your finances when you no longer can.
- Once you're subject to federal required minimum distribution rules, you'll be less likely to miss taking a distribution and, therefore, paying a penalty.

Be sure to consider your personal situation and whether you want to keep your assets where they are, withdraw your assets (any taxes are generally due upon withdrawal and applicable tax penalties may apply), or roll over your eligible accounts into Pension2.

You may benefit by consolidating your other retirement accounts into Pension2. For a no-charge cost comparison, call 888-394-2060 or visit 403bCompare.com.

**It's your future.
Choose Pension2®.**



Connect with us on social media

It's a great way to know what's happening with CalSTRS and connect with other educators.

[CalSTRS.com/stay-connected](https://www.calstrs.com/stay-connected)



*CalSTRS
is mobile
friendly*

Organize your important documents

Complete this worksheet, make a copy and provide it to those responsible for handling your estate.

| Your important documents | Where you keep them |
|--|---------------------|
| CalSTRS benefits information, including your <i>Recipient Designation</i> form | |
| Trust documents | |
| Marriage or registration of domestic partnership certificates, divorce decrees, birth certificates and adoption papers | |
| Tax returns | |
| Insurance documents | |
| Financial records | |
| Other | |
| Safe deposit box | |
| Location | |
| Key location | |
| Those with access | |

| Those to notify in the event of your death | Website or email address | Phone |
|---|--------------------------|--------------|
| CalSTRS | CalSTRS.com | 800-228-5453 |
| Social Security Administration | ssa.gov | 800-772-1213 |
| U.S. Department of Veterans Affairs | va.gov | 800-827-1000 |
| Those familiar with your affairs | | |
| Attorney/trustee: | | |
| Physician: | | |
| Financial adviser: | | |
| Spiritual adviser: | | |
| Other: | | |
| Other: | | |
| Organizations and associations you belong to | | |
| | | |
| | | |
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CalSTRS benefits planning offices

In response to the COVID-19 pandemic, CalSTRS staff is working remotely. Our offices are closed for in-person appointments and dropping off forms. Call 800-228-5453, option 3, for member service center and satellite office updates.

For the most current listing of our member service centers and satellite offices, visit [CalSTRS.com/local-offices](https://www.calstrs.com/local-offices).

Member service centers

| | | | |
|----------|---------|-----------|-----------------|
| Fresno | Irvine | Riverside | Santa Clara |
| Glendale | Redding | San Diego | West Sacramento |

Satellite offices

| | | | | |
|-------------|--------------|---------------|---------------|---------|
| Bakersfield | Hanford | Ontario | San Francisco | Visalia |
| Ceres | Hayward | Oxnard | San Marcos | Walnut |
| Cordelia | Hesperia | Palm Desert | San Mateo | |
| Culver City | Lancaster | Palm Springs | Santa Barbara | |
| Downey | Los Alamitos | Pleasant Hill | Santa Maria | |
| El Centro | Murrieta | Salinas | Santa Rosa | |

CalSTRS resources

| | | | | |
|--|--|--|--|---|
|  <p>WEB</p> <p>CalSTRS.com Click <i>Contact Us</i> to email</p> <p>myCalSTRS.com</p> <p>403bCompare.com</p> <p>Pension2.com</p> <p>STAY CONNECTED</p>  |  <p>CALL</p> <p>Monday through Friday 8 a.m. to 5 p.m.</p> <p>800-228-5453 Calls within the U.S.</p> <p>916-414-1099 Calls from outside the U.S.</p> <p>888-394-2060 CalSTRS Pension2® personal wealth plan</p> <p>844-896-9120 (toll free) CalSTRS Compliance and Ethics Hotline CalSTRShotline.ethicspoint.com</p> |  <p>WRITE</p> <p>CalSTRS P.O. Box 15275 Sacramento, CA 95851-0275</p> |  <p>VISIT</p> <p>Member Services 100 Waterfront Place West Sacramento, CA 95605</p> <p>Find your nearest CalSTRS office at CalSTRS.com/localoffices</p> |  <p>FAX</p> <p>916-414-5040</p> |
|--|--|--|--|---|



California State Teachers' Retirement System
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Important documents