

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

# *Member Handbook*

2004



The CalSTRS *Member Handbook* was prepared by the staff of the California State Teachers' Retirement System to assist CalSTRS members in understanding their member benefits.

The summarized data pertain to the Teachers' Retirement Law and procedures effective January 1, 2004. The *Member Handbook* is intended as a ready source of information about CalSTRS and not as a legal document or a substitute for the law. If differences appear between the law and the handbook, the law must prevail.

The State Teachers' Retirement Law consists of Part 13, also known as the E. Richard Barnes Act, Part 13.5 and Part 14 of Division 1 of the California Education Code. The law establishes the State Teachers' Retirement Plan, which consists of the CalSTRS Defined Benefit Supplement Program, Defined Benefit Program and the CalSTRS Cash Balance Benefit Program. Part 13 includes the provisions of the CalSTRS Defined Benefit Program and DBS Program and regulates all activities of the California State Teachers' Retirement System. Part 13.5 includes provisions concerning health care benefits for CalSTRS members. Part 14 establishes an alternative plan for part-time educators, known as the Cash Balance Benefit Program.

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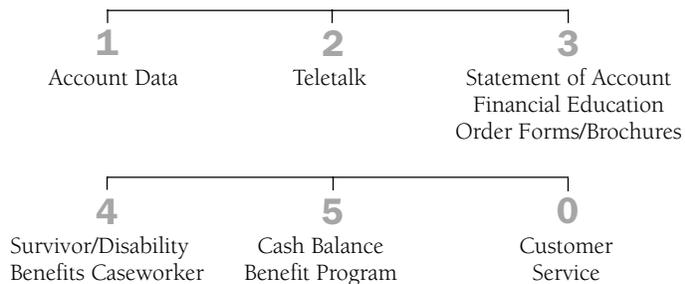
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Dear Member,

Welcome to the California State Teachers' Retirement System. I am pleased to present the latest edition of the *Member Handbook*. Whether you are just beginning your career in education or are an experienced educator, this handbook will answer many of the questions you have about your benefit coverage. The information in it can help you make informed decisions during your active career and prepare fully for your retirement.

CalSTRS is the nation's largest teachers' pension fund and our dedicated, professional and conscientious staff work hard to improve service and responsiveness to your needs. Although we serve more than 715,000 California educators and their families, we are committed to providing exemplary service to each and every person who calls, writes or visits CalSTRS.

Service to CalSTRS members and the security of the Teachers' Retirement Fund remain our highest priorities. We look forward to assisting you throughout your career and retirement.

Sincerely,

A handwritten signature in black ink that reads "Jack Ehnes". The signature is written in a cursive style with a large, sweeping initial "J".

Jack Ehnes  
Chief Executive Officer



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# Overview

The *CalSTRS Member Handbook* provides an overview of the programs and services administered by the California State Teachers' Retirement System. It has been prepared to answer frequently asked questions about your retirement system and to help you understand the benefits and responsibilities of membership in the CalSTRS Defined Benefit Program.

## Changes

Active member benefit changes include:

- A new law provides two retirement incentive programs that would increase either one or two of the elements used in calculating your CalSTRS retirement benefit. See page 17 for more information.
- A new law, effective January 1, 2004, includes in the definition of spouse a person who was continuously married to a member for fewer than 12 months prior to the accidental death of the member or for the period beginning prior to the occurrence of the injury or diagnosis of the illness that resulted in the member's death.

The Governor and Legislature from time to time make statutory changes that may affect your CalSTRS benefits—and that may affect any decision by you concerning your career or retirement. CalSTRS makes every effort to communicate these changes to our members, but legislation can undergo rapid change.

To stay informed about any possible changes, you should consult as many sources as possible including the California State Legislative Counsel Web site ([www.leginfo.ca.gov](http://www.leginfo.ca.gov)), the CalSTRS Web site ([www.calstrs.com](http://www.calstrs.com)), CalSTRS Customer Service (800-228-5453), CalSTRS benefits counselors or your union and elected legislative representatives.

## Helpful Definitions

*Creditable service* and *creditable compensation* are terms that appear often in this handbook. The simple description of creditable service is the work activities

that count toward years of service for CalSTRS retirement purposes. Creditable compensation, on the other hand, is the pay that members of the CalSTRS DB Program receive for creditable service that counts for retirement purposes. The Teachers' Retirement Law defines what counts and what does not count as creditable compensation.

Another term that is used in this handbook is *benefit*, which refers to the monthly benefits paid under one of the CalSTRS retirement, disability or survivor programs.

The glossary in Section 11 will help to explain other concepts and terms you will find in this handbook.

If you need additional information, other resources are listed in Section 10, General Information.

## A Brief History of CalSTRS

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school teachers. Membership in the CalSTRS Defined Benefit Program includes all employees in California public schools from kindergarten through community college in positions performing creditable service under the DB Program.

## **The Teachers' Retirement Board**

The Teachers' Retirement Board sets the policies and makes rules for the California State Teachers' Retirement System and is responsible for ensuring benefits are paid by the system in accordance with law.

CalSTRS is administered by the 12-member Teachers' Retirement Board. It includes:

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

The board appoints a Chief Executive Officer to administer the system consistent with the board's policies and rules. The board also selects a Chief Investment Officer to direct the investment of the Teachers' Retirement Fund in accordance with board policy.

The board has three standing committees: Audits and Risk Management, Benefits and Services, Investments and its subcommittee, Corporate Governance.

## **Teachers' Retirement Fund**

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

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

At the end of the 2003 fiscal year, the Teachers' Retirement Fund portfolio market value was \$100 billion. CalSTRS ranks as the nation's third largest public pension fund.

For further information about Teachers' Retirement Fund investments, visit the CalSTRS Web site at [www.calstrs.com](http://www.calstrs.com) or call 800-228-5453 and select Teletalk message #802.

# 1. CalSTRS Membership

## Membership in the CalSTRS Defined Benefit Program

Membership in the CalSTRS DB Program is generally available to employees of the California public school system, kindergarten through community college, in positions that require a credential, certificate or permit or require the employee to meet minimum standards adopted by the Board of Governors of the California Community Colleges.

Only activities identified as “creditable service” are subject to CalSTRS DB Program coverage. These activities include teaching, vocational or guidance counseling, services related to school curriculum and a variety of administrative duties.

If you are a classroom teacher or are performing other activities that are creditable service, you may be a CalSTRS DB Program member as mandated by law or you may be eligible to elect membership.

Employment performing creditable service in a charter school is subject to coverage only if the charter of the school provides for participation in the CalSTRS DB Program.

## Mandatory Membership

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

Full time is defined as the number of days or hours in a school year that the employer requires a “class of employees” to work. For example, under a collective bargaining or employment agreement, an employer might require guidance counselors in a high school to work a specific number of days each school year. Therefore, guidance counselors would constitute a class of employees. (See the Glossary, Section 11, for more information about what constitutes full time and “class of employees.”)

Many teachers and others who perform creditable service are not hired to work full time by an employer. For those who are hired to work less than half-time, CalSTRS offers an alternative retirement plan called the CalSTRS Cash Balance Benefit Program; however, the availability of the CB Benefit Program is optional for employers.

Mandatory CalSTRS DB Program membership requirements vary, depending upon an individual’s employment status and whether or not the CalSTRS CB Benefit Program is offered by the employer to their part-time employees.

*Please note: Except for Section 8, the programs and benefits described in this handbook refer to the CalSTRS Defined Benefit Program only. For information on CalSTRS Cash Balance Benefit Program, see Section 8.*

## Employers Who Do Not Offer CalSTRS Cash Balance Benefit Program

In school districts, county offices of education or community college districts that do not offer the CalSTRS Cash Balance Benefit Program, the following mandatory DB Program membership requirements apply:

Employment Status	Mandatory Membership Begins
<b>Hired on part-time ..... hourly basis</b>	First day of pay period following the pay period in which creditable service in one school district, community college district or county superintendent’s office is performed for 60 or more hours
<b>Hired on part-time ..... daily basis</b>	Same as above except for 10 or more days
<b>Hired as a substitute .....</b>	Same as above except for 100 or more complete days during the school year

## Employers Who Offer the CalSTRS Cash Balance Benefit Program

In school districts, county offices of education or community college districts that do offer the CalSTRS Cash Balance Benefit Program, the following mandatory CalSTRS DB Program membership requirements apply:

Employment Status	Mandatory Membership Begins
<b>K-12 or community college instructor hired</b> .....	First day of pay period in which the basis of employment (the employee's <b>contract</b> for employment) changed to 50 percent, or more, of the full-time equivalent for the position
<b>K-12 or community college instructor hired on an hourly/adjunct basis</b> .....	First day of pay period in which the employee is hired to work more than 50 percent of the full-time equivalent for the position

## Part-Time or Substitute Employees Electing Defined Benefit Program Membership

Anyone who performs creditable service in the California public school system is eligible to elect membership in the CalSTRS DB Program.

If you are hired as a substitute or on a part-time basis and your basis of employment does not qualify you for mandatory membership, you may still elect to become a member of the CalSTRS DB Program. Your employer must formally notify you of your right to elect membership in the program.

The election can only be made during a pay period in which you actually performed creditable service and must be made on the appropriate form provided by the employer. The effective date of membership is the first day of the pay period in which the election is made.

## Changing Employment to a Different Public Retirement System

Occasionally, teachers or others who perform CalSTRS creditable service change employment to positions that are subject to coverage by another California public retirement system. For example, a

classroom teacher may take a position as a human resources specialist in the district office, a position usually subject to California Public Employees' Retirement System coverage. Or a human resources specialist may decide to take a teaching position, a position usually subject to CalSTRS coverage. When a CalSTRS or CalPERS member changes employment to a position in public schools or in certain education-related state government positions subject to coverage by the other system, he or she will have an opportunity to continue coverage or change to the other system.

The two systems are treated differently for Social Security coverage. CalSTRS members do not participate in Social Security, but CalPERS members do. Members of either system are urged to contact the Social Security Administration at 800-772-1213 to determine how the change will affect any Social Security benefit due the member.

## CalSTRS Member Changes to CalPERS Position

If you are a member of the CalSTRS DB Program and become employed by the same or a different school district, community college district or county superintendent of schools or have limited state of California employment to perform service that requires membership in the California Public Employees' Retirement System, you may elect, within 60 days of the date of your new employment, to continue coverage under the CalSTRS DB Program. If you do so, service in your new position normally subject to coverage by CalPERS would be treated as creditable service under the CalSTRS DB Program.

You should remember that the election:

- must be made within 60 days of the date of hire into the new position
- must be done on the appropriate form provided by the employer
- is effective as of the date of hire into the new position
- is irrevocable and applies to all service in that position

## CalPERS Member Changes to CalSTRS Position

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

- by a school district
- by the Board of Governors of California Community Colleges
- by the state Department of Education as of January 1, 2002, a local or state agency not listed above (only applies to vested CalPERS members)

The election:

- must be made within 60 days of the date of hire into the new position
- must be done on the appropriate form provided by the employer
- is effective as of the date of hire into the new position
- is irrevocable and applies to all service in that position

## Information on Both Systems

For a more informed decision, review the benefit information in this handbook, as well as the benefit information booklet provided by CalPERS. Both are available from your employer.

In addition, the CalSTRS brochure *Join CalSTRS? Join CalPERS?* outlines and contrasts the basic benefits of the two systems. For a copy, visit [www.calstrs.com](http://www.calstrs.com), ask your employer or call CalSTRS at 800-228-5453.

## Defined Benefit Supplement Program

Each active Defined Benefit Program member has a Defined Benefit Supplement account. Funds are provided to the account from two sources.

One source is one-fourth of each member's monthly CalSTRS contribution, or 2 percent of gross salary. This amount will automatically go into the member's DBS account from January 1, 2001, through 2010. There will be no change in the 8 percent retirement contribution currently withheld from each member's paycheck. Your CalSTRS Defined Benefit retirement benefit will not be affected by the redirection of contributions to your DBS account.

In addition, since July 1, 2002, member and employer contributions have been allocated into the member's DBS account on compensation earned from service in one school year that exceeds one year of service credit. This provision will not end at the end of 2010, as does the redirection of the member contribution described above.

Some members receive special limited-term payments or compensation intended to enhance their DB benefits. Effective July 1, 2002, member and employer contributions on these payments are credited to the DBS accounts.

The funds in the DBS accounts earn interest at a rate set at the beginning of each plan year by the Teachers' Retirement Board, based on the 30-year Treasury rate. At the end of each year, if actual earnings exceed the board-set interest rate, the board may declare an additional earnings credit.

## Access to DBS Funds

The amount available at retirement or termination of employment will vary, depending on the member's salary, overtime compensation and the interest the account earns. Annually, each member will receive DBS account information that lists the amounts of contributions and interest in the DBS account as part of the *CalSTRS Annual Statement of Account*.

Funds in the DBS account can be withdrawn only when the member dies, is disabled, retires or one year after terminating CalSTRS-covered service. In addition, a member cannot borrow from his or her DBS account. The member's DBS account beneficiary(ies) will be the same as the member has for his or her Defined Benefit account.

Members can choose to receive the balance of the contributions and interest in their DBS accounts as:

- a lump-sum payment (only choice if receiving a refund)
- a monthly payment if the balance is at least \$3,500 (the following five annuity types are available to distribute payment over your and beneficiary's lifetime, based on option chosen for DB benefit). The Service Retirement application gives full details.
  - a single-life annuity with cash refund
  - a single-life annuity without cash refund

- a 100 percent joint and survivor annuity
- a 50 percent joint and survivor annuity
- a period-certain annuity
- a combination of lump-sum and monthly payment
- partial lump sum

Contributions into the DBS account will not affect your ability to make contributions into a 403(b) or similar tax-deferred savings plan.

## Member Contributions

As a member of the CalSTRS DB Program, you must contribute 8 percent of your creditable compensation as defined in the Teachers' Retirement Law.

Contributions are withheld from creditable compensation by payroll deduction and credited to your Defined Benefit and Defined Benefit Supplement accounts (see page 5 for details on your DBS account). Your contributions accrue interest at a rate determined annually by the Teachers' Retirement Board. The current rate is 2.5 percent for DB and 5.25 percent for DBS compounded daily. The rates are valid through June 30, 2004. Your employer can pay all or a portion of member contributions.

## “Employer Pick-Up” of Member Contributions

Most employers participate in the “Employer Pick-Up” Program under a provision of the Internal Revenue Code (Section 414[h][2]). The member's contributions to CalSTRS are “picked-up” by the employer for the sole purpose of deferring income taxes on that portion of compensation. The contributions must be deducted from your compensation and are considered creditable compensation for retirement purposes.

These tax-deferred member contributions are credited to your account as “Employer-Paid Member Contributions.” Those contributions are taxable when returned to you or a beneficiary in a lump sum or monthly benefit. For more information on taxes, see Section 9, Tax Information and Legal Issues.

## Credited Interest

At the end of each fiscal year, interest is credited to the accumulated contributions and interest in each member's account at the “credited interest rate.” The credited interest rate is adopted annually by the

Teachers' Retirement Board and is currently set at a rate that approximates the yield on two-year Treasury notes.

Interest is credited to members' accounts primarily to provide a lump-sum benefit to those members who terminate all creditable service and withdraw their contributions or to the beneficiaries of members who die without survivors who are eligible for monthly benefits.

As a Defined Benefit Program member, you should understand that your retirement benefit will be calculated using a benefit formula established by law based on your age, years of service credit and final compensation. The amount of total contributions and interest in your Defined Benefit account is not used to calculate either your or your beneficiary's future monthly benefit.

## Employer Contributions

The employing school district, community college district or county superintendent of schools contributes an amount equal to 8.25 percent of the creditable compensation paid to every employee who is a member of the CalSTRS DB Program. Employer contributions are not credited to individual member DB accounts but are deposited in the Teachers' Retirement Fund to help fund the benefits payable to all members and their beneficiaries.

## State Contributions

The state of California contributes 2.017 percent of the creditable earnings from the fiscal year ending in the prior calendar year. Additionally, the state contributes an amount equal to 2.5 percent of the total creditable compensation paid to all CalSTRS DB Program members during the fiscal year ending in the prior calendar year for the Supplemental Benefit Maintenance Account. This is used to maintain the purchasing power of benefits at prescribed levels.

## Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation for service as a member of the CalSTRS DB Program. In addition to credit for actual service, you may receive service credit for creditable compensation received for certain employer-approved leaves of absence.

Service credit may also be purchased under certain circumstances. For more information, order the *Purchase Additional Service Credit* brochure at 800-228-5453 or [www.calstrs.com](http://www.calstrs.com).

A member's service credit is one of the factors used to determine eligibility for benefits payable under the CalSTRS DB Program. For example, you must have a minimum of five years of service credit to be eligible for a service retirement benefit.

Service credit is used to calculate your service retirement benefit, as well as the surviving spouse benefit payable under both Coverage A and Coverage B (see Section 7, Survivor Benefits).

You are notified of your accumulated service credit each year when you receive your *Annual Statement of Account*. (See below)

### **How Service Credit is Calculated**

For full-time educators, one year of service credit is earned for teaching one school year. For part-time educators, service credit for one school year is the hours or days actually taught compared to the full-time equivalent. (See Section 8, Part-Time Educators, to see how service credit is calculated for part-time educators.) You cannot receive more than one year of service credit for any one school year.

### **Full-Time Equivalent**

For part-time educators, the hours or days you work are compared to a full-time equivalent, or FTE. The FTE is the time a person who is employed part time would be required to work in a school year if he or she were employed full time in that position. (See Section 8, Part-Time Educators, for specific information about FTE and how it is used to calculate service credit.)

### **Additional Duties**

If you perform additional duties during the year, you will receive service credit in addition to the service credit earned for your normal full-time or part-time position.

You can now receive service credit for summer school and intersession, and activities such as yearbook editor, science club editor, band director and attending staff development days.

### **Multiple Positions**

Some members are employed in multiple part-time or substitute positions for more than one CalSTRS employer during the school year and may earn more than one year of service credit. At the end of the school year, CalSTRS determines if you have service credit in excess of one year. If you do, CalSTRS retains one year of service in your DB account earned at the highest pay rates and credits the member and employer contributions on the service in excess of one year to your DBS account.

### **Compensation for Excess Service**

The compensation for the service in excess of one year is not used in the calculation of your compensation earnable for the school year for final compensation purposes. If your employer adjusts the reported earnings after the school year ends, your DB and DBS accounts may be adjusted in the following year.

### **Purchase of Additional Service Credit**

You may be eligible to purchase service credit for past employment or an approved leave of absence for which CalSTRS retirement contributions were not made. For example, you may be able to purchase service credit for part-time or substitute service in the California public school system before you became a CalSTRS DB Program member. For more information order the *Purchase of Additional Service Credit* brochure at 800-228-5453 or [www.calstrs.com](http://www.calstrs.com)

### **Reduced Workload Program**

The CalSTRS Reduced Workload Program was established to allow eligible members of the CalSTRS DB Program to reduce their workload from full time to part time and still receive a full year of service credit, provided all requirements of the program have been fulfilled by the participating member and employer. See page 17, Reduced Workload Program, for participation requirements.

### **Annual Statement of Account**

Every year you receive a combined Defined Benefit and DBS *Annual Statement of Account*, which is one of your most important CalSTRS records. It provides you with information about your retirement account. The statement is distributed by December to

each member who was employed to perform creditable service and is not a retired member or a benefit recipient. The statement of account gives your account status as of June 30 of that year.

The statement is sent to your mailing address as reported to CalSTRS by your employer. If an employer has not provided CalSTRS with a current mailing address, your *Annual Statement of Account* will be forwarded to the appropriate county or district superintendent's office for distribution.

An inactive member (one who has a balance remaining in his or her CalSTRS DB account but did not perform creditable service during the prior school year) will receive an *Annual Statement of Account* if he or she has a current address on file at CalSTRS. An inactive member who has left his or her contributions on deposit and who has not received an *Annual Statement of Account*, should call CalSTRS at 800-228-5453 to request a statement. (Retired members and benefit recipients do not receive a statement.)

Examine your statement carefully each year for accuracy and file it with your important employment or financial records. The following information is included on your statement:

- beginning balances of your service credit and contributions and interest credited on member contributions at the beginning of the period (July 1 of the previous school year)
- ending balances of your service credit and contributions and interest earned on member contributions as of June 30 of the just-completed school year

Information about the just-completed school year, July 1 through June 30, includes:

- interest credited on your accumulated contributions
- service credit you earned
- contributions credited to your DB and DBS Program accounts

The service credit shown on your annual statement of account is based on the creditable compensation and annual compensation earnable reported by your employer(s) to CalSTRS. (See Creditable Compensation, Section 11, Glossary.) The member contributions are the contributions that were reported by your employer(s).

If you believe there is a discrepancy on your annual statement, contact your employer's department that reports your time to CalSTRS.

Data on service credit and contributions received by CalSTRS after June 30 will be included in your next *Annual Statement of Account*. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the statement of account for the school year during which the final payment was made.

In addition to service credit, contributions, and interest, the annual statement of account provides other key information:

- Explains your Coverage A or Coverage B for disability and survivor benefits
- One-time death benefit recipient(s) (formerly called designated beneficiary)
- Option beneficiary(ies)

### **Benefit Estimate**

Additionally, if you are age 45 or older and have earned at least one full year of service credit, you will receive a statement that will include an estimate of your future service retirement benefit for retirement at age 55 and at age 60.

If you need to call CalSTRS, it will be helpful to have your *Annual Statement of Account* available. Your Social Security number is your CalSTRS identification number.

# Section 2. The Early Years

You will be *vested* with a right to a lifetime retirement benefit when you have accumulated five years of service credit under the CalSTRS Defined Benefit Program. This benefit will be available to you as early as age 55 or age 50, with at least 30 years of service credit. Active members also have important benefits including disability and survivor benefits. See Sections 6 and 7.

## **If You Terminate Your CalSTRS-Covered Employment**

Termination of CalSTRS-covered employment and a subsequent refund of your accumulated contributions plus interest cancels any eligibility for monthly benefits from CalSTRS.

## **Survivor or Disability Benefits**

Termination of CalSTRS-covered employment for four consecutive months or more eliminates your eligibility for survivor or disability benefits. This time limit does not apply to eligibility for service retirement.

## **Exceptions to the Four-Month Limit**

The four-month limit does not apply if you die during an approved leave of absence of up to 12 months for a reason other than disability or military service. If medical reports show you became incapacitated within four months of your last day of service (and remained continuously incapacitated to the date of death) or if you were receiving a disability benefit under Coverage A, your named beneficiary(ies) remains eligible for the one-time death benefit and survivor benefits.

## **Refund of Your Account**

Your CalSTRS member contributions to the Defined Benefit Program, plus interest, are refundable upon termination from all employment to perform creditable service in any California public school. However, refund of your contributions terminates

your CalSTRS membership, and you will not be eligible for any benefits, including a lifetime monthly retirement benefit, from CalSTRS.

Your Defined Benefit Supplement account will be automatically refunded to you if after termination you have not performed creditable service for one year and have received a refund of your Defined Benefit account.

## **Refund Amount**

All DB contributions made by a member, including tax-deferred member contributions under the “Employer Pick-Up” program, plus credited interest, will be refunded upon receipt of a completed refund application. Partial refunds are not permitted. Employer and state contributions are not refundable.

## **Is a Refund Right for Me?**

Members with fewer than five years of service credit who do not plan to return to teaching and who are not eligible for retirement with any of the California public systems listed on page 22 may want to consider a refund. However, career teachers with substantial service credit or those who are eligible for retirement with another California public system and are approaching age 55 are urged to learn more about the consequences of taking a refund.

### **Consequences of a Refund**

- If you withdraw your contributions and interest before age 59 1/2, the distribution may be subject to income tax and a 10 percent federal excise tax.
- If you return to membership after taking a refund and later redeposit contributions and interest:
  - your membership date changes to your return date
  - you will be covered under Coverage B for survivor and disability benefits
  - you must accumulate a year of service credit before you are eligible for CalSTRS benefits

### **More Refund Information**

Visit [www.calstrs.com](http://www.calstrs.com) or call 800-228-5453 and order the *Refund: Consider the Consequences* flyer or select the Teletalk option, then message #700 for refund information.

### **Less than One Year of Service Credit**

If you have less than one year of service credit and you die, a refund of your accumulated retirement contributions plus interest is paid to your death benefit recipient(s).

### **More than One Year of Service Credit**

If you have more than one year of service credit and you die, your death benefit recipient(s) is eligible to receive a one-time death benefit. Throughout your career, it is important to keep a valid and current CalSTRS *One-Time Death Benefit Recipient* form on file at CalSTRS. See page 37 for details.

# 3. Additional Benefits and Services

As you move through your education career in California, you may wish to take advantage of some of the additional programs and services CalSTRS offers.

If you wish to know more about CalSTRS programs and benefits, you can visit the CalSTRS Web site at [www.calstrs.com](http://www.calstrs.com) or make an appointment with a CalSTRS benefits counselor (formerly regional counselor.)

## Financial Education

Financial Education workshops are designed especially for CalSTRS members. The educational workshops prepare members 10 or more years from retirement to make informed financial decisions with confidence.

Workshop speakers present information on CalSTRS pension benefits, on Social Security provisions that apply to CalSTRS members and on how to develop personal financial plans to meet individual goals.

To obtain information or to sign up for a workshop, call the special Financial Education toll-free number at 888-394-2060. Workshop registration is also available online at [www.calstrs.com](http://www.calstrs.com). Select *Financial Education*.

## Redeposits

If you return to teaching or other CalSTRS-covered employment or become eligible for retirement with another public system in California you may elect to redeposit past Defined Benefit Program refunds plus regular interest. (See page 18 for a list of other California public systems.) The longer the elapsed time between refund and redeposit, the higher the redeposit amount will be. Redepositing allows you to reinstate the service credit represented by the refunded contributions.

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

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

A member may choose to redeposit a portion, rather than all, of a refund, along with applicable interest.

Redepositing does not re-establish your earlier membership date or benefits that may have been available to you before you refunded.

In some community property settlements, a member's contributions and interest are divided to create a separate account for the former spouse. If the former spouse takes a refund of his or her account, the member can then choose to redeposit all or a portion of the amount awarded to the former spouse.

## Amount to Redeposit

The amount you need to redeposit and the benefits from reinstatement of service credit will vary, depending upon your individual situation.

For example, a teacher who withdrew \$10,000 (representing three years of service) in May 1993 and wants to reinstate those years of credit in May 2004, would be required to redeposit \$20,772.

If you are considering a redeposit, order the *Purchase Additional Service Credit* brochure from [www.calstrs.com](http://www.calstrs.com) or call CalSTRS at 800-228-5453.

## **Purchase Additional Service Credit**

You may elect to purchase service credit for retirement purposes for specific service performed in the past, if it has not been previously credited. This type of service includes, but is not limited to:

- creditable service prior to becoming a DB Program member
- sabbatical leave
- certain active military leave
- University of California or State University service
- maternity/paternity leave or family care and medical leave
- School for the Blind or Deaf
- out-of-state public school teaching (up to 10 years)

Service credit cannot be purchased if you have received, or are eligible to receive, credit for the service in another public retirement system. If you are planning to purchase additional service credit just before retirement, you must complete payment before the effective date of your retirement.

The cost of permissive service credit is calculated by multiplying your highest earnable salary in any one of the most recent three school years of service by the contribution rate for additional service credit and the number of years of service credit to be purchased. The contribution rate for additional service credit is adopted by the Teachers' Retirement Board and is based on the most recent actuarial valuation of the CalSTRS DB Program.

Members may purchase a portion, rather than all, of any permissive service they have earned. To estimate the cost of permissive credit, visit [www.calstrs.com](http://www.calstrs.com) and click *Calculators*.

### **Costs Going Up**

Beginning July 1, 2004, there will be a substantial increase in the cost of permissive service credit. This increase more accurately reflects the actual cost of the benefit. Any purchases initiated on or after July 1, 2004 will reflect the higher rate. For more information, call CalSTRS at 800-228-5453 and request the *Purchase Additional Service Credit* brochure or order it from [www.calstrs.com](http://www.calstrs.com).

### **Nonqualified Service Credit**

Members with at least five years of credited CalSTRS service may purchase up to five years of service credit for nonqualified service, also known as

“air time.” Nonqualified service is service that is not connected to any specific prior employment. Nonqualified service credit cannot be used to qualify for the career factor, longevity bonus or the 25-year threshold for one-year final compensation. However, nonqualified service credit can be used to qualify for service retirement between ages 50 and 55. The purchase of nonqualified service credit is calculated differently from the purchase of other service. To estimate the cost of nonqualified service, visit [www.calstrs.com](http://www.calstrs.com) and click *Calculators*. The cost to purchase nonqualified service credit will increase the closer the member is to retirement and the higher the earnable salary.

Members should evaluate the benefits of purchasing additional service credit by comparing its cost with the increase it would provide in their lifetime retirement income.

For more information about additional service credit purchase or to request a billing statement, call CalSTRS Teletalk at 800-228-5453. Select message #250 for purchasing credit for service performed in California, message #254 for out-of-state service credit purchase and message #255 for nonqualified service credit purchase. You may also visit [www.calstrs.com](http://www.calstrs.com) or call 800-228-5453 and select 2 to order the *Purchase Additional Service Credit* brochure.

## **CalSTRS Voluntary Investment Program**

An important component to maintaining your current standard of living after retirement is to set aside funds while you are working to supplement your CalSTRS pension. The Voluntary Investment Program offers any school employee the opportunity to invest these additional funds on a tax-deferred basis for a secure financial future.

As a 403(b) savings program, the Voluntary Investment Program allows you to automatically save a pre-taxed portion of your salary and invest it in your choice of 12 different investment funds or manage it yourself through a self-managed account.

## New Features

- *More investment flexibility than ever before*—with twelve investment options, all chosen to offer a well-diversified selection of funds and includes such well-known fund families as Vanguard, Fidelity and Dodge & Cox
- *Free, personal financial advice*—online at [www.calstrs.com](http://www.calstrs.com) or from qualified professionals toll-free at 800-699-4032.
- *Enhanced online trading*—including the self-managed account, called the Mutual Fund Window, with its 4,000 mutual funds from more than 300 fund families
- *Greater ease of borrowing from your account*—for those unexpected financial emergencies that come along
- *Low administrative costs*—passed on to plan participants
- *Knowledgeable and responsive services reps*—by calling 800-699-4032
- *Great savings opportunities from CalSTRS*—your trusted retirement benefit provider
- Beginning in the summer of 2004, you will be able to compare different 403(b) plans online at [www.403bcompare.com](http://www.403bcompare.com).

## Valuable Advice Available

The most popular feature of the Voluntary Investment Program is the enhanced advice service available online or by telephone. The advisor service is designed for VIP participants who need or want personalized savings and investment advice. Provided by CalSTRS, advice is available from trained and licensed financial advisors through CitiStreet Advisor Service, powered by Financial Engines.

The advisor service will allow you to:

- build a personalized profile of your financial resources and retirement goals
- understand the likelihood of reaching your goals with your current savings and investment strategy
- design a personalized saving and investment plan to better meet your goals

You will also benefit from free initial and ongoing consultations, expert and unbiased retirement planning advice and automatic investment rebalancing. In addition, this feature offers quarterly summaries of progress toward your retirement goals.

## To Enroll

1. Call the information line at 800-699-4032 to request an enrollment kit or order it online at the VIP section of [www.calstrs.com](http://www.calstrs.com)
2. Review the information and choose how much you want to contribute and your investment options
3. Complete a salary reduction agreement form available in the enrollment kit or online (your school district may need additional information) and complete a beneficiary form
4. Mail the forms to the VIP administrator (address on the forms)

If your employer does not offer the CalSTRS Voluntary Investment Program, please contact CalSTRS at 800-228-5453 or click the *Contact CalSTRS* link at [www.calstrs.com](http://www.calstrs.com).

## Rollovers to VIP

In addition to payroll deductions, you can roll over an existing balance from other qualified retirement plans, such as 403(b) plans and governmental 457 plans. You may also roll over all or a portion of the amount in an IRA, provided that the entire balance in the IRA is attributable to a prior rollover from a qualified pension, profit sharing, 401(k) or stock bonus plan.

CalSTRS members who are no longer employed in CalSTRS-covered employment can still roll over an existing balance from qualified plans into CalSTRS VIP, but they cannot contribute additional funds until they resume CalSTRS-covered employment. CalSTRS retired members are also eligible to participate in the program by transferring funds from their qualified savings plan to the VIP.

## CalSTRS Home Loan Program

The CalSTRS Home Loan Program is open to active, inactive and retired CalSTRS members and Cash Balance Benefit Program participants. They can apply for conventional, fixed-rate, first mortgage loans for the purchase or refinance of their one-to-four-family owner-occupied properties in California. The program provides loans to members while serving as a prudent investment of CalSTRS retirement funds.

**Features include:**

- a host of statewide lenders to choose from
- 60-day rate float down if interest rates fall
- controlled origination fees charged by lenders

**There are several financing options available:**

- Conventional Loan Program
- No Points No Fees Program
- Zero Down Preferred (95%/5%) Program
- 80%/17% Down Payment Assistance Program

For more information on the Home Loan Program, click *Members* on the CalSTRS Web site at [www.calstrs.com](http://www.calstrs.com) or call Customer Service at 800-228-5453.

**Long-Term Care Coverage**

The California Public Employees' Retirement System offers a long-term care program to members of other public retirement systems, including CalSTRS. Those eligible to participate include CalSTRS active and retired members and Cash Balance Benefit Program participants, as well as their spouses, parents, parents-in-law, and siblings age 18 or older. This program provides personal care that some may need as a result of suffering an accident, a chronic illness or a disabling disease like Alzheimer's. The LTC program provides high-quality care and comprehensive coverage at a reasonable cost.

Call CalPERS Long-Term Care directly at 800-338-2244 for information and an enrollment kit. Long-Term Care information can also be obtained from the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov). You can also order this information from CalSTRS at [www.calstrs.com](http://www.calstrs.com).

# 4. What to Consider Before Retirement

As you near retirement age, it is a good time to review your current financial status and plan for your final career years before retirement. If you are about age 50, or if you are within a few years of your projected retirement date, you may want to consider the following:

## **Benefits Counseling**

***How can I obtain information and retirement counseling?***

### **Workshops**

CalSTRS invites local school districts to host benefit workshops conducted by a benefits counselor. You may wish to attend a workshop early in your career and three to five years before your retirement.

A schedule of workshops is prepared and distributed in the fall. Schedules should be available at your school site, district office or county office of education.

### **Personal Interview**

Before you file a retirement application, we recommend you schedule a retirement interview with a CalSTRS-trained benefits counselor. These interviews can be face-to-face or over the telephone. During the interview, the benefits counselor will guide you through the application process and provide an estimate of your retirement benefit.

The counselor can also provide information about when you will receive your retirement benefit and answer other questions you may have.

The demand for personal interviews has increased over the years, so you may experience a delay in meeting with a counselor during peak times. However, don't delay filing your retirement application while waiting for an interview.

Use the *Calculators* on [www.calstrs.com](http://www.calstrs.com) to estimate a retirement benefit and to obtain more information about CalSTRS benefits.

### ***When should I schedule a pre-retirement interview?***

Pre-retirement interviews should be scheduled about 12 months in advance of your planned retirement date.

### ***What information should I have for the interview?***

- the anticipated date of your retirement
- an estimate of your unused sick leave
- the number of days you are required to work during the year
- an estimate of your last three years of earnable compensation
- most recent statement of account

You are encouraged to bring your intended or named option beneficiary(ies) to the face-to-face interview. If your option beneficiary(ies) is unable to attend the interview, please be prepared to supply the person(s) date of birth(s). All information shared with the benefits counselor during this interview is confidential and used only for preparing your personal retirement estimate.

See Section 10, General Information, Benefits Counseling or [www.calstrs.com](http://www.calstrs.com) for the location of your nearest benefits counselor.

### **What About Social Security?**

Members expecting to receive a full Social Security benefit and a CalSTRS retirement benefit need to know about two Social Security provisions that may reduce the Social Security benefit. A member's

CalSTRS retirement benefit will not be reduced because of these provisions in Social Security law.

These provisions may affect members even if they have earned the minimum 40 Social Security credits through other employment or expect to receive a Social Security benefit based on a spouse's earnings.

Social Security benefits are based on the worker's average monthly earnings over a 35-year period, adjusted for inflation. When Social Security determines your benefits, it separates your average earnings into three amounts and multiplies the amounts using three different factors. For example, for a worker who turns 62 in the year 2003, the first \$606 of average monthly earnings is multiplied by 90 percent, the next \$3,047 is multiplied by 32 percent and the remainder by 15 percent.

### **Windfall Elimination Provision**

Under the Windfall Elimination Provision, Social Security uses an alternative calculation for members who qualify for both a Social Security benefit based on their own covered employment (i.e., private industry) and a CalSTRS retirement benefit. For those who reach 62 or become disabled in 1990 or later, the 90 percent factor is reduced to 40 percent. The exact amount of the reduction is based on the member's years of earnings covered under Social Security and changes every calendar year. In 2003, the maximum reduction in Social Security benefits under the Windfall Elimination Provision is \$303 per month.

CalSTRS members who meet the 40-credit requirement should apply for Social Security, even though the benefit may be reduced. Members are exempt from the Windfall Elimination Provision if they were eligible to retire from CalSTRS prior to January 1, 1986, or if they have 30 or more years of what Social Security calls "substantial earnings" under employment covered by Social Security. In 2003, substantial earnings are \$16,125 or more annually. With 21 to 29 years of substantial earnings, the 90 percent factor is reduced on a sliding scale beginning at 45 percent for 21 years of substantial earnings up to 90 percent for 30 or more years.

Social Security provides a guarantee to protect workers with relatively low pensions. The amount of the reduction under the Windfall Elimination Provision cannot be more than one-half of the

CalSTRS pension based on earnings after 1956 that were not covered by Social Security.

### **Government Pension Offset**

The Government Pension Offset provision affects members expecting to receive a CalSTRS retirement benefit and a Social Security benefit as a spouse, former spouse, widow or widower. Under this provision, the Social Security benefit is reduced by two-thirds of the CalSTRS retirement benefit. If two-thirds of the CalSTRS benefit exceeds the amount of the member's spousal benefit from Social Security, the member will not receive a benefit from Social Security. Members are exempt from the GPO if they were eligible for CalSTRS benefits between December 1982 and June 1983 and were entitled to the Social Security spouse benefit before December 1977.

You may receive an overstated benefit estimate from Social Security because non-Social Security pensions such as CalSTRS are not taken into account in the estimate. You need to contact Social Security for a more accurate estimate of benefits.

### **For More Information**

Due to the complexity of the formulas used in determining Social Security benefits and the many provisions and exceptions in Social Security law, CalSTRS members are urged to speak directly with Social Security representatives. Members can then determine if these provisions or exceptions apply to their individual circumstances.

Contact the Social Security Administration at 800-772-1213 or visit their Web site at [www.ssa.gov](http://www.ssa.gov) to review or download publications on the Windfall Elimination Provision and the Government Pension Offset.

More information is available in a brief video on the two provisions at the CalSTRS Web site, [www.calstrs.com](http://www.calstrs.com). Type *Social Security video* in *Search*.

### **What About Medicare?**

While California educators do not pay into Social Security, many do pay for Medicare (1.45 percent of gross earnings). Members are eligible for Medicare if they meet the 40-credit requirement on their own or through their spouse's employment.

For Defined Benefit members who retire before January 1, 2006, CalSTRS will pay Medicare Part A

(hospital) premiums for eligible retired members who do not receive Part A premium free. This benefit may be extended by the Teachers' Retirement Board to members who retire in the future. See page 40 for more details about Medicare and health insurance after retirement.

## Retirement Incentive Program

A new law provides two retirement incentive programs that would increase either one or two of the elements used in calculating your CalSTRS service retirement benefit. This would increase the monthly benefit for eligible members whose school districts offer the programs. See Section 5, Service Retirement.

The law allows Defined Benefit members who are eligible to retire to receive either:

- two years of service credit, often called "Golden Handshake"
- OR
- two years of service credit and two years of age added to the age factor (2 + 2)

## Effective Dates

The two years of service credit incentive program is effective January 1, 2004. Employers may decide to offer the benefit at any point in the future. The 2 + 2 incentive program is effective between January 3, 2004 and December 31, 2004.

## Eligibility

You must be eligible for service retirement and retire within the time period specified by your employer in order to take advantage of the incentive. You are eligible to retire if you are:

- age 55 with at least five years of service credit
- age 50 with at least 30 years of service credit
- age 55 with fewer than five years of service credit but eligible to retire at the same time with another California public retirement system, such as CalPERS.

## Restrictions

The additional service credit given in the incentive programs cannot count toward eligibility for service retirement or the credit necessary for other CalSTRS benefit enhancements such as one-year final compensation, career factor and longevity bonus. Also, you cannot participate in both retirement incentives or pay the cost of the benefit in lieu of your

employer. In addition, CalSTRS will not grant partial benefits, unless you receive the 2 + 2 incentive and would otherwise exceed the maximum age factor.

## Post-Retirement Employment

You will lose the ongoing increase in your benefit if you:

- become an active member again by returning to CalSTRS-covered employment
- file for unemployment within a year of retirement
- work for any California public school district within a year, OR
- return to the school district that granted you the benefit within five years.

## More Information

Call 800-228-5453 or visit [www.calstrs.com](http://www.calstrs.com). Our Web site also includes online calculators that can help you figure the potential boost to your retirement benefit.

## Reduced Workload Program

The CalSTRS Reduced Workload Program allows eligible members to reduce their workload from full-time to part-time duties (a minimum of 50 percent of full time) for up to ten years, normally the last ten years before retirement. The opportunity to participate is dependent on your employer offering the program.

You will receive full-time service credit while working less than full time. At the time of retirement, your benefit will be calculated as though you continued to work full time, including determination of final compensation.

You must be age 55 or older, have been employed full time for a minimum 10 years of credited service and have been employed full-time performing creditable service five consecutive years immediately before entering the program.

Both member and employer contributions are paid on the full-time earnable salary, rather than the actual part-time salary earned while participating in the program. Therefore, the employer will be required to pay a higher contribution rate for a member to participate.

The consequences of failing to work at least 50 percent as required by the program can be significant. This occurs if the member does not earn creditable

compensation for at least 50 percent of full time in any one school year. Service credit for the year will be calculated on actual time worked.

For example, a member who was employed 50 percent of full time had her pay docked because she became ill and ran out of sick leave. Consequently she failed to perform creditable service for at least 50 percent of full time that year. Therefore, for that year she would not be eligible to participate in the Reduced Work Program. She would earn service credit for only the time worked.

Retiring before the end of the school year can also affect program participants in the Reduced Workload Program. After discussing the Reduced Workload Program with your employer and reviewing personal qualifications, you must enter into a contractual agreement with your employer to participate.

## Concurrent Retirement

CalSTRS DB Program members who are at least age 55 and eligible to retire from certain other California public retirement systems in California may retire with fewer than five years of CalSTRS service credit if they retire from both systems at the same time. Additionally, CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement benefit. However, if you perform creditable service with both retirement systems during the same period, we are required by law to use the CalSTRS salaries.

The other public retirement systems in California are the Legislator's Retirement System, Public Employees' Retirement System, San Francisco City and County Employees' Retirement System, University of California Retirement System or those systems established under the County Employees' Retirement Law of 1937 (see Section 11, Glossary of Terms, for a list of the counties covered by the act).

## Pre-Retirement Election of an Option

If you are eligible to retire, you may make a pre-retirement election of an option for your DB benefit. This election is available if you do not yet wish to retire but want to ensure a monthly lifetime income for another person or persons if you die before retirement. (See Section 5, Service Retirement, for a discussion of options.)

If you die before your retirement, the monthly benefit paid to your beneficiary(ies) is based on the modified benefit that would have been paid if you had retired as of the date of death. At retirement, your benefit will be modified under the elected option.

When you retire, modification of your benefit will be made using the higher of the option factors in effect as of the date you elected the option or in effect on your retirement date.

The example below illustrates two members, one who chooses an option before retirement and another who waits until retirement to choose an option.

The member in the first example has provided a lifetime monthly benefit to a beneficiary—even if the member should die before retirement. Although the benefit will be reduced at retirement, the modified benefit will be slightly higher than it would have been if the member had waited until retirement to choose an option, since the pre-retirement election of an option allows use of the younger member and beneficiary ages.

### EXAMPLE

#### Member Chooses Pre-Retirement Election of an Option

- Member retires at age 60
- Option 2 beneficiary is also age 60
- Both member and option beneficiary were age 55 when pre-retirement option was chosen

**Unmodified Benefit** \$1,963.89 x **Percentage Payable** x .906 (From table on page 32) = **Member's Modified Benefit** \$1,779.28

#### Member Chooses an Option at Retirement

- Member retires at age 60
- Option 2 beneficiary is also age 60

**Unmodified Benefit** \$1,963.89 x **Percentage Payable** x .879 (Option from table on page 32) = **Member's Modified Benefit** \$1,726.26

The advantages and disadvantages of choosing a pre-retirement election of an option must be assessed individually.

### **Advantages**

If you should die before retirement, your option beneficiary(ies) will receive a lifetime monthly benefit. The benefit begins immediately upon your death, regardless of the age of the beneficiary(ies).

In most cases, the modified benefit will be greater if a pre-retirement election of an option is made than if an option is elected at the time of retirement.

If you become disabled after making a pre-retirement election of an option and you have Disability Benefit, Coverage A, you may retain the option election in order to provide a monthly benefit to your option beneficiary.

### **Disadvantages**

If you cancel or change your pre-retirement election of an option before retiring, your retirement benefit will be reduced for life.

If your option beneficiary dies before you retire and you had elected an option, the election will be automatically cancelled and your retirement benefit will be permanently reduced.

### **Spouse's Signature**

If you are married, the form for pre-retirement election of an option must be signed by your spouse or the *Justification for Non-Signature of Spouse* form must be completed and returned with the pre-retirement election. If your spouse does not sign or the *Justification for Non-Signature of Spouse* is not received by CalSTRS, the pre-retirement election is not acceptable and will not be effective until the requirements are met.

The election will be effective on the date signed only if it is received by CalSTRS within 30 days from the date you sign it.

### **Cancellation of an Existing Pre-Retirement Election of an Option**

You may cancel an existing pre-retirement election of an option at any time before retirement. A pre-retirement election of an option is cancelled automatically when a member elects a new option, elects a new option beneficiary(ies) or if the option beneficiary predeceases the member.

If the pre-retirement election of an option is cancelled, an assessment is calculated at retirement. The assessment will reduce your monthly retirement benefit for life.

The factors in effect on the cancellation date of the pre-retirement election of an option will be used to calculate the assessment. The assessment factor is based on the following:

- the option selected
- the amount of time the pre-retirement election was in effect
- the age of the member at the time of election and cancellation
- whether the member has Coverage A or Coverage B
- whether the option beneficiary is the member's spouse

If you are considering canceling your pre-retirement election of an option, electing a different option or naming a different option beneficiary(ies), CalSTRS recommends you meet with a CalSTRS benefits counselor to discuss the possible effects of that change on your retirement benefit. (See page 15 for more information.)

A spouse must sign the cancellation of a pre-retirement election of an option or a *Justification for Non-Signature of Spouse* form must be completed and returned with the request for cancellation. If the spouse's signature is not provided or the *Justification for Non-Signature of Spouse* is not received by CalSTRS, the cancellation is not acceptable and will not be effective until the requirements are met.

For more information regarding pre-retirement election of an option, call CalSTRS Teletalk at 800-228-5453 and select message #300, Pre-Retirement Election of an Option.

### **Date of Birth Verification**

Under some circumstances, CalSTRS will request verification of the birth date of a member and/or an option beneficiary(ies). Acceptable documentation for birth date verification is listed in order of preference:

- copy of certified birth record (recorded at least seven years prior to application for CalSTRS benefits)
- copy of certified church baptismal record (recorded within six years of birth)

- copy of transcript of listing in federal census (recorded within ten years of birth)

If the name has been changed from the name shown on the record of birth, a copy of marriage certificate or court order documenting the change is required. Please do not send originals.

If you do not have any of these records, please contact CalSTRS for assistance.

# 5. Service Retirement

As you consider the decision to retire, there are several questions you will need to address. Should you retire at age 60, age 63 or earlier? Should you consider filing for disability retirement? How will you provide a continuing benefit for a survivor?

If you have not already done so, before you file an application for service retirement, you may wish to make an appointment with a CalSTRS benefits counselor in your area or with a telephone counselor to discuss retirement planning and receive an estimate of your retirement benefit. (If you are considering filing for disability retirement, see Section 6, Disability Benefit Program.)

## When Can I Retire?

You may retire before age 60; however, the “normal retirement” age factor of 2 percent will be reduced for each month you are younger than age 60.

The earliest you can retire is age 50 with at least 30 years of service credit. You can also retire at age 55 with at least five years of service credit.

An additional requirement for retirement is:

- at least one year of credited service must have been performed after the most recent refund

OR

- retirement must be concurrent with retirement under the California Public Employees’ Retirement System, University of California Retirement System, San Francisco City and County Employees’ Retirement System, Legislators’ Retirement System or a system covered by the County Employees’ Retirement Law of 1937.

## Early Retirement Limited Term Reduction Program

If you are at least age 55, but under age 60, and have at least five years of credited service, you can apply for retirement. You will receive one-half the monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, the normal service retirement benefit will be paid.

*Note: Although annual benefit adjustments will accrue for the Early Retirement Limited Term Reduction Program, increases are not payable under this alternative until the normal service retirement benefit is paid. (See page 24 for more information about annual benefit adjustment.)*

## How to Calculate Your Defined Benefit Retirement

*Benefit Formula*

**Service Credit**

x **Age Factor**

x **Final Compensation**

= **Retirement Benefit** (unmodified)

The formula for calculating an unmodified Defined Benefit retirement includes three elements:

### 1. Service Credit

Your years (full and partial) of credited service. You must have worked full time during the year to receive one full year of service credit. See your CalSTRS *Annual Statement of Account* for your service credit.

### **Sick Leave Credit**

Additional service credit for unused sick leave will be granted at retirement. The service credit granted for unused sick leave is determined by dividing the number of accumulated unused sick leave days (as certified by your last employer) by the number of base service days (excluding school and legal holidays) required to complete the last school year if employed full time.

If employed on a part-time basis, 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 or used to qualify for the career factor and longevity bonus given for 30 or more years of service credit or the 25-year threshold for one-year final compensation.

The formula for determining unused sick leave is:

$$\begin{aligned} & \text{Accumulated Days of Unused Sick Leave} \\ \div & \text{Number of Base Days for Full-Time Service} \\ = & \text{Service Credit Amount Granted} \end{aligned}$$

### **2. Age Factor**

The age factor is the percent of final compensation you are entitled to for each year of service credit. This percentage is determined by your age on the last day of the month in which your retirement is effective. At age 63 or older, you are entitled to a 2.4 percent age factor. (See the table on page 26 for age factors.)

### **Career Factor**

A 0.2 percentage point career factor will be added to your age factor if you retire with at least 30 years of earned service credit up to a maximum age factor of 2.4 percent. Service credit from unused sick leave, the Retirement Incentive Program or the purchase of nonqualified service credit cannot be used to qualify for the career factor.

### **3. Final Compensation**

Members retiring with 25 or more years of service credit have their highest one-year compensation used as the final compensation component in their retirement calculation. Unused sick leave, nonqualified service credit and Retirement Incentive credit cannot be used to qualify for this benefit.

For members with fewer than 25 years of service credit, final compensation is based on the highest average earnable compensation during any period of

36 consecutive months\* of paid employment covered by CalSTRS.

Use of one-year final compensation is available for eligible classroom teachers with fewer than 25 years of service credit provided it has been included in a written collective bargaining agreement and all costs are paid by the employer, the employee or a combination of the two.

The annual earnable compensation for a school year is based on the gross monthly pay rates that could have been earned for creditable service performed on a full-time basis. Your gross monthly pay rate earnable per pay period is multiplied by the number of months in which you received compensation. If you plan to retire before the end of the school year, the annual earnable compensation for that year is prorated to your retirement date. (See Section 8, Part-Time Educators to see how earnable compensation is calculated for part-time educators.)

CalSTRS will use your creditable earnings from the last full school year preceding your retirement effective date (or the last three full school years, if applicable) in determining your final compensation unless you specify another full school year on your retirement application.

Final compensation for members who work part time at more than one pay rate is equal to the sum of the member's earnings divided by the sum of his or her service credit earned during the final compensation period. In some cases, it may be more advantageous for you to designate an earlier period of time as the final compensation period. Therefore, you are encouraged to check with a CalSTRS benefits counselor to determine the best option for the final compensation period.

Members who retire on or after July 1, 2002, and have earned creditable compensation at multiple pay rates during a school year may benefit from the ".900 rule." With the ".900 rule," if service credit at the highest pay rate is at least .900 in a school year, then final compensation will be determined as if all service credit for that school year had been earned at the highest pay rate.

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*\*Nonconsecutive final compensation is available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, CalSTRS will use any three nonconsecutive school years to determine final compensation.*

## Longevity Bonus

A longevity bonus will be permanently added to the monthly unmodified retirement benefit of those members who retire on or after January 1, 2001, and accumulate at least 30 years of credited service by January 1, 2011. An inactive member at the time of retirement can still qualify for the longevity bonus.

Nonqualified service credit (“air time”), unused sick leave credit or Retirement Incentive credit cannot be used to qualify for the longevity bonus.

A member who earns at least 30 years of service credit before January 2011 will qualify for the longevity bonus.

The longevity bonus amount will depend on the years of service credit at retirement.

<b>If earned .....</b>	<b>Will receive monthly</b>
30 years .....	\$200
31 years .....	\$300
32 or more years .....	\$400

The longevity bonus will be:

- subject to the annual CalSTRS 2 percent simple benefit adjustment
- modified as is the retirement benefit if a member selects an option
- reduced if a member cancelled a pre-retirement election of an option

## Unmodified Benefit

The unmodified benefit is usually the highest monthly benefit available to retired CalSTRS members. It does not provide for a monthly income to a survivor after the member’s death.

The unmodified benefit will provide you with a monthly benefit for your lifetime. Benefits will stop upon your death. Your death benefit recipient(s) is guaranteed a return of any contributions and interest credited to your account at the time of retirement, minus the total amount already paid to you.

If you wish to provide a monthly income to a beneficiary(ies) after your death, you must elect an option. (See Electing an Option, page 26.)

## Partial Lump Sum

If you are age 60 and 3 months or age 60 with 30

### EXAMPLE

#### Career Factor, Longevity Bonus & One-Year Final Compensation

##### Retirement Benefit Calculation

John retires at age 60 with 30 years of credited service. His highest annual earnable compensation was \$48,000 for an average monthly final compensation of \$4,000.

$(\$48,000 \div 12 = \$4,000)$

30 years (service credit)

x 2.2% (2% age factor + .2 career factor)

x \$4,000 (final compensation)

$30 \times 2.2\% = 66\% \times \$4,000 = \$2,640$

$\$2,640 + \$200$  (longevity bonus) =

John’s Unmodified Monthly Benefit = \$2,840

years or more of service credit in the month you retire, you can receive part of your retirement benefit as a lump-sum payment. In exchange for partial lump sum, your retirement benefit is permanently reduced.

The maximum lump-sum payment can be up to 15 percent of the present value of your unmodified retirement benefit. (The present value is the total amount that CalSTRS is expected to pay you over your lifetime.)

You can have your PLS paid to you or rolled over to another retirement plan. You are not permitted to do both. A rollover must be done through a trustee-to-trustee transfer to a qualified plan such as a 403(b). If you choose a rollover, the minimum PLS must be at least twice the amount of your new monthly retirement benefit after the permanent reduction from the PLS is calculated. Members may not use PLS to purchase previously refunded service credit.

## Tax Implications

If you transfer your PLS to a qualified plan through a direct trustee-to-trustee transfer, you will not owe any taxes until you start taking payments (called distributions) from that plan. PLS distributions paid to you, however, are subject to federal and state income tax withholding immediately.

If you choose a distribution payable to you, CalSTRS must withhold 20 percent of the

distribution for federal income tax and 6 percent for state income tax. You can request to have no state income taxes withheld using the Service Retirement Applications or PLS Election forms.

You must choose PLS before your retirement effective date, and you can only cancel or change the amount of your PLS before that date. Once you retire, your decision to elect or not elect PLS or the amount of the lump sum is irrevocable.

For more information, order the *Partial Lump Sum* brochure at 800-228-5453 (select #2), or from [www.calstrs.com](http://www.calstrs.com) (click on *Calculators* to estimate the PLS amount you could receive).

### **Annual Benefit Adjustment**

Each year, you will receive an increase equal to 2 percent of your initial benefit, beginning on September 1 after the first anniversary of your retirement. The adjustment will be reflected on your October 1 payment. These adjustments are not compounded.

### **Purchasing Power Protection**

Purchasing power is a measurement of how your retirement benefit keeps pace with inflation. For example, if your benefit stays the same, but prices have doubled, your purchasing power is only 50 percent of what it was.

In addition to the annual benefit adjustment, two types of post-retirement benefit enhancements support the purchasing power of retired CalSTRS members:

- ad hoc, or one-time, permanent increases occasionally granted by the Legislature to

supplement the 2 percent adjustment.

- one-year supplemental benefit payments, payable in quarterly installments. These payments are made to retired members and beneficiaries whose benefits have fallen below a certain level of purchasing power. Purchasing power protection level is currently set at 80 percent.

### **Return from Disability**

The calculation of your service retirement benefit is different if you reinstate to active member status after receiving a disability benefit or a disability retirement and later take a service retirement. Please contact CalSTRS for details.

## BENEFIT ESTIMATE WORKSHEET

CalSTRS recommends you see a benefits counselor before making any decisions about your retirement.

### EXAMPLE

Mary is retiring at age 60 with 24.250 years of service.

#### Step #1

##### Determine Service Credit and Age Factor

Service Credit = 24.250  
(years of service)

Age Factor = 2%  
based on Mary's age at retirement  
(see Age Factor Table, page 26)

#### Step #2

##### Determine Final Compensation

Mary's highest three consecutive school years of earnable compensation

2001-2002	\$48,000
2000-2001	\$47,000
1999-2000	\$45,000
<b>Total Earnable Compensation</b>	<b>\$140,000</b>
	÷ 36 months
<b>Monthly Final Compensation</b>	<b>\$3,888.89</b>

#### Step #3

##### Calculate Benefit

Service Credit	24.250
x Age Factor	x .02
x Final Compensation	x \$3,888.89
<b>Mary's unmodified monthly benefit =</b>	<b>\$1,886.11</b>

### YOUR ESTIMATE

You plan to retire at age \_\_\_\_ .

#### Step #1

Service Credit = \_\_\_\_\_  
(years of service)

Age Factor = \_\_\_\_\_  
(see Age Factor Table, page 26)  
(if applicable, include career factor, see page 26)

#### Step #2

Enter your highest three consecutive school years of earnable compensation (if applicable, use one-year final compensation, see page 22)

	\$ _____
	\$ _____
	\$ _____
<b>Total Earnable Compensation</b>	<b>\$ _____</b>
	÷ 36 months
	<i>(or ÷ 12 months, if eligible for one-year final compensation)</i>
<b>Monthly Final Compensation</b>	<b>\$ _____</b>

#### Step #3

Service Credit	_____
x Age Factor	x _____
x Final Compensation	x _____
+ Longevity Bonus	+ _____
(if applicable, see page 23)	
<b>Your unmodified monthly benefit =</b>	<b>\$ _____</b>

## Age Factor Table

The age factor is a percentage determined by your age in years and months on the last day of the month in which your retirement is effective. The age factor is increased by a career factor of 0.2 percent if you have 30 or more years of service credit on the day you retire.

The age factor equals 2 percent at age 60.

From age 55 to 60, the factor is reduced by 0.01 (one one-hundredth) of a percent for each month or fraction of a month in which you are under age 60.

For example, if you are age 55 and six months when you retire, your age factor is 1.46 percent.

Between age 60 and 63, the 2 percent age factor is increased by 0.033 for each quarter year of age that the member is over age 60, up to a maximum age

factor of 2.4 percent. If the member qualifies for the 0.2 percent career factor by having at least 30 years of service credit, the maximum age factor of 2.4 percent is reached at age 61 and six months.

## Electing an Option Under the Defined Benefit Program

### How can I provide continuing benefits to a survivor if I die after I retire?

An option is a plan feature that allows you to redistribute your retirement benefit over both your life and the life of another person or persons. To do this, you would elect one of the following options. Once you retire, your option election is irrevocable, except under limited circumstances. (See page 28). You cannot designate a trust or organization as your

## AGE FACTOR TABLE *(expressed as percentages)*

	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
<b>63</b>	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
<b>62</b>	2.267	2.267	2.267	2.300	2.300	2.300	2.333	2.333	2.333	2.367	2.367	2.367
<b>61</b>	2.133	2.133	2.133	2.167	2.167	2.167	2.200	2.200	2.200	2.233	2.233	2.233
<b>60</b>	2.00	2.00	2.00	2.033	2.033	2.033	2.067	2.067	2.067	2.100	2.100	2.100
<b>59</b>	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99
<b>58</b>	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87
<b>57</b>	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75
<b>56</b>	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63
<b>55</b>	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51
<b>54</b>	1.34	1.345	1.35	1.355	1.36	1.365	1.37	1.375	1.38	1.385	1.39	1.395
<b>53</b>	1.28	1.285	1.29	1.295	1.30	1.305	1.31	1.315	1.32	1.325	1.33	1.335
<b>52</b>	1.22	1.225	1.23	1.235	1.24	1.245	1.25	1.255	1.26	1.265	1.27	1.275
<b>51</b>	1.16	1.165	1.17	1.175	1.18	1.185	1.19	1.195	1.20	1.205	1.21	1.215
<b>50</b>	1.10	1.105	1.11	1.115	1.12	1.125	1.13	1.135	1.14	1.145	1.15	1.155

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

## CAREER FACTOR

If you have 30 or more years of credited service, add 0.2 percent to the age factor on the above chart. The maximum age factor with the career factor is 2.4.

Example:	Age	Without career factor	With career factor
	61 – 3 mos.	2.167%	2.367%
*Maximum age factor	61 – 9 mos.	2.23%	2.400%*

option beneficiary. Your option beneficiary(ies) and your one-time death benefit recipient(s) do not have to be the same person(s).

### **Discontinued Option 1**

Option 1 provided for return of the contributions and interest less the amount already paid. This is now provided with the unmodified benefit.

### **Option 2**

Option 2 provides you with a modified lifetime monthly benefit. When you die, your option beneficiary continues to receive the same monthly benefit you were receiving.

### **Option 3**

Option 3 provides you with a larger monthly benefit than under Option 2. However, when you die, your option beneficiary's benefit will be one-half the amount you were receiving.

### **Option 4**

Option 4 provides a modified monthly benefit while both you and your option beneficiary are living. In the event of the death of either you or your option beneficiary, the survivor will receive two-thirds the modified benefit.

### **Option 5**

Option 5 provides a modified monthly benefit while both you and your option beneficiary are living. Upon your death or the death of the option beneficiary, the survivor will receive one-half the modified benefit.

### **Option 6**

Option 6 provides you with a modified monthly retirement benefit. Upon your death, your option beneficiary will continue to receive the same modified benefit that you received. If the option beneficiary dies before you, your benefit will rise to the unmodified level. See sample on page 28.

### **Option 7**

Option 7 provides you with a modified monthly retirement benefit, with the reduction less than that under Option 6. Upon your death, your option beneficiary will receive one-half the modified benefit. If the option beneficiary dies before you, your benefit will rise to the unmodified level.

### **Option 8**

Option 8 modifies your monthly retirement benefit depending on the ages and options selected for two or more option beneficiaries. You must name more than one option beneficiary and select from among Options 2 through 7 for each beneficiary. You may retain a portion of your benefit as unmodified and/or select a different benefit percentage for each beneficiary. Upon your death, your option beneficiaries will each receive a benefit as provided by the formula used to calculate benefits under each option selected. If an option beneficiary predeceases you, your benefit will change as stated under the selected option.

*Note: If you have a court-ordered award to an ex-spouse, you must name that person as a beneficiary. You may also name an additional beneficiary(ies). You retain a portion of your benefit as unmodified.*

### **How is the modification under an option calculated?**

The formula for calculating a benefit modified by the election of an option is:

$$\begin{aligned} & \text{Unmodified Benefit} \\ \times & \text{Option Factor} \\ = & \text{Modified Benefit Amount} \end{aligned}$$

Your age and the age of your option beneficiary(ies) on the effective date of retirement (or time of election of a pre-retirement option), plus the option you elect, determine the option factor that will be used in calculating your modified benefit.

A sample range of option percentages is shown on the tables starting on page 32.

An option provides you with a modified retirement benefit based on a percentage of your unmodified benefit. If you choose an option at the time you retire, the percentage is based on your age and the age of your option beneficiary(ies) as of your effective date of retirement.

If you decide to choose an option before retirement, the option factor when you retire will be the higher of the option factor in effect when the option was chosen before retirement or on the date of retirement. (See page 18 for more details about pre-retirement election of an option.)

The option you elect will determine the benefit your option beneficiary(ies) receives following your death or the benefit you receive following your option beneficiary's death.

**May I add, change or cancel my option selection?**

Once you retire, your option election can be changed only under the following four circumstances:

**Death** If your original option beneficiary dies after the effective date of your retirement and you had elected an option you may elect an option again. However, you cannot return to the unmodified benefit unless you elected Option 6 or 7. You may elect a new option beneficiary by completing the required form and submitting a copy of the certified death certificate to CalSTRS. A further reduction to your benefit will be made.

**Divorce** You may cancel your option election if the option beneficiary is your spouse or former spouse and on or after January 1, 1978:

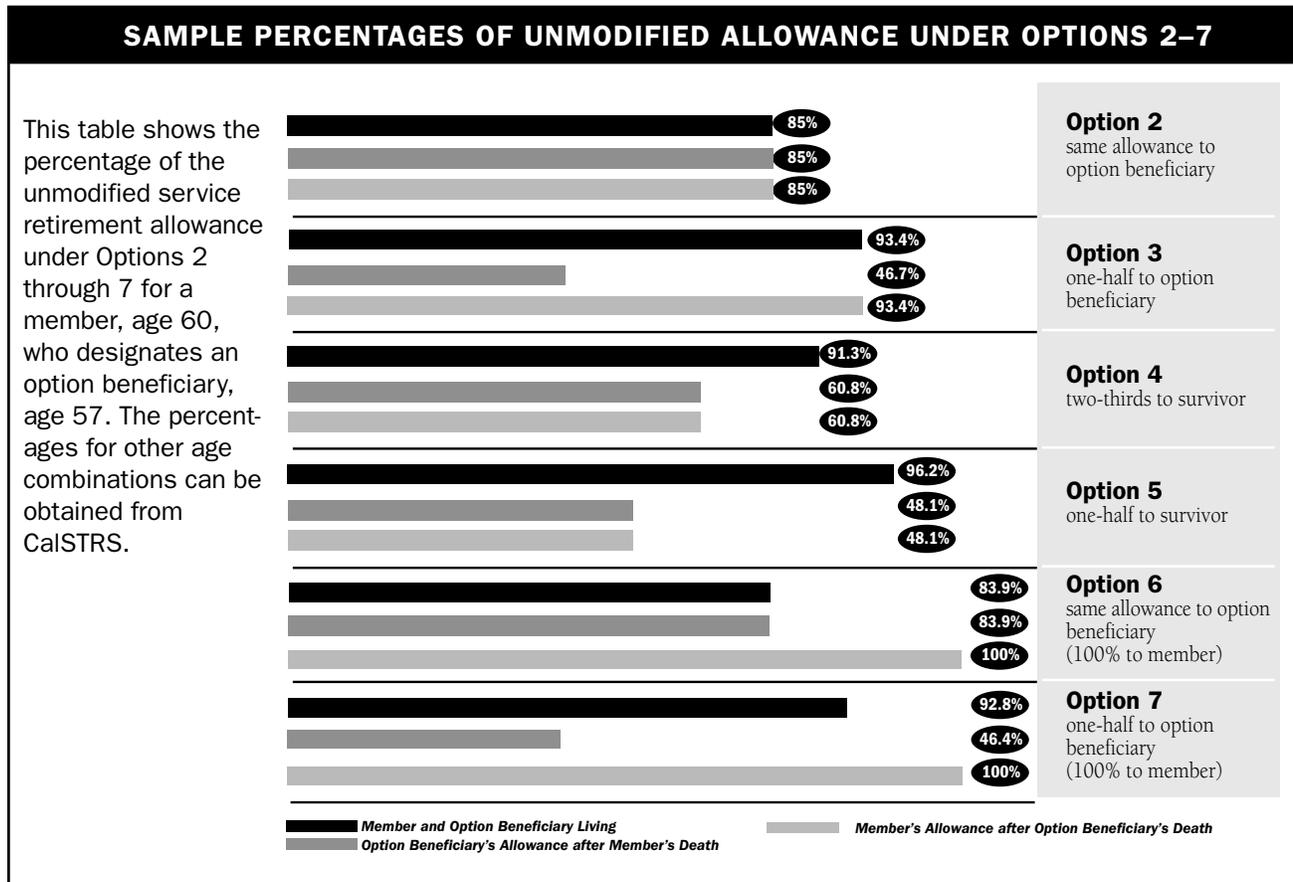
- a final decree of dissolution of marriage has been entered, or
  - a judgment of nullity has been entered, or
  - an order of separate maintenance has been made
- After you notify CalSTRS, you may elect to receive the unmodified retirement benefit from the date of

receipt of notification or to elect a new option. You may also designate a new option beneficiary. Your choice must be consistent with your court order and must not result in any additional liability to the Teachers' Retirement Fund.

*Note: If you cancel your option election as a result of a divorce and elect to receive your unmodified benefit, the amount that your unmodified benefit was previously reduced will not be reimbursed to you.*

**Spouse** If you had previously designated a person other than your spouse or former spouse as your option beneficiary, you may cancel your option election and elect an option designating your spouse as your option beneficiary. Your benefit will be subject to an actuarial modification based on your age and the ages of your prior beneficiary and your spouse.

**Newly Married** If you were unmarried at retirement and receiving an unmodified benefit, you can choose an option and name your new spouse as an option beneficiary if you later marry. You must have been married at least one year when the option is selected and the option beneficiary is named. The



unmodified benefit you were receiving will be actuarially reduced to reflect the potential life spans of the member and option beneficiary. The option selection and beneficiary addition will be effective six months after the designation is received by CalSTRS.

### Benefit Adjustment

When you choose a new option and/or new option beneficiary(ies), an adjustment to your benefit will be made. Before changing your option or choosing a new option beneficiary(ies), you are encouraged to meet with a CalSTRS benefits counselor to obtain an estimate of your benefit based on the new choice.

### Option Worksheets

The following examples<sup>▲</sup> are based on a member who chooses an option at the time of retirement. Both the member and the option beneficiary are age 60 on the effective date of retirement.

#### Option 2

Under Option 2, you will receive a modified retirement benefit. Upon your death, your option beneficiary will receive the same modified benefit for the remainder of his or her lifetime.

##### Unmodified Benefit

EXAMPLE	YOUR ESTIMATE
\$1,886.11	\$ _____
x Option Factor* .8791	x _____
= Option 2 Benefit to Member or Option Beneficiary \$1,658.08	\$ _____

#### Option 3

Under Option 3, you will receive a modified retirement benefit. Upon your death, your option beneficiary will receive one-half the modified benefit you were receiving for the remainder of his or her lifetime.

##### Unmodified Benefit

EXAMPLE	YOUR ESTIMATE
\$1,886.11	\$ _____
x Option Factor* .9476	x _____
= Option 3 Benefit to Member \$1,787.28	\$ _____
1/2 to Option Beneficiary \$893.64	\$ _____

#### Option 4

Under Option 4, you will receive a modified retirement benefit. Upon the death of either you or your option beneficiary, two-thirds the monthly amount you were receiving will be payable to the survivor for his or her lifetime.

##### Unmodified Benefit

EXAMPLE	YOUR ESTIMATE
\$1,886.11	\$ _____
x Option Factor* .9410	x _____
= Option 4 Benefit to Member \$1,774.83	\$ _____
2/3 to Survivor \$1,183.22	\$ _____

#### Option 5

Under Option 5, you will receive a modified retirement benefit. Upon the death of either you or your option beneficiary, one-half the monthly amount you were receiving will be payable to the survivor for his or her lifetime.

##### Unmodified Benefit

EXAMPLE	YOUR ESTIMATE
\$1,886.11	\$ _____
x Option Factor* .9831	x _____
= Option 5 Benefit to Member \$1,854.23	\$ _____
1/2 to Survivor \$ 927.12	\$ _____

---

<sup>▲</sup> These examples are based on factors retrieved from the following tables and applied to the unmodified benefit calculated on page 25. Minor differences may occur when actual calculations are performed as the age of the member and option beneficiary are based on the nearest quarter year of age.

\*To find the option factor, find your age, option beneficiary's age and option number starting on page 32.

### Option 6

Under Option 6, you will receive a modified retirement benefit. Upon your death, your option beneficiary will continue to receive the same modified benefit for his or her lifetime. If the option beneficiary predeceases you, your benefit will rise to the unmodified amount.

#### Unmodified Benefit

EXAMPLE	YOUR ESTIMATE
\$1,886.11 (payable to member upon death of Option Beneficiary)	\$ _____
x Option Factor* .8665	x _____
= Option 6 Benefit to Member or Option Beneficiary \$1,634.31	\$ _____

### Option 7

Under Option 7, you will receive a modified retirement benefit. Upon your death, your option beneficiary will receive one-half the modified benefit you were receiving for his or her lifetime. If the option beneficiary predeceases you, your benefit will rise to the unmodified amount.

#### Unmodified Benefit

EXAMPLE	YOUR ESTIMATE
\$1,886.11 (payable to member upon death of Option Beneficiary)	\$ _____
x Option Factor* x .9408	x _____
= Option 7 Benefit to Member \$1,774.45	\$ _____
1/2 to Option Beneficiary \$ 887.23	\$ _____

### Option 8

Under Option 8, you will receive a modified retirement benefit. Upon your death, your option beneficiaries will each receive a benefit as provided by the calculation formula used under each option selected. You must select at least two beneficiaries under Option 8.

Following the example below, use the worksheet on page 31 to figure out approximately how much you and your option beneficiaries would receive if you select this option.

EXAMPLE - OPTION 8			
	Member	Beneficiary 1	Beneficiary 2
1. Member's unmodified benefit	\$1,886.11		
2. Percentages of unmodified benefit allotted as unmodified to member (if any) and to each beneficiary	40%	40%	20%
3. Amount of unmodified benefit allotted to member and each beneficiary (Multiply #1 by #2 and enter)	\$754.44	\$754.44	\$377.22
4. Option number selected for each beneficiary		#6	#2
5. Option beneficiary's age		60	30
6. Option factor (Using Option Tables, locate factor based on member age, beneficiary age and option.)		.8665	.7674
7. Benefit to each option beneficiary upon member's death (Multiply #3 by #6 then enter)		\$653.72	\$289.48
8. Member's modified benefit (Add #7 to column 1 of #3)		\$754.44 + \$653.72 + 289.48 = <u>\$ 1,697.64</u>	

(Use additional worksheets if selecting more than two option beneficiaries.)

\*See footnote on page 29.

**OPTION 8 WORKSHEET**

**Your Estimate**

	<b>Member</b>	<b>Beneficiary 1</b>	<b>Beneficiary 2</b>
1. Member's unmodified benefit	\$ _____		
2. Percentages of unmodified benefit allotted as unmodified to member (if any) and to each beneficiary*	% _____	% _____	% _____
3. Amount of unmodified benefit allotted to member and each beneficiary (Multiply #1 by #2 and enter)	\$ _____	\$ _____	\$ _____
4. Option number selected for each beneficiary		# _____	# _____
5. Option beneficiary's age		_____	_____
6. Option factor (Using Option Tables, locate factor based on member age, beneficiary age and option.)		_____	_____
7. Benefit to each option beneficiary upon member's death (Multiply #3 by #6 then enter)		\$ _____	\$ _____
8. Member's modified benefit (Add #7 from all option beneficiary worksheets to column 1 of #3)	\$ _____	_____	_____

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

**Guidelines for the Service Retirement Application Process**

**Benefits Counseling**

(See Section 4, What to Consider Before Retirement)

Six to 12 months before your expected retirement date, see or talk to a benefits counselor. The counselor can provide you with a benefit estimate based on the various options available and help you fill out your retirement application.

**Obtain an Application for Retirement**

About six months before your expected retirement date, call or write to CalSTRS or contact your employer or your county superintendent of schools to obtain an application for retirement. (See Section 10, General Information, for Teletalk messages.)

**Complete the Application**

Complete the forms, but do not mail them earlier than six months before your retirement date. CalSTRS must receive the application no later than the last day of the month in which your retirement is to become effective. Whether you choose an unmodified benefit or an option, this will be your final election unless you notify CalSTRS in writing

before the effective date of retirement. Remember to complete resignation forms for your employer.

**Complete and Return the One-Time Death Benefit Recipient Form**

Always keep your CalSTRS one-time death benefit recipient up to date, including your recipient(s) addresses, even after retirement. This designation applies to the one-time death benefit payable upon the member's death. This is not related to the selection of an option beneficiary.

**Complete Health Insurance Premium Deduction Authorization**

You should also contact your district for procedures to continue your health insurance, since practices vary among districts.

**Verify Dates of Birth and Marriage**

If you elect an option, you must submit documentation verifying your option beneficiary's(ies) date of birth unless your option beneficiary(ies) is a CalSTRS member. Under some circumstances, CalSTRS will request verification of your birth date.

## Service Retirement Option Factor Tables

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
55	5	0.8063	0.9015	0.8592	0.8925	0.8061	0.9014
55	10	0.8089	0.9032	0.8612	0.8943	0.8086	0.9030
55	15	0.8123	0.9055	0.8640	0.8969	0.8118	0.9051
55	20	0.8168	0.9084	0.8674	0.9000	0.8160	0.9079
55	25	0.8227	0.9121	0.8719	0.9040	0.8217	0.9115
55	30	0.8304	0.9170	0.8781	0.9095	0.8292	0.9162
55	35	0.8405	0.9231	0.8863	0.9170	0.8388	0.9220
55	40	0.8532	0.9307	0.8973	0.9273	0.8507	0.9291
55	45	0.8686	0.9394	0.9116	0.9414	0.8649	0.9372
55	50	0.8865	0.9492	0.9302	0.9606	0.8812	0.9461
55	55	0.9061	0.9593	0.9539	0.9868	0.8986	0.9553
55	60	0.9260	0.9690	0.9836	1.0222	0.9160	0.9640
55	65	0.9446	0.9776	1.0193	1.0683	0.9324	0.9719
55	70	0.9606	0.9847	1.0607	1.1259	0.9469	0.9787

56	5	0.7950	0.8951	0.8506	0.8856	0.7948	0.8950
56	10	0.7976	0.8968	0.8526	0.8875	0.7973	0.8966
56	15	0.8010	0.8991	0.8553	0.8900	0.8004	0.8987
56	20	0.8054	0.9020	0.8588	0.8932	0.8047	0.9015
56	25	0.8113	0.9058	0.8633	0.8971	0.8104	0.9052
56	30	0.8191	0.9108	0.8694	0.9026	0.8179	0.9100
56	35	0.8292	0.9171	0.8777	0.9101	0.8275	0.9159
56	40	0.8421	0.9248	0.8888	0.9204	0.8396	0.9232
56	45	0.8579	0.9340	0.9032	0.9344	0.8541	0.9317
56	50	0.8764	0.9442	0.9220	0.9536	0.8709	0.9411
56	55	0.8970	0.9550	0.9460	0.9798	0.8892	0.9508
56	60	0.9182	0.9655	0.9762	1.0153	0.9077	0.9602
56	65	0.9384	0.9750	1.0125	1.0614	0.9254	0.9688
56	70	0.9560	0.9828	1.0546	1.1190	0.9412	0.9763

57	5	0.7831	0.8883	0.8415	0.8783	0.7830	0.8882
57	10	0.7857	0.8901	0.8435	0.8802	0.7854	0.8898
57	15	0.7891	0.8924	0.8463	0.8827	0.7885	0.8920
57	20	0.7935	0.8953	0.8497	0.8859	0.7928	0.8948
57	25	0.7994	0.8991	0.8542	0.8898	0.7984	0.8985
57	30	0.8071	0.9042	0.8604	0.8953	0.8059	0.9033
57	35	0.8173	0.9106	0.8686	0.9028	0.8156	0.9094
57	40	0.8304	0.9186	0.8797	0.9131	0.8278	0.9169
57	45	0.8465	0.9281	0.8943	0.9271	0.8427	0.9257
57	50	0.8656	0.9388	0.9132	0.9463	0.8600	0.9355
57	55	0.8871	0.9503	0.9376	0.9725	0.8790	0.9459
57	60	0.9097	0.9617	0.9682	1.0079	0.8987	0.9560
57	65	0.9314	0.9720	1.0052	1.0540	0.9176	0.9654
57	70	0.9507	0.9806	1.0480	1.1117	0.9348	0.9735

58	5	0.7707	0.8811	0.8320	0.8707	0.7705	0.8810
58	10	0.7732	0.8829	0.8340	0.8725	0.7729	0.8826
58	15	0.7766	0.8852	0.8367	0.8750	0.7760	0.8848
58	20	0.7810	0.8882	0.8402	0.8782	0.7802	0.8876
58	25	0.7868	0.8920	0.8447	0.8821	0.7858	0.8914
58	30	0.7945	0.8971	0.8508	0.8875	0.7933	0.8963
58	35	0.8048	0.9037	0.8591	0.8950	0.8030	0.9025
58	40	0.8179	0.9119	0.8702	0.9053	0.8153	0.9102
58	45	0.8343	0.9217	0.8848	0.9193	0.8304	0.9193
58	50	0.8540	0.9330	0.9039	0.9385	0.8482	0.9296
58	55	0.8765	0.9452	0.9286	0.9647	0.8681	0.9405
58	60	0.9004	0.9574	0.9597	1.0001	0.8888	0.9514
58	65	0.9238	0.9687	0.9973	1.0463	0.9090	0.9615
58	70	0.9448	0.9782	1.0409	1.1040	0.9276	0.9705

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
59	5	0.7576	0.8735	0.8220	0.8625	0.7574	0.8734
59	10	0.7601	0.8753	0.8240	0.8644	0.7597	0.8750
59	15	0.7634	0.8776	0.8267	0.8669	0.7629	0.8772
59	20	0.7678	0.8806	0.8302	0.8700	0.7670	0.8800
59	25	0.7735	0.8845	0.8346	0.8739	0.7726	0.8838
59	30	0.7813	0.8897	0.8407	0.8794	0.7800	0.8888
59	35	0.7915	0.8963	0.8490	0.8869	0.7897	0.8952
59	40	0.8047	0.9048	0.8601	0.8971	0.8021	0.9031
59	45	0.8214	0.9149	0.8748	0.9111	0.8175	0.9125
59	50	0.8416	0.9267	0.8941	0.9302	0.8357	0.9232
59	55	0.8649	0.9396	0.9191	0.9564	0.8563	0.9347
59	60	0.8902	0.9527	0.9506	0.9918	0.8781	0.9463
59	65	0.9153	0.9650	0.9889	1.0380	0.8996	0.9573
59	70	0.9382	0.9755	1.0333	1.0958	0.9197	0.9671

60	5	0.7439	0.8655	0.8115	0.8540	0.7437	0.8654
60	10	0.7463	0.8672	0.8135	0.8558	0.7460	0.8670
60	15	0.7497	0.8696	0.8162	0.8583	0.7491	0.8692
60	20	0.7540	0.8726	0.8196	0.8615	0.7532	0.8720
60	25	0.7597	0.8766	0.8241	0.8654	0.7587	0.8759
60	30	0.7674	0.8818	0.8302	0.8708	0.7661	0.8809
60	35	0.7776	0.8886	0.8384	0.8782	0.7758	0.8874
60	40	0.7909	0.8972	0.8496	0.8885	0.7883	0.8954
60	45	0.8077	0.9077	0.8643	0.9024	0.8038	0.9051
60	50	0.8284	0.9200	0.8837	0.9216	0.8224	0.9163
60	55	0.8525	0.9336	0.9089	0.9477	0.8436	0.9284
60	60	0.8791	0.9476	0.9410	0.9831	0.8665	0.9408
60	65	0.9059	0.9609	0.9799	1.0293	0.8894	0.9527
60	70	0.9308	0.9725	1.0251	1.0872	0.9110	0.9634

61	5	0.7296	0.8570	0.8006	0.8450	0.7295	0.8569
61	10	0.7321	0.8588	0.8025	0.8468	0.7318	0.8586
61	15	0.7354	0.8612	0.8052	0.8493	0.7348	0.8607
61	20	0.7396	0.8642	0.8086	0.8524	0.7389	0.8636
61	25	0.7453	0.8682	0.8130	0.8563	0.7443	0.8675
61	30	0.7529	0.8734	0.8191	0.8617	0.7516	0.8725
61	35	0.7631	0.8803	0.8274	0.8692	0.7613	0.8791
61	40	0.7764	0.8891	0.8385	0.8794	0.7738	0.8874
61	45	0.7934	0.9000	0.8533	0.8933	0.7894	0.8974
61	50	0.8145	0.9128	0.8728	0.9124	0.8084	0.9090
61	55	0.8394	0.9271	0.8983	0.9385	0.8302	0.9217
61	60	0.8672	0.9421	0.9307	0.9739	0.8541	0.9349
61	65	0.8957	0.9564	0.9703	1.0201	0.8783	0.9477
61	70	0.9227	0.9691	1.0163	1.0780	0.9015	0.9593

62	5	0.7148	0.8481	0.7891	0.8355	0.7147	0.8480
62	10	0.7173	0.8499	0.7911	0.8374	0.7170	0.8497
62	15	0.7205	0.8523	0.7938	0.8399	0.7200	0.8519
62	20	0.7248	0.8554	0.7972	0.8430	0.7240	0.8548
62	25	0.7303	0.8594	0.8015	0.8469	0.7293	0.8586
62	30	0.7379	0.8647	0.8076	0.8523	0.7366	0.8638
62	35	0.7480	0.8717	0.8158	0.8597	0.7462	0.8704
62	40	0.7613	0.8807	0.8269	0.8699	0.7587	0.8789
62	45	0.7784	0.8918	0.8417	0.8838	0.7744	0.8891
62	50	0.7998	0.9051	0.8613	0.9028	0.7936	0.9011
62	55	0.8254	0.9201	0.8870	0.9289	0.8161	0.9145
62	60	0.8544	0.9360	0.9199	0.9642	0.8409	0.9285
62	65	0.8847	0.9515	0.9600	1.0104	0.8665	0.9422
62	70	0.9137	0.9654	1.0070	1.0684	0.8913	0.9548

**MBR**=member's age

**BEN**=beneficiary's age

## Service Retirement Option Factor Tables

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
63	5	0.6995	0.8388	0.7772	0.8257	0.6994	0.8387
63	10	0.7019	0.8406	0.7792	0.8275	0.7016	0.8404
63	15	0.7052	0.8430	0.7818	0.8300	0.7046	0.8426
63	20	0.7093	0.8461	0.7852	0.8331	0.7085	0.8455
63	25	0.7148	0.8501	0.7896	0.8369	0.7138	0.8494
63	30	0.7223	0.8555	0.7956	0.8423	0.7210	0.8545
63	35	0.7323	0.8625	0.8038	0.8497	0.7305	0.8613
63	40	0.7456	0.8717	0.8148	0.8599	0.7430	0.8699
63	45	0.7627	0.8831	0.8296	0.8737	0.7588	0.8804
63	50	0.7844	0.8969	0.8493	0.8928	0.7782	0.8928
63	55	0.8106	0.9126	0.8752	0.9188	0.8012	0.9068
63	60	0.8407	0.9295	0.9084	0.9541	0.8268	0.9216
63	65	0.8727	0.9462	0.9492	1.0002	0.8537	0.9363
63	70	0.9039	0.9613	0.9970	1.0583	0.8802	0.9499

MBR	BEN	Opt 2	Opt 3	Opt 4	Opt 5	Opt 6	Opt 7
67	5	0.6336	0.7971	0.7250	0.7815	0.6335	0.7970
67	10	0.6359	0.7989	0.7269	0.7833	0.6356	0.7987
67	15	0.6389	0.8014	0.7295	0.7858	0.6383	0.8009
67	20	0.6427	0.8045	0.7327	0.7888	0.6420	0.8038
67	25	0.6478	0.8085	0.7369	0.7926	0.6469	0.8078
67	30	0.6548	0.8140	0.7427	0.7979	0.6536	0.8131
67	35	0.6643	0.8214	0.7507	0.8052	0.6627	0.8201
67	40	0.6771	0.8311	0.7616	0.8152	0.6747	0.8292
67	45	0.6940	0.8435	0.7762	0.8288	0.6903	0.8407
67	50	0.7161	0.8589	0.7959	0.8476	0.7101	0.8546
67	55	0.7439	0.8773	0.8221	0.8733	0.7343	0.8709
67	60	0.7775	0.8980	0.8564	0.9084	0.7627	0.8888
67	65	0.8156	0.9197	0.8993	0.9543	0.7942	0.9076
67	70	0.8555	0.9405	0.9505	1.0124	0.8272	0.9260

64	5	0.6837	0.8290	0.7648	0.8153	0.6836	0.8289
64	10	0.6861	0.8309	0.7668	0.8171	0.6858	0.8306
64	15	0.6893	0.8333	0.7694	0.8196	0.6887	0.8328
64	20	0.6933	0.8364	0.7728	0.8227	0.6925	0.8357
64	25	0.6987	0.8404	0.7771	0.8265	0.6978	0.8396
64	30	0.7061	0.8458	0.7831	0.8319	0.7049	0.8449
64	35	0.7160	0.8529	0.7912	0.8393	0.7143	0.8517
64	40	0.7292	0.8622	0.8023	0.8494	0.7267	0.8604
64	45	0.7464	0.8739	0.8170	0.8632	0.7425	0.8712
64	50	0.7682	0.8881	0.8368	0.8822	0.7621	0.8840
64	55	0.7950	0.9046	0.8627	0.9082	0.7855	0.8986
64	60	0.8262	0.9224	0.8963	0.9434	0.8119	0.9142
64	65	0.8598	0.9403	0.9377	0.9895	0.8401	0.9298
64	70	0.8932	0.9568	0.9864	1.0476	0.8682	0.9446

68	5	0.6163	0.7855	0.7109	0.7693	0.6162	0.7854
68	10	0.6185	0.7874	0.7127	0.7711	0.6183	0.7872
68	15	0.6215	0.7899	0.7153	0.7736	0.6209	0.7894
68	20	0.6253	0.7930	0.7185	0.7766	0.6245	0.7923
68	25	0.6302	0.7970	0.7227	0.7804	0.6293	0.7963
68	30	0.6371	0.8025	0.7284	0.7856	0.6359	0.8016
68	35	0.6464	0.8099	0.7363	0.7929	0.6448	0.8086
68	40	0.6590	0.8197	0.7471	0.8028	0.6566	0.8179
68	45	0.6758	0.8323	0.7616	0.8164	0.6721	0.8295
68	50	0.6977	0.8481	0.7812	0.8351	0.6919	0.8438
68	55	0.7257	0.8671	0.8075	0.8608	0.7162	0.8606
68	60	0.7599	0.8887	0.8419	0.8957	0.7451	0.8793
68	65	0.7993	0.9117	0.8853	0.9416	0.7776	0.8991
68	70	0.8412	0.9341	0.9372	0.9996	0.8121	0.9189

65	5	0.6674	0.8188	0.7520	0.8045	0.6673	0.8187
65	10	0.6697	0.8206	0.7539	0.8063	0.6694	0.8204
65	15	0.6729	0.8231	0.7566	0.8088	0.6723	0.8226
65	20	0.6769	0.8262	0.7599	0.8118	0.6761	0.8255
65	25	0.6822	0.8302	0.7641	0.8157	0.6812	0.8295
65	30	0.6894	0.8357	0.7701	0.8210	0.6882	0.8347
65	35	0.6992	0.8429	0.7782	0.8284	0.6975	0.8416
65	40	0.7123	0.8523	0.7892	0.8385	0.7098	0.8505
65	45	0.7295	0.8643	0.8039	0.8522	0.7256	0.8615
65	50	0.7514	0.8789	0.8236	0.8711	0.7453	0.8747
65	55	0.7786	0.8960	0.8497	0.8970	0.7690	0.8899
65	60	0.8107	0.9148	0.8836	0.9322	0.7962	0.9063
65	65	0.8460	0.9340	0.9255	0.9783	0.8256	0.9229
65	70	0.8816	0.9518	0.9751	1.0364	0.8553	0.9389

69	5	0.5988	0.7735	0.6963	0.7567	0.5987	0.7734
69	10	0.6009	0.7754	0.6982	0.7585	0.6007	0.7752
69	15	0.6039	0.7779	0.7007	0.7609	0.6033	0.7774
69	20	0.6075	0.7810	0.7039	0.7639	0.6068	0.7803
69	25	0.6124	0.7850	0.7080	0.7677	0.6115	0.7843
69	30	0.6191	0.7905	0.7137	0.7729	0.6179	0.7896
69	35	0.6282	0.7980	0.7215	0.7801	0.6267	0.7967
69	40	0.6406	0.8078	0.7322	0.7900	0.6383	0.8060
69	45	0.6572	0.8206	0.7466	0.8036	0.6536	0.8178
69	50	0.6790	0.8368	0.7661	0.8222	0.6733	0.8324
69	55	0.7070	0.8563	0.7923	0.8477	0.6977	0.8497
69	60	0.7418	0.8789	0.8269	0.8825	0.7270	0.8692
69	65	0.7822	0.9031	0.8706	0.9283	0.7603	0.8901
69	70	0.8261	0.9271	0.9233	0.9863	0.7963	0.9112

66	5	0.6507	0.8082	0.7387	0.7932	0.6505	0.8081
66	10	0.6530	0.8100	0.7406	0.7950	0.6527	0.8098
66	15	0.6560	0.8125	0.7432	0.7975	0.6555	0.8120
66	20	0.6600	0.8155	0.7465	0.8005	0.6592	0.8149
66	25	0.6652	0.8196	0.7507	0.8044	0.6642	0.8188
66	30	0.6723	0.8251	0.7566	0.8097	0.6711	0.8241
66	35	0.6819	0.8324	0.7647	0.8170	0.6803	0.8311
66	40	0.6949	0.8419	0.7756	0.8271	0.6924	0.8401
66	45	0.7120	0.8541	0.7903	0.8408	0.7082	0.8513
66	50	0.7340	0.8692	0.8100	0.8596	0.7279	0.8649
66	55	0.7616	0.8869	0.8362	0.8854	0.7520	0.8806
66	60	0.7945	0.9067	0.8703	0.9205	0.7798	0.8978
66	65	0.8312	0.9271	0.9127	0.9666	0.8103	0.9155
66	70	0.8690	0.9464	0.9631	1.0247	0.8416	0.9327

70	5	0.5811	0.7610	0.6814	0.7436	0.5810	0.7609
70	10	0.5832	0.7628	0.6832	0.7454	0.5829	0.7626
70	15	0.5860	0.7653	0.6857	0.7478	0.5855	0.7649
70	20	0.5896	0.7684	0.6888	0.7508	0.5889	0.7678
70	25	0.5944	0.7725	0.6929	0.7545	0.5935	0.7717
70	30	0.6009	0.7780	0.6985	0.7597	0.5998	0.7771
70	35	0.6098	0.7855	0.7062	0.7669	0.6083	0.7842
70	40	0.6220	0.7954	0.7168	0.7767	0.6197	0.7936
70	45	0.6383	0.8084	0.7311	0.7902	0.6349	0.8056
70	50	0.6599	0.8248	0.7505	0.8087	0.6544	0.8205
70	55	0.6879	0.8449	0.7766	0.8341	0.6788	0.8383
70	60	0.7230	0.8684	0.8112	0.8688	0.7084	0.8585
70	65	0.7644	0.8939	0.8552	0.9144	0.7424	0.8804
70	70	0.8101	0.9195	0.9085	0.9723	0.7798	0.9028

*MBR=member's age*

*BEN=beneficiary's age*

Acceptable documentation for birth date verification is listed in order of preference:

- copy of certified birth record (recorded at least seven years before application for CalSTRS benefits)
- copy of certified church baptismal record (recorded within six years of birth)
- copy of transcript of listing in federal census (recorded within ten years of birth).

If the name has been changed from the name shown on the record of birth, a copy of the certified marriage certificate or court order documenting the change is required.

If you have the necessary birth and marriage certificates required for election of an option, enclose copies with your application. However, do not postpone filing an application if you must obtain the required documents.

### ***What if I cannot locate any of the acceptable documentation?***

If the required document cannot be secured, forward the notice you receive from the official record keeper showing that no record is available. CalSTRS will help you secure other acceptable documentation.

### **Mail Application**

After you have completed your service retirement application forms, mail them to CalSTRS. We recommend that you send the forms by certified mail. Retain a copy for your records.

**Do not submit your application to your employer. Your employer is not responsible for the timely submission of your retirement application to CalSTRS.**

### **After receiving your Retirement Application, CALSTRS acknowledges receipt of your application**

If you sent the forms by certified mail, the post office will send you a certified receipt acknowledging their delivery. Within two to three weeks, CalSTRS will mail you a letter acknowledging receipt of your application.

### **Provides a retirement benefit calculation letter**

CalSTRS will send a letter detailing your monthly estimated benefit before issuing your first benefit payment.

### **Sends your retirement benefit**

CalSTRS will issue your first monthly benefit within 30 to 45 days after the effective date of retirement or the date your application is received (whichever is later). Whether you request your DBS benefit as a lump sum or monthly annuity, you will receive it as a separate payment.

### **Sends an adjustment letter**

Information received from your employer after your retirement date, possibly relating to unused sick leave, Retirement Incentive or salary can affect service credit or final compensation and cause fluctuations in your monthly benefit. When these changes occur, CalSTRS will send you a letter detailing the change(s). It takes approximately four months after your effective retirement date for all updates to be received from your employer and processed by CalSTRS. If a retroactive amount is due, it will be paid shortly after the adjustment letter(s) is mailed.

The adjustment letter(s) will also show the total amount of your contributions as a Defined Benefit member. You should save the last letter to assist you in determining your income tax liability.

### **Direct Deposit**

If you want the quickest possible access to your monthly retirement payment, sign up for CalSTRS direct deposit service. Direct deposit is the fastest, safest and most convenient method of receiving your monthly payment.

- It's the fastest because your money is deposited immediately and automatically into your account. If you have your check sent to your home, you will experience some delay from the time the check is mailed to the time you can access your money.
- It's the safest because your money goes from one source directly to the other via computer. You don't have to worry about a check being stolen, lost or delayed in the mail.

- It's the most convenient because your money is automatically deposited with your financial institution. This is particularly important if you do not have easy access to your financial institution.

With direct deposit, your money will be credited electronically to your bank account on the day your check is issued. A Direct Deposit Advice will be sent to your mailing address on the first of each month. Funds may be deposited into a checking or savings account in any U.S. financial institution you choose.

If you would like direct deposit, you can use the enrollment form included in the retirement application packet. You can also order the *Direct Deposit Authorization* form at 800-228-5453 or from [www.calstrs.com](http://www.calstrs.com).

## Health Insurance

CalSTRS does not provide health insurance coverage. However, CalSTRS will pay the Medicare Part A premium for members who retire before January 1, 2006, and are not otherwise eligible for premium-free Part A and who enroll in Medicare Parts A and B.

Members who retire between January 1, 2001, and December 31, 2005, must meet these specific criteria:

- Retire or be on disability on or after January 1, 2001, and not be eligible for Medicare Part A without payment of a premium AND
- Enroll in Medicare Parts A and B at age 65 AND
- Retire from a school district that either:
  - a. Had an election to permit certificated employees to be covered by the Medicare payroll tax prior to January 1, 2001, OR
  - b. Has completed or is conducting the election on or after January 1, 2001, and if the member was less than 58 years of age at the time of the election, the individual member elected to pay the Medicare payroll tax. Members must retire during or after the 10-day election period.

In addition, you may authorize CalSTRS to deduct Medicare Part B and other group insurance premiums from your monthly retirement benefit. Information on this subject is included in the service retirement application packet.

A Medicare Premium Payment Program informational packet will be mailed to retired members as they approach their 65th birthday.

At a later date, the Teachers' Retirement Board may extend eligibility for payment of Medicare Part A premiums to members who retire on or after January 1, 2006.

## Post-Retirement Employment

### *Employment restrictions after retirement*

Your only restrictions on employment after service retirement are within the public school system of California. The Education Code prohibits employment in a classified position while a member is retired for service. The only exception is employment as a teacher's aide in certain circumstances.

You may accept employment outside the California public school system in any capacity and continue to receive your CalSTRS service retirement benefit with no limitation on your earnings.

However, if you are performing creditable service (see Section 11, Glossary) in kindergarten through community college as an employee of a public school district, an independent contractor or an employee of a third party, there is a restriction on the amount you can earn without affecting your CalSTRS service retirement benefit. (See Limitation Exemptions below for exceptions.)

Starting July 1, 2003, the limit on post-retirement earnings from public school employment is \$25,740. This limit is adjusted each July 1. CalSTRS notifies employers and retired members of each year's post-retirement earnings limit.

As of July 1, 2002, earnings from teaching summer school and intersession count toward the post-retirement earnings limit. Post-retirement employment for creditable service may not begin earlier than your effective date of retirement. Your CalSTRS retirement benefit will be reduced by the amount of creditable earnings from public school employment in excess of the limit established by law.

For more information on the earnings limit, call CalSTRS Teletalk at 800-228-5453, message #372.

## Limitation Exemptions

The following post-retirement earnings are exempted from limitations, provided documentation for the exemption is submitted by your employer, if required:

- If you return to post-retirement, CalSTRS-covered employment without performing CalSTRS-covered service for at least 12 consecutive months after your retirement date (exemption ends January 1, 2008)
- If you are retired on or before July 1, 2000, and if you are providing direct remedial education in a classroom for grades 2 through 12
- (until July 1, 2005) If you retired on or before January 1, 2000, and return to:
  - provide direct instruction in K–12 classroom
  - support or assess new teachers in Beginning Teacher support and Assessment Program
  - provide support to individuals completing student teaching assignments, in Preinternment Teaching Program, alternative certification programs or in School Paraprofessional Teacher Training Program

## Returning To The Classroom?

If you took a break from CalSTRS-covered employment, but plan to resume teaching, you may have to take the California Basic Educational Skills Test before returning to the classroom.

You may need to take the CBEST if:

- You hold a life or clear credential that was issued before 1983; and
- You have not been employed in a position requiring certification in any school district for 39 months or more.

For more information on the time constraints and possible exceptions, contact your employer.

## Reinstatement to Active Member Status

Occasionally, a CalSTRS member retired for service decides to reinstate to active member status. You may be reinstated upon receipt of your written request to terminate your retirement benefit.

Before reinstatement to active member status, CalSTRS strongly recommends you write to the CalSTRS Service Retirement Division to request an estimate of your future benefits.

In your letter, include your Social Security number, address, telephone number and full name. In addition, state your estimated salary, how long you plan to be an active member again and if you will retain your same option (or select an option) when you retire.

## One Year Before Next Retirement

At least one year must elapse from the date of your reinstatement to active member status from either service retirement or disability retirement before you may retire again from CalSTRS.

## Disability or Survivor Benefits

You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability benefits or for survivor benefits upon your death.

## Retirement Incentive

If you retired on or after January 1, 1985, and reinstate, you will lose any additional service credit that you may have acquired by participating in the Retirement Incentive Program.

## Pre-Retirement Election of an Option

You are not eligible to file a pre-retirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired for service under an option, that option will automatically become a pre-retirement election when you reinstate.

## Coverage B

When eligible, you will be covered by Coverage B for survivor and disability benefits.

## Discontinuing Deduction for Health Insurance Premiums

If CalSTRS is deducting health insurance premiums from your benefit and you decide to reinstate, you will need to make premium payment arrangements with your health insurance carrier.

## Discontinuing Payment or Deduction of Medicare Premiums

If CalSTRS is paying your Medicare Part A or deducting your Medicare Part B premiums under the Medicare Premium Payment Program, you will have to pay these premiums yourself. To arrange payment,

contact the Social Security Administration at 800-772-1213. When you retire again, you may reapply for the Medicare Premium Payment Program.

### **Benefit Calculation**

**Reinstate for less than two years:** If you reinstated on or after September 30, 1992, when you retire for service a second time with less than two years of new service credit, your new service retirement benefit will be equal to the sum of both the following:

- An amount equal to the last unmodified benefit received immediately before reinstatement, increased by the 2 percent COLA that would have been applied to the benefit if you had not reinstated

PLUS

- An amount based on service earned since your last reinstatement, your age at the subsequent retirement and final compensation. (If your total credited service is 30 or more years, you may be eligible for the career factor on the credited service earned following reinstatement.)

**Reinstate for two years or more:** When you retire again on or after October 13, 2001, with two or more years of new service credit, all credited service earned during your entire career will be subject to the benefits in effect at the time of the subsequent retirement. The retirement benefit calculation will be adjusted to account for the period of retirement.

### **One-Time Death Benefit Recipient (Formerly Beneficiary Designation)**

When you die, a one-time death benefit will be payable to the beneficiary you have designated. The one-time death benefit amount varies depending on whether you have Coverage A or B and if you die before or after retirement. See Section 7, Survivor Benefits, for details.

This is a separate designation from your option beneficiary(ies) who receives a lifetime monthly benefit when you die.

If no one-time death benefit recipient(s) is in effect on the date of death, the one-time death benefit will be paid to your estate. A one-time death benefit, plus

any accumulated contributions remaining in your account, will be paid to your one-time death benefit recipient(s) if you:

- were receiving a service retirement benefit at the time of death
- were receiving or eligible to receive a disability retirement benefit at the time of death
- had at least one year of service credit and died:
  - while an active CalSTRS member
  - within four months of terminating CalSTRS-covered employment
  - within four months after terminating a disability benefit, if no CalSTRS service was performed
  - within 12 months after the last day of paid CalSTRS-covered service, if on an approved leave of absence

A valid recipient(s) designation with the correct address, phone number, Social Security number and date of birth will eliminate a lengthy and time-consuming search for potential recipient(s) and delayed distribution of funds.

### **Marriage Dissolution May Affect Designation**

If the dissolution judgment and the member's death occur after January 1, 2002, the one-time death benefit designation of the former spouse is invalid.

If you choose to have your former spouse as your one-time death benefit recipient, you must submit a new *One-Time Death Benefit Recipient* form.

Your *CalSTRS Annual Statement of Account* identifies your one-time death benefit recipient(s). You can name one or more recipients, and there is no restriction on whom you may name.

To order a *One-Time Death Benefit Recipient* form, call CalSTRS automated telephone system at 800-228-5453 or download or order it from [www.calstrs.com](http://www.calstrs.com).



# Section 6. Disability Benefit Program

As a member of the CalSTRS Defined Benefit Program, you have disability protection under one of CalSTRS disability benefit programs. If you are unable to work because of illness or injury and meet eligibility requirements, you may be entitled to disability benefits.

Disability benefits are available to you if you meet eligibility requirements, and you have a medically determinable physical or mental impairment that prevents you from performing your usual job or comparable duties. The impairment must be permanent or expected to last at least 12 continuous months. Comparable duties are those for which you are qualified or can become qualified within a reasonable period of time with education, training or experience.

## **Before Filing a Disability Application**

As soon as you start to consider applying for a disability benefit or disability retirement, CalSTRS suggests you learn about the choices available to you. For instance, if you return to active membership and later take a service retirement, your benefit calculation will be done differently than if you had not received disability benefits.

A CalSTRS benefits counselor can provide details to help you make an informed decision. When scheduling an interview, inform the schedule coordinator that you wish to discuss a disability application.

If you are 55 or older and have 25 years or more of service credit, it is especially important that you consult with a CalSTRS benefits counselor before completing a disability application in order to compare disability and service retirement benefits.

For a list of Benefits Counseling locations, see Section 10, General Information.

## **Reasonable Accommodation**

Sometimes adjustments in the work environment can enable a member to continue working. Federal and state laws require employers to make reasonable adjustments for employees. Making such adjustments is known as “reasonable accommodation.” CalSTRS may also require you to request reasonable accommodation from your employer as a condition for receiving a disability benefit.

Examples of reasonable accommodation include employing a teacher’s aide, changing your grade level or subject assignment, improving your classroom or parking assignment, relieving you from yard duty and assigning you to other positions for which you may be qualified.

If you have questions about reasonable accommodation, contact your school district or call CalSTRS at 800-228-5453 and select Teletalk message #401 or call Customer Service.

## **Filing a Disability Benefit Application**

### **How**

You can request a disability application packet from CalSTRS. Call Teletalk at 800-228-5453 or write to CalSTRS at the address shown in Section 10, General Information. All completed disability application documents should be sent to CalSTRS by certified mail with a return receipt requested.

### **When**

You can file an application while you are working or receiving sick leave or differential pay benefits

from your employer. The effective date of disability benefits cannot be earlier than the first day of the month the application is received at CalSTRS, but must be later than the last day of service for which you are paid.

CalSTRS encourages you not to wait until all benefits are exhausted before filing for disability benefits.

You can also file an application while you are not working if you meet one of the following conditions:

- you have been physically or mentally incapacitated from performance of service and the incapacity has been continuous from your last day of compensated service
- you have applied within four months of termination of your CalSTRS-covered employment
- you have applied within four months of your last day of compensated service if you are on a personal leave of absence
- you have applied within twelve months of your last day of compensated service if you are on an employer-approved leave to study at an approved college or university

For more information, visit [www.calstrs.com](http://www.calstrs.com), contact a CalSTRS benefits counselor or CalSTRS Customer Service at 800-228-5453. CalSTRS also encourages conservators, guardians or others caring for a physically or mentally incapacitated CalSTRS member to contact CalSTRS Customer Service to inquire if the member qualifies for disability benefits.

### **How long does it take to process a claim?**

The length of processing time varies from one to six months depending on individual cases. Medical information, including additional professional opinions, may be required to make a final determination. You can help CalSTRS by filing a complete application, including relevant physician and hospital reports and promptly providing any other required documentation.

Do not hold off filing your application because you do not have your medical documents.

### **Information to Provide**

If you believe you are eligible to file for benefits, you will need to provide information, including medical records and hospital reports. You are responsible for any fees charged for providing information to CalSTRS.

If additional medical information is necessary, an Independent Medical Examination may be scheduled for you. CalSTRS will notify you if this is necessary, and CalSTRS will pay for the IME and any reasonable related costs.

### **Independent Vocational Evaluation**

An independent vocational evaluation may be required to determine if you can perform your essential core duties at a “comparable level.” Duties of a comparable level are defined as any job that a member may be qualified to perform that will provide earnings of 66 2/3 percent or more of the member’s indexed final compensation.

The independent vocational evaluation usually begins with an interview with a vocational consultant. The consultant will discuss your job history and residual functional capabilities and limitations. Your employer may be interviewed to determine if your job can be modified and to see if reasonable accommodation would allow you to continue working.

### **Notification**

You will receive written notification once CalSTRS reaches a decision on your disability application.

### **Approval**

If your disability application is approved and you are still performing creditable service, you must cease on-the-job employment before CalSTRS can begin paying your benefits. Notification of your approval will also be sent to your employer.

You should receive your first disability payment within 45 days after all necessary information is received. The payment will include any retroactive disability payment amounts due.

After receipt of this first payment, you will receive a regular disability payment on or about the first day of each month.

## **Prescribed Treatment Program**

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a Prescribed Treatment Program developed by your attending physician.

## **Limited-Term Disability Benefits**

If your condition is expected to improve with mental, physical or vocational rehabilitation, you may be approved for limited-term disability benefits.

These benefits are granted for a specific time period. CalSTRS can renew them if your condition does not improve.

## **Vocational Rehabilitation Program**

The CalSTRS Rehabilitation Program provides a variety of services to disabled members.

If CalSTRS determines that you are a potential candidate for the Rehabilitation Program, an independent vocational evaluation will be conducted to assess your current capabilities and limitations. The consultant will also discuss your career interests and help you develop a rehabilitation plan with the goal of helping you return to comparable level employment.

You are required to make a good faith effort in developing a rehabilitation plan. Upon development and approval of your plan, CalSTRS will pay reasonable costs for tuition, fees, books and materials related to a college or vocational training program, transportation, job placement assistance and other activities that prepare you to return to comparable level employment.

If your medical condition worsens and you cannot continue your vocational rehabilitation program, your benefit will not be terminated.

## **Disapproval**

### **Right to Appeal**

If your disability application is not approved, you will receive a letter explaining the reasons and your further right to appeal.

If you have reached age 55 or older at the time disability benefits are denied, information about service retirement will also be sent to you. You may apply for and receive a service retirement benefit while you appeal the disability decision.

## **Who hears the administrative appeal?**

- **Office of Administrative Hearings**  
Appeals are processed through the Office of Administrative Hearings, a governmental agency independent of CalSTRS. You may represent yourself or hire an attorney to represent you at the hearing. An administrative law judge hears all evidence related to the case and issues a proposed decision to the Teachers' Retirement Board.
- **Teachers' Retirement Board**  
The board can adopt or reject the decision of the administrative law judge. If you are dissatisfied with the decision of the Teachers' Retirement Board, you can appeal its decision to a Superior Court.

## **Steps in the Disability Process**

- Request an application packet from CalSTRS.
- Send the application and any pertinent documents to CalSTRS, certified mail, return receipt requested. Remember: It is the date the application is received at CalSTRS that establishes the benefit effective date.
- CalSTRS receives and acknowledges receipt of your disability application and other documents you submit.
- CalSTRS reviews application and your eligibility status and mails requests for medical and other required documents to you.
- CalSTRS waits for receipt of information and sends follow-up requests for missing documents.
- CalSTRS will notify you if an Independent Medical Examination and/or Independent Vocational Evaluation needs to be scheduled.
- CalSTRS reviews all data on file and determines approval or disapproval.
- CalSTRS sends notification of decision to you.

## **Coverage A or Coverage B**

You are protected for disability under either Coverage A, Disability Benefit or Coverage B, Disability Retirement.

If you became a CalSTRS member after October 15, 1992, you are protected under Coverage B.

If you were a CalSTRS member before that date, you were offered the choice of either Coverage A or Coverage B in 1992 and 1993.

Your *Annual Statement of Account* shows which disability coverage you have, or call Customer Service at 800-228-5453.

## Coverage A Disability Benefit Program

The information in this section is for individuals who became members of CalSTRS before October 16, 1992, and did not elect Coverage B. If you elected Coverage B, see page 50.

A member receiving Disability Benefit Coverage A is considered to be a disabled member. The benefit will continue to be paid as long as you remain disabled or until you reach age 60.

At age 60, the disability benefit will be terminated, and you will be eligible to apply for service retirement. A disability benefit may continue beyond age 60 only if you have eligible children and remain disabled.

### Eligibility Requirements

To apply for a disability benefit you must meet the following requirements:

- **Age**  
You must be under age 60.
- **Service credit**  
You must have five or more years of credited service and four of the five years of credit must be for actual performance of creditable service. At least one year of service must have been earned after the date of your most recent reinstatement to membership from Service Retirement or your most recent refund of accumulated contributions (if applicable).

### AND

Your last five years of credited service must have been performed in California.

You may be eligible for a disability benefit with one year of credited California service if you are disabled due to an unlawful act of bodily harm committed by another person upon you while you were working in CalSTRS-covered employment. If you believe this circumstance applies to you, contact CalSTRS Customer Service or a benefits counselor for more information.

## Coverage A Disability Benefit Formulas

### How is the disability benefit calculated?

If you are approved to receive a disability benefit, you will receive the balance of your DBS contributions and interest as discussed on page 9. You will also receive an ongoing benefit. The formula for this disability benefit is 50 percent of final compensation for most applicants.

Final compensation for a full-time employee with less than 25 years of credited service is generally the highest average monthly compensation earnable during any period of three consecutive years (36 consecutive months). For a member with 25 or more years of credited service, final compensation is the highest 12 consecutive months.

For periods of part-time employment (such as hourly, substitute, and daily salaries), final compensation may be computed using actual salary earned during that period. Contact CalSTRS for more information.

### Alternative Formula

An alternative formula is used for members who have less than 10 years of service credit and who become disabled between the ages of 45 and 60. The disability benefit formula for these members is 5 percent of final compensation for each year of credited service.

#### EXAMPLE LESS THAN 10 YEARS

##### Alternative Formula

If you qualify for a disability benefit at age 50 with five years of service credit, you would receive a benefit of 25 percent of final compensation. If your final compensation is \$3,600 a month, your disability benefit would be calculated as follows:

$$5\% \times 5 \text{ years of service credit} = 25\%$$

$$25\% \times \$3,600 = \mathbf{\$900 \text{ disability benefit}}$$

#### EXAMPLE LESS THAN 10 YEARS

##### Alternative Formula

If you have nine years of service credit, your benefit would be calculated at 45 percent of final compensation.

$$5\% \times 9 \text{ years of service credit} = 45\%$$

$$45\% \times \$3,600 = \mathbf{\$1,620 \text{ disability benefit}}$$

### **Will receipt of other benefits affect the CalSTRS disability benefit?**

**Yes.** Your monthly CalSTRS benefit, including the amount received for a dependent child, will be reduced by the full amount paid or payable from other public systems.

Other public systems include:

- Workers' Compensation
- Social Security disability
- Federal military disability
- Income protection plans (if premiums were paid by the school employer, not by the member) and any other disability program financed with public funds.

### **Will the benefit be increased for dependent children?**

**Yes.** If you have eligible children you will receive an additional 10 percent of final compensation for each child, up to a maximum of four children (or 40 percent). The maximum benefit payable to a member is 90 percent of final compensation.

A child is eligible if, on the effective date of the disability benefit, he or she is:

- the unmarried natural, adopted or stepchild of the member and not adopted by a person other than the member's spouse
- born within the 10-month period commencing on the effective date of the member's disability benefit
- under age 22
- financially dependent upon the member

When a child no longer meets the eligibility requirements, the monthly benefit will be reduced by that child's portion.

### **Disability Benefit Worksheet**

Final compensation must be determined before the monthly disability benefit can be calculated. Service credit is not a factor in the determination of the disability benefit, except when determining the monthly benefit under Coverage A when a member has less than 10 years of service credit and is between the ages of 45 and 60.

### **Disability Benefit**

#### **More than 10 years with children**

Charles is granted disability benefits with a benefit effective date of July 1. He has 14 years of service credit. Charles has one eligible child and he receives \$300 a month from Workers' Compensation.

#### **STEP A. FINAL COMPENSATION**

Highest 36 consecutive months earnable salary	
7/1/02 to 6/30/03 (12 mo)	\$42,430
7/1/01 to 6/30/02 (12 mo)	\$39,850
7/1/00 to 6/30/01 (12 mo)	\$37,700
\$119,980 (36 mo. total) ÷ 36 Months	
<b>Final Compensation = \$ 3,332.78</b>	

#### **STEP B. 50% FORMULA**

1. Final compensation x 50%  
 $\$3,332.78 \times 50\% = 1,666.39$
2. Eligible children (1 child @ 10%)  
 $10\% \times \$3,332.78 = 333.28$
3. Monthly benefit before offset for other public benefit  
 $\$1,666.39 + 333.28 = \$1,999.67$
4. Less benefit payable from another public system  
\$300.00 (Workers' Compensation)
5. **Adjusted monthly benefit**  
 **$\$1,999.67 - \$300 = \$1,699.67$**

### **Alternative Formula**

#### **Less than 10 years with children**

Sharon is granted disability benefits with a benefit effective date of January 1. She has service credit of 8.072 years and is between age 45 and 60. She has two eligible children and receives \$300 a month from Workers' Compensation.

**STEP A. FINAL COMPENSATION**

Highest 36 consecutive months earnable salary	
7/1/02 to 12/31/02 (6 mo)	\$20,950
7/1/01 to 6/30/02 (12 mo)	\$39,256
7/1/00 to 6/30/01 (12 mo)	\$36,624
7/1/00 TO 6/30/00 (6 mo)	\$17,265
\$114,095 (36 mo. total) ÷ 36 Months	
<b>Final Compensation = \$ 3,169.31</b>	

**STEP B. ALTERNATIVE FORMULA**

1. Number of years of service credit = 8.072
2. Service Credit x 5% x Final Compensation  
 $8.072 \times 5\% \times \$3,169.31 = \$1,279.13$
3. Eligible children  
 $2 \times 10\% \times \$3,169.31 = \$633.86$
4. Monthly benefit before offset for other public benefit  
 $\$1,279.13 + \$633.86 = \$1,912.99$
5. Less benefit payable from other public system  
\$300 (Workers' Compensation)
6. **Adjusted Monthly Benefit**  
 **$\$1,912.99 - \$300 = \$1,612.99$**

**Earnings Limits*****How much income can I earn and still receive a disability benefit?***

You are allowed to earn money once you are approved and begin receiving a disability benefit. CalSTRS recognizes it can be helpful for you to begin with part-time or limited employment as you return to teaching or other employment.

The law establishes two separate earnings limits for members receiving a disability benefit: a single-month earnings limit and a six-month earnings limit. Both limits apply to all earned income. The earnings limits are initially based on your final compensation. Each year an index factor, developed from the average salary increase of all CalSTRS active members, is used to determine indexed final compensation. Indexed final compensation serves as a measure of current salaries.

**Single-Month Earnings Limit**

The sum of your base disability benefit (monthly benefit before offset for other public benefit) plus your earnings from all employment is compared to your indexed final compensation. A comparison is made to determine if your earnings have exceeded the single-month earnings limit.

If the earnings exceed the limit, the excess amount is considered an overpayment and will be recovered by CalSTRS.

**EXAMPLE**

Margaret has a base disability benefit of \$1,500 and employment earnings of \$2,075 in a single month. Her employment earnings plus the base disability benefit exceed 100 percent of indexed final compensation (\$3,100).

\$ 1,500	(base disability benefit)
+ 2,075	(monthly employment earnings)
= \$3,575	(total monthly income)
- 3,100	(indexed final compensation)
= \$ 475	(overpayment, which will be recovered by CalSTRS)

**Six-Month Earnings Limit**

CalSTRS makes a separate calculation that compares your earnings to 66 2/3 percent of your indexed final compensation.

If you are able to earn 66 2/3 percent of the indexed final compensation from employment earnings over a continuous six-month period, you are no longer considered disabled. Your disability benefit will be terminated and any benefit payments made after this period will be recovered by CalSTRS.

**EXAMPLE**

Bob earns \$2,075 monthly from employment earnings over any continuous six-month period.

\$ 3,100.00	(indexed final compensation)
x .66667	(66 2/3%)
x 6	(months)
= \$12,400.06	(6 mo. earnings limit)
\$ 2,075.00	(monthly employment earnings)
x 6	(months)
= \$12,450.00	(6 mo. employment earnings)
- \$12,400.06	(6 mo. earnings limit)
= \$49.94	(earnings in excess of 6 mo. earnings, which will be recovered by CalSTRS)

## **Annual Report of Earnings**

You are required to provide an annual report of your gross earnings to CalSTRS. The Employment Development Department and your employer provide verification of the earnings you report to CalSTRS.

## **Periodic Review of Status**

CalSTRS will review your medical and vocational status for continuing eligibility on a periodic basis. This review will include:

- medical reports from your doctor
- your annual earnings from all employment, if any
- an annual inquiry regarding other disability benefits

*You should notify CalSTRS if:*

- you return to employment or become self-employed
- you change your address
- benefits you receive from another public agency change or end
- your child is married or is no longer financially dependent.

It is important that you keep CalSTRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur.

## **Pre-Retirement Election of an Option**

You are not required to cancel a pre-retirement election of an option in order to be eligible for a disability benefit. In addition, after reaching age 55, you may make a pre-retirement election of an option while receiving a disability benefit. (A family benefit will not be payable if there is a pre-retirement election of an option in effect. See page 50 for an explanation of family benefit.)

This election is available if you want to ensure a monthly lifetime income to another person should you die prior to retirement. (See page 18 for more information about pre-retirement election of an option.)

## **Conversion to Service Retirement**

### ***What happens when I reach age 60?***

Approximately six months before your 60th birthday, CalSTRS will notify you of the pending termination of the disability benefit and your eligibility to apply for Service Retirement. The notification will include an estimate of the unmodified service retirement benefit you are eligible to receive and a service retirement application packet.

Before calculating your service retirement benefit, CalSTRS will project your service credit through the duration of your disability. The final compensation used for the disability benefit will be projected forward at the rate of 2 percent per year. Your retirement benefit will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement benefit or the disability benefit you had been receiving prior to your 60th birthday, whichever is less. You may also elect to modify the service retirement benefit by choosing one of the available options. For more information, call the CalSTRS automated telephone system at 800-228-5453 and select Teletalk message #426.

## **Coverage B Disability Retirement Program**

The information in this section is for members who joined CalSTRS after October 15, 1992, and for individuals who elected Disability Retirement Coverage B during the election held between October 1992 and April 1993. A member receiving a disability retirement benefit is considered retired from active status and does not receive service credit. Your benefit will continue to be paid as long as you remain disabled, without respect to age. If it is determined that you are no longer disabled, or you return to full-time employment, your disability retirement will be terminated and you will be reinstated to active membership.

If a member receives both a CalSTRS disability retirement benefit and a disability benefit under a worker's compensation program for the same disability, the CalSTRS benefit will be reduced by an amount equal to the worker's compensation.

## Eligibility Requirements

To apply for a disability retirement benefit, you must meet the following requirements:

- **Age**

There are no restrictions.

- **Service credit**

You must have five or more years of credited service. Four of the five years of credit must be for actual performance of creditable service. At least one year of service credit must have been earned after the date of your most recent reinstatement to membership:

- 1) after receiving a disability benefit
- 2) following a service retirement or
- 3) following the most recent refund of your accumulated contributions.

Your last five years of credited service must have been performed in California.

You may be eligible for a disability retirement benefit with one year of credited California service if you are disabled due to an unlawful act of bodily harm committed by another person upon you while you were working in CalSTRS-covered employment. If you believe this circumstance applies to you, contact CalSTRS Customer Service or a benefits counselor for more information.

## Concurrent Retirement

You may be eligible to retire concurrently with another pension system such as the California Public Employees' Retirement System or the University of California Retirement System. (See Concurrent Retirement, page 18, for a list of the systems.) To qualify for a disability retirement, you must be fully vested in CalSTRS and meet all the CalSTRS requirements. For purposes of computing final compensation, CalSTRS may use the salary(ies) from employment under the other system, if it is higher than your CalSTRS salary(ies) and employment was not concurrent in both systems.

## Option Beneficiary

An option is a plan feature that allows you to choose to redistribute your disability retirement benefit over both your lifetime and the lifetime of another person or persons. An option provides a modified retirement benefit based on a percentage of

the unmodified benefit level. At the time you retire for disability, you may elect an option if you wish to have another person or persons receive a monthly income after your death. The amount of your modified benefit will depend upon your age and the age of your option beneficiary(ies) on your disability retirement effective date. (See pages 26–27 for option descriptions.)

Option tables for disability are not included in this handbook. For an estimate of your benefit and the benefit of your beneficiary(ies) under each of the options, CalSTRS recommends you contact a benefits counselor.

See Section 5, Service Retirement, for more information on Options or Section 10, General Information, for benefits counselor locations and telephone numbers.

## Coverage B Disability Retirement Formula *How is the disability retirement benefit calculated?*

If you are approved to receive a disability retirement benefit, you will receive the balance of your DBS benefit as discussed on page 5. If you have an account balance of at least \$3,500 you can, on retiring, choose one of the following five annuities:

- a single-life annuity, with cash refund
- a single-life annuity without cash refund
- a 100 percent joint and survivor annuity
- a 50 percent joint and survivor annuity
- a period-certain annuity.

You will also receive an ongoing benefit. The formula for this disability retirement benefit is 50 percent of final compensation for most applicants. This is also referred to as the “unmodified” benefit. For more information see page 23.

Final compensation for a full-time employee with 25 years of service credit is the highest average monthly compensation earnable by a member during any period of one year (12 consecutive months) of credited service. For those with less than 25 years of service credit, it is the highest average monthly compensation earnable by a member during any period of three consecutive years (36 consecutive months). One-year final compensation is available under certain circumstances. (See page 22 for nonconsecutive final compensation and one-year final compensation information.)

For periods of part-time employment (hourly, substitute, daily), final compensation may be computed using actual salary earned during that period. Contact CalSTRS for more information.

An unmodified benefit is usually the highest monthly benefit available to a retired member. Upon your death, the unmodified benefit will stop. It does not provide for a monthly income to a survivor after your death.

**Will receipt of other benefits affect the CalSTRS disability retirement benefit?**

**Yes.** Your monthly CalSTRS benefit will be reduced by the full amount paid or payable from Workers' Compensation.

**Will the benefit be increased for dependent children?**

**Yes.** If you have eligible children you will receive an additional 10 percent of final compensation for each child, up to a maximum of four children or 40 percent. The maximum benefit payable to a member is 90 percent of final compensation.

To qualify, your child must be financially dependent upon you on the effective date of your disability retirement benefit and must be under age 21. When your child no longer meets the eligibility requirements, the monthly benefit will be reduced by that child's portion. Children's CalSTRS benefits will not be affected by receipt of other benefits.

**Disability Retirement Benefit Example**

Final compensation must be determined before your monthly benefit can be calculated. Service credit is not a factor in the determination of the disability retirement benefit.

If you have selected a disability retirement option, your unmodified benefit will be adjusted, depending on the option you have chosen.

**Earnings Limit**

You are allowed to earn money once you are approved and begin receiving a disability retirement benefit. CalSTRS recognizes that it can be helpful to begin with limited employment as you return to teaching or other employment. However, your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are participating in an approved CalSTRS rehabilitation plan.

**How much income can I earn and still receive a disability retirement benefit?**

Your CalSTRS disability retirement benefit will be reduced dollar-for-dollar by the total amount of earnings from all employment in excess of the 12-month calendar year limit. You will be required to provide CalSTRS with an annual report of your gross earnings from all employment. The Employment Development Department and your employer(s) verify the reported earnings. The 2003 calendar year earnings limit is \$21,600.

<b>DISABILITY RETIREMENT EXAMPLE</b>	
Jack is granted benefits with an effective date of September 1. He has three eligible dependent children. Jack has elected to receive an unmodified benefit. He is not eligible for Workers' Compensation.	
<b>Step A: Final Compensation</b>	
36 consecutive months earnable salary	
7/1/03–8/31/03 ( 2 mo.) \$ 5,727.30	7/1/01–6/30/02 (12 mo.) \$30,375.60
7/1/02–6/30/03 (12 mo.) \$33,099.00	9/1/00–6/30/01 (10 mo.) \$24,908.30 (36 mo. total)
\$94,110.20 ÷ 36 months Final Compensation = \$2,614.17	
<b>Step B: Calculate Disability Retirement Benefit</b>	
1. Final Compensation x 50% = Unmodified Benefit (\$2,614.17 x 50%)	= \$1,307.09
2. Benefit payable from Workers' Compensation	– \$0
3. Number of Eligible children (3 x 10% x \$2,614.17)	\$784.25
4. Adjusted Monthly Benefit	\$2,091.34

## **Periodic Review of Status**

CalSTRS will review your medical and vocational status for continuing eligibility on a periodic basis.

This review will include:

- medical reports from your doctor
- your annual earnings from all employment, if any
- an annual inquiry about other disability benefits

You should notify CalSTRS if:

- you return to employment or become self-employed
- you change your address
- benefits you receive from workers' compensation change.

It is important that you keep CalSTRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur. Failure to respond to requests for information could result in the termination of benefits.

# Section 7. Survivor Benefits

The CalSTRS Defined Benefit Program provides benefits to survivors of members who die, either before or after retirement. These benefits are designed to provide a basic level of security for survivors and vary depending on whether the member had Coverage A, Family Benefit or Coverage B, Survivor Benefit.

## **Coverage A or Coverage B**

If you became a CalSTRS member after October 15, 1992, your survivors are protected under Coverage B. If you were a CalSTRS member before that date, you were offered the choice of either Coverage A or Coverage B. Your *Annual Statement of Account* will show which survivor coverage you have or you can call CalSTRS Customer Service at 800-228-5453.

## **One-time Death Benefit**

A one-time death benefit is payable to the one-time death benefit recipient(s) under both Coverage A and B. The amount of the benefit depends on the member's coverage and whether the death occurred before or after the member's retirement. If the member did not name a recipient, the member's estate receives the one-time death benefit.

## **Monthly Benefits**

Monthly benefits may be paid to eligible survivors of members who die before retirement or who are receiving a disability benefit at the time of death. These monthly benefits are not made to option beneficiaries of CalSTRS members who had elected a pre-retirement option. See page 18 for more information on pre-retirement option election. In addition, the survivors will receive the balance of the member's Defined Benefit Supplement contributions and interest. (See page 5.)

## **Member Has Less Than One Year of Service Credit**

If a member has less than one year of service credit, the benefit payable to the death benefit recipient(s) is a refund of accumulated DB and DBS contributions and interest.

## **How to Report the Death of a CalSTRS Member or Benefit Recipient**

CalSTRS should be notified as soon as possible of the death of a member, option beneficiary or CalSTRS benefit recipient. You can either write CalSTRS at

P. O. Box 15275  
Sacramento CA 95851-0275

OR

call CalSTRS Customer Service at 800-228-5453

CalSTRS will need the following information:

- deceased person's name and Social Security number
- date of death
- individual's status immediately preceding death: retired, disabled, a member in active teaching status, option beneficiary or other benefit recipient
- name, address and telephone number of contact person

## Applications

Applications for survivor benefits are now taken over the telephone in most cases. A caseworker will contact the recipients to complete the application over the telephone. The name and telephone number of the caseworker will be provided to the recipients by written notification.

A copy of the death certificate must be sent to CalSTRS. Additional information or documentation may be requested. CalSTRS payments issued to the deceased after the date of death must be returned to CalSTRS.

## Payment of Benefits

CalSTRS generally pays benefits to recipients within 45 days of the receipt of the last required document. Payment may be delayed if documentation, such as marriage or death certificate, is not received in a timely manner or if a *One-Time Death Benefit Recipient* form with current recipient(s) and address is not on file.

## If a CalSTRS Member Dies Before Retirement — Coverage A

Under Coverage A, benefits are payable to survivors of a person who became a member of CalSTRS before October 16, 1992, and did not elect Coverage B.

### One-time Death Benefit

Under Coverage A, if a CalSTRS member dies before he or she retires, CalSTRS pays a \$6,163 one-time death benefit to the recipient(s) named by the member. (This amount is adjusted periodically by the Teachers' Retirement Board.) If more than one recipient is named, the payment is divided equally, unless the member specified other percentages of distribution. If there is no one-time death benefit recipient, CalSTRS must make the payment to the estate of the deceased member.

For CalSTRS to pay this benefit, the member must have had one year or more of credited service and the member's death must have occurred during one of the following periods:

- while in employment for which compensation is paid or while receiving a disability benefit

- within four months after the member terminated employment or had last earned creditable service
- within four months after the member terminated a disability benefit if no service was performed after the termination
- within 12 months of the last day for which compensation was paid, if the member was on an approved leave of absence without compensation for reasons other than disability or military service

If the member works part time, his or her death must have occurred within four months after ending employment or earning service credit.

In addition to these qualifications, if the member had taken a refund of accumulated retirement contributions, the member must have subsequently performed one year of credited service.

## Family Benefit

### *How do survivors qualify for the monthly Coverage A family benefit?*

The member must have met the same eligibility requirements as for the one-time death benefit described above, and the member:

- cannot have a pre-retirement election of an option in effect
- must have earned one year of credited CalSTRS service since reinstatement from service retirement (if applicable)
- must have earned at least one-half year of credited service after a break in service of more than one year (if applicable)

Neither the longevity bonus nor increased age factor is part of the calculation for a monthly Coverage A family benefit. Neither applies because the member died before retirement. (See Section 5, Service Retirement.)

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

#### **1) The surviving spouse with eligible children**

A dependent child is eligible if he or she is:

- the natural, adopted or stepchild of the member and not adopted by a person other than the member's spouse

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*\* For periods of part-time employment (hourly, substitute, daily), final compensation may be computed using actual salary earned during that period. Contact CalSTRS at 800-228-5453 for more information.*

- born within the 10-month period starting on the date the member died
- under age 22 and unmarried at the time of the member's death and
- financially dependent upon the member on the date the member died, or on the effective date of disability, if the member died while receiving a disability benefit

The surviving spouse will receive 40 percent of the member's final compensation\* and 10 percent of the member's final compensation for each eligible child up to a maximum of 50 percent for five or more children. The maximum family benefit is 90 percent of a member's final compensation. The family benefit is payable as long as there is an unmarried, dependent child under the age of 22. (See example on page 52)

### 2) The surviving spouse with no eligible children

If there are no eligible children (or when the last child is no longer eligible), the surviving spouse may elect to receive:

- a return of the accumulated DB contributions and interest in the member's account at the time of death, less all monthly benefits paid

OR

- a monthly benefit payable for life. The calculation is based on the projected service and final compensation the member would have accrued as if he or she retired at age 60. If the monthly benefit is paid before age 60, the benefit is actuarially reduced

### 3) Dependent children, but no surviving spouse

If there are dependent children, but no surviving spouse, the dependent children are eligible for 10 percent of the member's final compensation for each child up to a maximum benefit of 50 percent. If there are more than five eligible dependent children, they will share equally in the total 50 percent of final compensation. Benefits are payable to each child until the child is no longer eligible (marries, attains age 22 or is no longer dependent). Once all children are no longer eligible for a benefit, any remaining contributions and interest in the member's account, less all monthly benefits paid, will be paid to the member's beneficiary.

## EXAMPLE

### Coverage A

Member: Rob, age 40

Spouse: Linda, age 40

Children: Mike 15, Robert 10, & Sandy 5

Service Credit: 10 years

Final Compensation = \$3,220

a. Spouse's Benefit 40% x \$3,220 = \$1,288

b. Children's Increment 3 x 10% x \$3,220 = \$966

Family Benefit with eligible children (a+b) = \$2,254

Less Social Security offset - \$500

Amount payable by CalSTRS = \$1,754

### 4) Dependent parents

A family benefit can be paid to dependent parents if there is no surviving spouse and no dependent children. A parent will be paid a monthly payment for life beginning at age 60 or, if the dependent parent is under age 60, he or she may elect to receive an actuarially reduced benefit for life. For more information about eligibility requirements for this benefit, contact CalSTRS.

### 5) Named recipient

If there is no surviving spouse, eligible children or dependent parents, the remaining DB contributions and interest in the member's account, if any, will be paid to the recipient(s) named to receive the one-time death benefit. If no recipient was named, CalSTRS must make the payment to the member's estate.

### Offsets

CalSTRS must offset any family benefit under Coverage A by the amount of benefits payable by other public systems because of a member's death. Other public systems include Social Security; federal civil service retirement; federal military disability; railroad retirement; and any other public retirement system, including disability programs financed from public funds.

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*\*The calculation will also include service credit for the member's unused sick leave if he or she became a CalSTRS member before July 1, 1980, or died on or after January 1, 1999.*

A copy of the award letter(s) must be sent to CalSTRS so that payments can be adjusted.

### **Coverage A — Family Benefit Example**

Rob dies at age 40. His survivors include a spouse with eligible children.

Linda will receive a monthly family benefit of \$1,754 as long as she has three eligible children. In addition, an annual benefit improvement increase of 2 percent of the basic benefit will be added to the monthly payment each September, beginning a year after Rob's death. As each child becomes ineligible, that child's increment will no longer be included in the basic benefit.

When her youngest child reaches age 22, or is no longer eligible, Linda, age 57, will have to make a choice:

- She can take the remaining DB contributions and interest in Rob's account, less all previously paid benefits.

OR

- At age 60, Linda can receive the surviving spouse benefit payable for life. She will receive a monthly payment of \$1,353.85, based on Rob's projected service and projected final compensation. This equals one-half of what Rob would have received if he had worked to age 60 and elected Option 3\* (see footnote on page 51).

OR

- If Linda elects to receive the surviving spouse benefit before age 60, the benefit will be actuarially reduced.

### **If a CalSTRS Member Dies Before Retirement — Coverage B**

Under Coverage B, benefits are payable to survivors of a person who became a member of CalSTRS on or after October 16, 1992, or elected Coverage B.

#### **One-Time Death Benefit**

Under Coverage B, if a CalSTRS member dies before he or she retires, CalSTRS pays a one-time death benefit to the recipient named by the member. (This amount is adjusted periodically by the Teachers' Retirement Board.) If more than one recipient is named, the payment is divided equally, unless the

member specified other percentages of distribution. If there is no one-time death benefit recipient, CalSTRS must make the payment to the estate of the deceased member. The one-time death benefit through June 30, 2004, is \$24,652.

For CalSTRS to pay this benefit, the member must have had one year or more of service credit and the member's death must have occurred during one of the following periods:

- while in employment for which creditable compensation is paid
- within four months after the member terminated employment or had last earned creditable service
- within 12 months of the last day for which creditable compensation is paid, if the member was on an approved leave of absence without compensation for reasons other than disability or military service

If the member works part time, his or her death must have occurred within four months after ending employment or earning service credit. In addition to these qualifications, if the member had taken a refund of contributions or had reinstated after retirement, the member must also have:

- earned one year of service credit

OR

- six months must have elapsed since reinstatement from disability retirement

### **Survivor Benefit**

#### ***How do survivors qualify for the monthly Coverage B survivor benefit?***

The member must have met the same eligibility requirements as for the one-time death benefit and the member:

- must not have a pre-retirement election of an option in effect
- must have earned one year of credited CalSTRS service since reinstatement from service retirement (if applicable)
- must have earned at least one-half year of service credit after a break in service of more than one year (if applicable)
- must have died within four months after reinstatement from disability retirement, if member had reinstated to active membership from disability retirement

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

### **1) The surviving spouse**

Under Coverage B, the monthly survivor benefit payment is made to a surviving spouse.

The spouse is eligible for a monthly benefit whether or not there are eligible children. The benefit is calculated as if the member had retired under Option 3 on the date of death. Under Coverage B, a surviving spouse has the choice of receiving either a monthly benefit or a return of the member's DB contributions and interest.

The surviving spouse can begin receiving the survivor benefit either:

- immediately as of the member's date of death (The benefit is reduced if the member was under age 60 at the time of death.)

OR

- when the deceased member would have reached age 60

The monthly benefit is calculated on the member's actual service credit and final compensation at the time of the member's death. If the member dies on or before age 60, the member's and spouse's ages as of the date the member would have attained age 60 are used in the calculation.

If the member dies after age 60, the member's age and spouse's age as of the date of death will be used in the calculation.

The survivor benefit calculation will also include service credit for the member's unused sick leave.

Neither the longevity bonus nor increased age factor is part of the calculation for a monthly Coverage B spouse survivor benefit because the member died before retirement (see Section 5, Service Retirement).

### **2) Eligible children**

If there are eligible dependent children and the spouse decides to take a survivor benefit, each child will also receive a monthly benefit. A benefit is not payable to eligible dependent children if there is no surviving spouse or if the surviving spouse decides to receive a return of the member's DB contributions and interest.

A child is eligible if he or she is:

- the natural, adopted or step-child of the member and not adopted by a person other than the member's spouse and
- under age 21 at the time of the member's death and
- financially dependent upon the member at the time of death

The child's benefit begins on the day following the member's date of death and is payable until age 21, even if the spouse elects to wait to receive a monthly survivor benefit until the member's 60th birthday.

If the surviving spouse dies before the last child reaches age 21, the children's benefit is still payable until the child attains age 21. Once all children are no longer eligible for a benefit, any remaining DB contributions and interest in the member's account, less all monthly benefits paid, will be paid to the member's death benefit recipient.

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

### **Offsets**

The monthly survivor benefit under Coverage B is not reduced by benefits payable from other public systems, such as Social Security.

### **Coverage B-Survivor Benefit Example**

Rob dies at age 40. His survivors include a spouse with eligible children.

Linda can choose the surviving spouse benefit or she can choose to take a refund of the contributions and interest in Rob's Defined Benefit account.

*However, if she does not elect a monthly benefit, the children are not entitled to monthly benefits.*

If Linda elects the survivor benefit, she will immediately receive 10 percent of final compensation for each child (\$322 each) as of the date of Rob's death, until each child reaches age 21.

### **Linda's Choices**

Linda can choose to receive her surviving spouse benefit when Rob would have reached his 60th birthday (normal retirement age) and receive the full amount or she can choose to receive a reduced benefit immediately. (Note: The surviving spouse benefit is calculated based on the amount of service credited at death, as if the member lived to age 60

and had retired naming her as an Option 3 beneficiary, which is 50 percent of the modified benefit).

If Linda's choice is to defer receipt of her surviving spouse benefit, the children will receive the following benefit immediately as of the date of Rob's death:

10% of final compensation for each child  
 $\$322 \times 3 \text{ children} = \$966$

(Linda would receive no spouse benefit until Rob would have reached age 60, which would be 20 years from this time. She would then receive a spouse benefit of \$305.13 for the rest of her life. See below for calculation of the Option 3 beneficiary benefit.)

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

Linda's reduced spouse benefit (see calculation below) = \$ 53.25  
 10% of final compensation for each child  
 $(\$322 \times 3 \text{ children}) = \$966.00$   
 Total = \$1,019.25

Each child's separate benefit will stop when that child reaches age 21. After Linda's last child turns 21, she will continue to receive her spouse's benefit, \$53.25 per month in this case, for her lifetime.

In addition, an annual benefit improvement increase of 2 percent of the basic benefit will be added each September, beginning a year after Rob's death.

Choices Linda has to make for the spouse's monthly benefit:

*deferring benefit until Rob's 60th birthday*

$$\$610.25 \div 2 = \$305.13$$

OR

*starting benefit as of the date of Rob's death*

$$\$305.13 \times 17.45\% \text{ (age 40 reduction factor)} = \$53.25$$

### **What if there is no surviving spouse?**

No monthly benefits are payable to survivors if there is no surviving spouse. The member's DB accumulated retirement contributions and interest would be paid to the member's recipient as a one-time benefit.

If no recipient was named, CalSTRS must make the payment to the member's estate.

### **If a Member Dies After Retirement—Coverages A and B**

#### **One-Time Death Benefit**

If a member dies after he or she is retired, the one-time death benefit is the same under both Coverage A and Coverage B.

#### **EXAMPLE CALCULATIONS**

Member: Rob, age 40

Spouse: Linda, age 40

Children: Mike 15, Robert 10, and Sandy 5

Service credit: 10 years

Final compensation: \$3,220

Rob's unmodified benefit, as if he were age 60

$$2\% \times 10 \text{ years of service credit} \times \$3,220 \text{ final compensation} = \$644.00$$

Modified benefit, based on Option 3 factor of 94.76% (member and spouse age 60)

$$.9476 \times \$644 = \$610.24$$

Option 3 – Beneficiary receives one-half the member's modified benefit

$$\$610.24 \div 2 = \$305.13$$

CalSTRS pays a one-time death benefit to the recipient(s) of a retired member. (The amount of the payment may be adjusted periodically by the Teachers' Retirement Board.) If more than one recipient is named, the benefit is divided equally, unless the member specified other percentages of distribution. If there is no one-time death benefit recipient, CalSTRS must make the payment to the member's estate. The one-time death benefit through June 30, 2004 is \$6,163.

Depending on the annuity option selected for the member's Defined Benefit Supplement account, the balance of the member's DBS account may be distributed to the recipient(s).

### Monthly Benefit

Once a member has retired, no monthly benefit is payable to survivors unless the member has chosen one of the options described in Section 5, Service Retirement, Electing an Option. If the member has chosen an option, the option beneficiary(ies) will receive the monthly benefit payable under that particular option. If the retired member has not chosen an option, he or she has been receiving an unmodified monthly benefit.

The option beneficiary who is receiving a monthly benefit may name a beneficiary to receive any remaining accrued benefit upon the option beneficiary's death.

### Unmodified Monthly Benefit

For the retired member who elects the unmodified benefit and receives it for his or her lifetime, no continuing monthly benefit will be payable to a beneficiary.

However, the one-time death benefit recipient(s) will receive the benefit that accrued and was not paid during the month of death plus any residual DB contributions and interest that may be in the retired member's account, after all benefit payments made to the retired member have been deducted.

#### EXAMPLE - DIES AFTER RETIREMENT

Elaine had been retired for 10 years at the time of her death on the 15th of the month. Elaine's monthly benefit was \$950. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death.

#### The amount payable to Elaine's recipient would be calculated as follows:

Contribution and interest balance at retirement	\$ 35,000
Less retirement benefit paid	- \$115,000
Remaining contributions and interest	0
Accrued monthly benefit during the month of death (1/2 month x \$950)	\$ 475
Current one-time death benefit	\$ 6,163
<b>Total Payable</b>	<b>\$ 6,638</b>



# Section 8. Part-Time Educators

This section was written for you, the part-time educator. As a part-time educator you have access to all the benefits that CalSTRS offers. However, your part-time status presents you with special considerations in retirement planning. As a part-time educator, you have additional decisions about which retirement plan coverage to choose, as well as issues to consider that are unique to part-time employment.

## Retirement Plan Coverage

Federal law requires all employment to be covered under a retirement plan. California state law requires all public school employers to provide the CalSTRS Defined Benefit Program. For employees in certificated positions whose time base is less than half-time, public school employers must also offer either Social Security or another retirement program as an alternative to Social Security. The CalSTRS Cash Balance Benefit Program, described on page 60, is one example of an alternative to Social Security. Your employer may offer other alternative retirement programs. See your employer for full details about the specific programs they offer.

## Choosing Your Retirement Plan Coverage

If your basis of employment is less than 50 percent of full-time, here are some questions that may help you decide which retirement plan coverage is best for you:

- Do you plan to be a career teacher?
- Does teaching provide supplemental income for you or is it your primary source of income?
- Prior to teaching, did you have employment that required you to pay into Social Security?
- What is the contribution rate for the plan and does the employer also make contributions?
- Is there a minimum requirement to be eligible for benefits?
- Does the plan charge administrative fees?
- Is there a guaranteed annual interest rate?

- Does the plan have a record of sound investment experience?
- When does the plan permit distribution of your account?

## Retirement Options for Public School Employees

### Defined Benefit Program

Members of the CalSTRS Defined Benefit Program who are employed on a part-time or adjunct basis are a distinctive group within the System. Your retirement benefit calculation uses the same components as a member who works full time: age factor, final compensation and service credit, as described on pages 21–23. However, what is different for you is how two of those components, final compensation and service credit, are determined. Your final compensation and service credit depend on the amount you would have earned if you were working full time in your position. This amount of work is called “full-time equivalent” and this amount of compensation is called “earnable compensation.”

### Full-Time Equivalent

The full-time equivalent is the time that a member who is employed on a part-time basis would be required to work in one school year if he or she were employed full time in that position. For members employed in a community college or on a part-time basis as an adult education instructor, the FTE is required to be identified specifically in either the

collective bargaining agreement or employment agreement. The FTE stated in the agreement must be at least the minimum number of days or hours specified by law:

If you are a:	Then the <b>minimum</b> FTE is:
Part-time community college instructor	525 instructional hours, plus mandatory office hours, if paid
Community college adult education instructor	875 instructional hours, plus mandatory office hours, if paid
K-12 teacher or any other person who works directly with pupils, including an instructor in an adult education program	175 days or 1,050 hours

**Note:** The FTEs provided above are **minimum** standards; your individual FTE could be higher if your employer requires full-time employees to work more days or hours in that same activity in a school year.

It is important to make sure that your employers determine your FTE properly. Different assignments, even with the same employer, may have different FTEs. You should refer to your employment agreement or collective bargaining agreement to obtain your employing district's established FTE for your type of employment. If you see a discrepancy, contact that employer's office that reports earnings to CalSTRS.

### ***How Earnable Compensation Is Calculated***

Your earnable compensation is not the compensation you actually were paid, but what you would have been paid if you worked full time in that position. Therefore, you take the hourly or daily rate for that position and multiply it by the full-time equivalent for the position to determine your earnable compensation.

### ***How Final Compensation Is Calculated***

One component of your retirement calculation is final compensation. Your final compensation is equal to the highest average annual earnable compensation for three consecutive years or 12 consecutive months, if you have earned 25 years of service credit.

### ***How Service Credit is Calculated***

For part-time and adjunct faculty, service credit for one school year is equal to how much you actually earned in an assignment divided by your earnable compensation for that assignment. When a member works multiple assignments, service credit is the sum of the service credit earned in each individual assignment, up to one year of service credit in a school year.

#### *Calculating Service Credit for a Part-time Community College and Adult Education Instructor*

In one school year, Juanita teaches as a community college instructor for 262.5 hours, which is half of the FTE in her district. She also works as an adult education instructor for 350 hours or 40 percent of the FTE for that position. The table below shows how her service credit is calculated.

Percent Time Worked	Minimum FTE	Actual Earnings	÷	Full-Time Rate	=	Service Credit Earned
<b><i>Community College Instructor</i></b>						
50 % (262.5 hours)	525 hours	\$15,000	÷	\$30,000	=	.500
<b><i>Adult Education Instructor</i></b>						
40 % (350 hours)	875 hours	\$6,000	÷	\$27,000	=	.400
Total Service Credit						= .900
Juanita would earn .900 of service credit for the year.						

	<b>Percent Time Worked</b>	<b>Minimum FTE</b>	<b>Actual Earnings</b>	<b>÷</b>	<b>Full-Time Rate</b>	<b>=</b>	<b>Service Credit Earned</b>
<b>K-12 Instructor</b>	33 % (346.5 hours)	1,050 hours	\$13,860	÷	\$42,000	=	.330
Janet would receive .330 of service credit for the year.							

### Calculating Service Credit for a Part-time K-12 Teacher

During the 2002–2003 school year, Janet taught 33 percent of the FTE for K–12 teachers in her district, or 346.5 hours. The full-time pay rate was \$42,000. Because she worked every day of her 33 percent teaching contract, she earned \$13,860 for the school year. Dividing what she could have earned as a full-time teacher by what she actually earned equals .33. The table above shows how her service credit is calculated.

### Ways to Raise Your Defined Benefit Retirement Amount

#### Increasing Service Credit with Additional Assignments

If you work on a part-time or adjunct basis, you may wish to consider taking on additional assignments to earn more service credit if you are not earning one full year of service credit under your existing assignment. Service credit can now be earned for activities such as teaching summer school and intersession, attending staff development days and serving as a coach, band director, yearbook editor or department chair. Extra service will count as additional service credit and will be included in calculating your total service credit for that school year. However, when you near retirement, you may need to consider another factor.

#### Your Final Compensation When Working for Multiple Employers

As a part-time educator, when you have more than one employer, your earnable compensation is the sum of all your actual salaries divided by the sum of all your service credit earned for the school year. Your final compensation is the average annual earnable compensation during your final compensation period, which is generally your last three years of employment. When salary rates and service credit vary within a school year, your final compensation may be lower, which can lower your

retirement benefit. This means it is possible to earn a larger retirement benefit if you reduce the number of employers you work for during your final compensation period.

The following example shows how the calculation can affect the retirement benefit of a part-time educator.

Kali works part time at two high schools and a community college. He has 8.95 years of service. If he continues to work for all three employers during his last three years before retirement at age 63, here is how his final compensation would be calculated:

Employer	Earnings	Service Credit
A	\$ 3,360	.100
B	30,250	.500
C	6,563	.250
Total	\$40,173	.850
Kali's annual earnable salary is: \$40,173 ÷ .850 = \$47,262.		

To increase his retirement benefit, Kali could terminate the employment where he receives the lowest annual pay rate and his retirement benefit would be higher.

Employer	Earnings	Service Credit
A	\$ 3,360	.100
B	30,250	.500
Total	\$33,610	.600
His annual earnable for final compensation is: \$33,610 ÷ .600 = \$56,017.		

However, if Kali also terminates the position with the next lowest annual pay rate, his final compensation would be even higher.

Employer	Earnings	Service Credit
B	\$30,250	.500
Total	\$30,250	.500
His annual earnable for final compensation is: \$30,250 ÷ .500 = \$60,000		

Here's the impact of the three alternatives on Kali's retirement benefit calculation:

Works all three jobs:						
<b>Service Credit</b>	<b>Age Factor</b>		<b>Monthly Final Compensation</b>			
11.500	x	2.4%	x \$3,938	=		\$1,087 per month
Terminates job with Employer C at the lowest annual pay rate:						
<b>Service Credit</b>	<b>Age Factor</b>		<b>Monthly Final Compensation</b>			
10.750	x	2.4%	x \$4,668	=		\$1,204 per month, or \$117 more per month
Terminates all jobs except one with Employer B at the highest annual pay rate:						
<b>Service Credit</b>	<b>Age Factor</b>		<b>Monthly Final Compensation</b>			
10.450	x	2.4%	x \$5,042	=		\$1,265 per month, or \$178 more per month

Kali decided that the increase of \$178 per month in his retirement benefit was significant enough to terminate employment at two of his part-time jobs. Over the lifetime of his retirement, the difference in income would likely be about \$53,000, not including the 2 percent annual benefit adjustment (formerly COLA) and any ad hoc increases or purchasing power increases.

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

Each person's situation is different. We recommend you meet with a benefits counselor before making decisions that may affect your retirement benefit.

### Social Security

Your district will offer Social Security to its part-time employees if it does not offer an alternative retirement program. Be aware that under federal law if you qualify for Social Security from any employment (including your spouse's), your Social Security benefit may be reduced if you receive a retirement or disability benefit as a result of California public educator employment. However, your Defined Benefit Program or Cash Balance Program benefit will not be reduced if you receive Social Security benefits. For more information, see pages 15–16.

Because the provisions of Social Security are complex, call 800-772-1213 or visit [www.ssa.gov](http://www.ssa.gov) to view publications for the Windfall Elimination Provision (reduction in employee's Social Security benefits) and Government Pension Offset (reduction in employee's Social Security benefits from spouse's employment).

### Cash Balance Benefit Program

CalSTRS has designed a program specifically for part-time educators, which your district may offer as an alternative to Social Security. Your eligibility to participate in the CalSTRS program is determined by your basis of employment, rather than the actual hours you work.

Features of the CB Benefit Program include:

- **immediate vesting**  
You do not have to wait to accumulate years of service credit to become eligible for benefits.
- **variable contribution rates can be bargained**  
Your employer must contribute at least 4 percent of the salary you earn, and, generally, you also pay 4 percent. However, alternative rates may be bargained by each employer. You receive all contributions—both yours and your employer's—and interest, if you terminate public school employment.
- **secure investments**  
The CB Benefit Program investment portfolio is managed by CalSTRS investment professionals, who have a long and successful record of achievement.
- **guaranteed interest rate**  
The interest rate is set by the Teachers' Retirement Board for each plan year based on the 30-year Treasury rate. For 2003–04, the rate is 5.25 percent.
- **additional earnings credit**  
The Teachers' Retirement Board may, on an annual basis, grant an additional earnings credit to be added to participant accounts.

- **portability to meet the needs of a part-time educator**

In most cases, you can continue participation in the CB Benefit Program if you move to another employer that offers the program. If you become a member of the Defined Benefit Program and are no longer contributing to the CB Benefit Program, you may elect to receive credit in the DB Program for eligible CB service.

- **options if you leave public school employment**

If you leave public school employment entirely, you have three options: leave the contributions on deposit in your account; roll over your CB Benefit Program funds to another eligible retirement plan or an IRA; or you can withdraw all contributions, including employer contributions, plus interest, subject to a one-year waiting period following the date you terminate employment.

- **flexibility at retirement**

You can take your contributions, your employer's contributions, plus compounded interest in a lump sum. You can instead choose an annuity to provide monthly retirement benefits if your balance is at least \$3,500.

- **no fees or charges for participation**
- **all employee contributions are pre-tax dollars**
- **payroll deduction**

### **Are You Eligible to Participate?**

When you are hired by a K–12 district, county office of education or a community college district, your employer is required to notify you that you can elect membership in the CalSTRS Defined Benefit Program, even though you are a part-time employee. You have the option to decide on participating in the CB Benefit Program, the DB Program or an alternative plan your employer may offer. If you choose the CB Benefit Program and your basis of employment is changed to half-time or more, you will automatically become a member of the CalSTRS DB Program.

However, as long as your basis of employment remains less than half time, you have the *choice* of participating either in the CalSTRS CB Benefit Program or the CalSTRS Defined Benefit Program if you are employed in a district that offers the CB Benefit Program.

### **Participating School Districts Can Offer CB Benefit Program**

School districts and community colleges can offer their part-time employees the CB Benefit Program. Offering the CB Benefit Program may be bargained, as some districts are doing currently. Contact your district(s) or county superintendent of schools or union representative to determine if the CB Benefit Program is available.

### **Working for Multiple Employers**

You can contribute to the CB Benefit Program at one or more participating school districts or community colleges if your basis of employment is less than half time for each position at each school or college district.

### **Choosing Between Defined Benefit and Cash Balance**

Here are two examples illustrating different part-time employment situations. Each part-time educator makes a different choice regarding retirement.

#### **Matthew**

A long-time English teacher who works 10 hours per week at a community college, Matthew also works part time as a Web page designer. Like all part-time teachers, Matthew may elect membership in the CalSTRS Defined Benefit Program, but is concerned that he will not work long enough for his school district to vest in the program. His other job requires that he pay into Social Security and he plans to continue working there.

Matthew enrolls in the Cash Balance Benefit Program because he prefers the lower contribution rate. He may eventually decide to teach full time or move on to a non-teaching job. Still uncertain of his career plans, he likes the flexibility of the Cash Balance Benefit Program.

#### **Celeste**

Celeste starts as a part-time third grade teacher. Eventually, she hopes to move on to a full-time position. She knows she should save for retirement while she is young, but money is tight. Celeste likes the security and stability that CalSTRS offers through the Defined Benefit Program. However, it will take her several years to accumulate the five years of

service credit needed to qualify for the Defined Benefit Program benefits while contributing 8 percent of her salary.

Celeste notes that although the Defined Benefit Program means a higher retirement contribution than the Cash Balance Benefit Program, it will ensure a set monthly benefit during her retirement not based on the amount in her account, but on a retirement formula. (A Cash Balance Benefit account of at least \$3,500 ensures a set monthly benefit based on the amount in the account.) Celeste plans to continue teaching long enough to fully vest in the Defined Benefit Program and does not plan to contribute to Social Security through other employment. The 8 percent contribution, although financially difficult, is worth it to her in the long run. Celeste enrolls in the Defined Benefit Program.

### ***Consolidating Benefits under the Defined Benefit Program and the Cash Balance Benefit Program***

You may have benefit coverage under both the DB Program and the CB Benefit Program due to past CB-covered employment. If you meet eligibility requirements, you may elect to have CalSTRS consolidate your benefit coverage under the DB Program. To be eligible, you must currently be making contributions under the DB Program, you can no longer be contributing to your CB account, you must have eligible CB service to convert, and you must have funds in your CB account.

When you elect to consolidate your benefits, CalSTRS will transfer the contributions and interest from your CB account to the DB Program and close your CB account. CalSTRS will determine the service credit that could be added to your DB account based on the amount of the funds in your CB account, and will apply those funds toward the cost of covering your eligible CB service under the DB Program. In many cases, CB Benefit Program contributions and interest will not cover the full cost of all eligible CB service that you performed because the contributions required to cover service under the DB Program are twice as much as contributions required under the CB Benefit Program.

In some cases, you may have more funds in your CB account than are required to cover the cost of your eligible service. This could occur if, for example, your CB account includes funds that were rolled over from another retirement plan or you had past overtime service that was covered by CB. If this occurs, you may specify how you would like CalSTRS to allocate the residual amount in your CB account after funds are transferred to cover the cost of consolidating benefits. You may use the residual amount to redeposit previously withdrawn contributions or use it to pay for additional service that you are eligible to purchase. The types of service that you may purchase are outlined in the *Purchase Additional Service Credit* brochure. Any funds remaining in your account that are not used for these purposes will be transferred to your Defined Benefit Supplement account and your CB account will be closed as part of the benefit consolidation process.

Consolidating benefits provides several advantages. You may increase the amount of service credit that will be used to determine your retirement benefit, which may increase your monthly retirement benefit. Credit for your eligible CB Benefit Program service may also be used toward eligibility for benefit enhancements, such as one-year final compensation, career factor and longevity bonus.

For more information about the CalSTRS Cash Balance Benefit Program or to request *FAQs About Consolidating Benefit Coverage*, call 800-228-5453 or visit [www.calstrs.com](http://www.calstrs.com). You may e-mail questions to [cashbal@calstrs.com](mailto:cashbal@calstrs.com).

# Section 9. Tax Information and Legal Issues

## Income Tax Withholding

Federal and California statutes require income tax withholding on distributions from pension plans, annuities and deferred compensation plans. Income tax will be withheld from the taxable portion of your benefit unless you take action not to have taxes withheld. To not have income tax withheld, you must file an *Income Tax Withholding Preference Certificate* with CalSTRS. This form is included in the service retirement application packet.

If you do not have taxes withheld or if you do not have enough withheld, you may need to make estimated tax payments. Generally, your withholding or estimated tax payments or the total of both must cover at least 90 percent of your total tax liability for the current year. Failure to meet the 90 percent limit could subject you to penalties.

A portion of your benefit may not be taxable if you made previously taxed contributions to CalSTRS during your career. CalSTRS uses the Simplified General Rule established by the Internal Revenue Service to determine the taxable portion of your benefit. (You may use any acceptable method when reporting to the IRS.) The Simplified General Rule is explained in detail in *Pension and Annuity Income*, IRS publication 575, available from the IRS or in *Pension and Annuity Guidelines*, FTB publication 1005 from the state Franchise Tax Board.

## Periodic Payments

Unless you tell CalSTRS otherwise, CalSTRS will withhold income tax on your periodic payments (payments that are received in installments at regular intervals) as if you were married and claiming three dependents.

## Non-Periodic Payments

CalSTRS withholds income tax from non-periodic payments (such as a partial lump sum, one-time death benefit or the benefit accrued and unpaid on

the date of death of a CalSTRS benefit recipient) at a flat rate of 20 percent for federal and 6 percent for state withholding. Your beneficiary can elect not to have state taxes withheld from a non-periodic payment unless he or she resides outside of the United States or its possessions, in which case, tax withholding is required. (Federal taxes must be withheld unless the payment was a rollover.)

## Income Tax Withholding Preference Certificate

If you wish to request a change to your income tax withholding status, you must complete CalSTRS *Income Tax Withholding Preference Certificate* form. The form must be received by CalSTRS no later than the first day of the month preceding the month you wish the change to take effect. To order the form, call the CalSTRS at 800-228-5453 or download or order the form at [www.calstrs.com](http://www.calstrs.com).

## Lump-Sum Distributions

If you receive a lump-sum distribution, including a refund of your contributions, you should be aware that the Internal Revenue Code provides several complex rules regarding the taxation and penalties of such distributions. You may be eligible to defer tax liability on the taxable amount of the distribution by rolling over that amount into another qualified retirement plan or IRA.

To take advantage of these provisions, the distribution **MUST** be made by a trustee-to-trustee transfer. If you request a rollover distribution, additional information will be provided. For more information on rollovers, read *CalSTRS Tax Information for Certain Payments*. To order this brochure, call 800-228-5453 and select option #3 or visit [www.calstrs.com](http://www.calstrs.com).

## **Tax Withholding for Out-of-State Residents**

Pursuant to federal law, if you are not a resident of California, you are not subject to California state tax. However, CalSTRS benefits may be subject to taxation to the state in which you do reside. CalSTRS cannot withhold taxes for another state.

CalSTRS will not withhold state income taxes for benefit payees who live outside California unless it is requested by filing an *Income Tax Withholding Preference Certificate*.

CalSTRS recommends you consult a qualified tax professional for specific tax advice. You may contact the Internal Revenue Service, the California State Franchise Tax Board or a qualified tax advisor for information relevant to your individual situation. For general information on withholding tax from CalSTRS benefits, call 800-228-5453 and select Teletalk and listen to message #650.

## **Internal Revenue Code Section 401**

Section 401(a)(9) of the IRC and the California Education Code require CalSTRS to begin a distribution of a member's benefits no later than April 1 of the calendar year following the year the member reaches age 70 1/2.

CalSTRS will not begin distribution of your account if:

- you are currently employed in a position subject to coverage under CalSTRS
- your current employment is covered by, or you are retired from, another public retirement system.

For a listing of other public retirement systems, see Section 11, Glossary of Terms, Concurrent Retirement.

Annually, CalSTRS attempts to notify members who may be affected by these statutory provisions. Therefore, it is important for members to ensure we have a current mailing address for you at all times.

## **The IRC Section 401(a)(17)**

Section 401(a)(17) of the IRC imposes a limit on the compensation that can be used to provide a benefit by a governmental plan such as CalSTRS. The compensation limit is applicable to all persons who became members or participants of CalSTRS on or after July 1, 1996. The compensation limit for 2003-

2004 is \$200,000. Any compensation in excess of this limit is not creditable compensation and neither employer nor member contributions to the Defined Benefit Program, the Defined Benefit Supplement Program nor the Cash Balance Benefit Program are to be paid to CalSTRS on the excess amount.

*Please note: The IRS may impose an excise tax equal to 50 percent of the minimum required distribution if the member receives less than the minimum-required distribution for a taxable year.*

## **Internal Revenue Code Section 415**

Section 415 of the IRC imposes a limit on benefits that can be paid by a state or local government defined benefit plan such as that administered by CalSTRS. Benefits are limited to an absolute dollar amount that is indexed for inflation. For 2004, the dollar limit is \$165,000 at ages 62 through 65. The limit is lower below these ages and higher above these ages.

Currently, few CalSTRS members have been, or are likely to be, affected by the limits of Section 415. CalSTRS will notify you, upon receipt of your application for retirement, if your benefit will be affected by the IRC Section 415 benefit limit. Pursuant to federal law, CalSTRS has established a Replacement Benefits Program from which benefits in excess of the Section 415 limits can be paid. If your benefit is limited by IRC Section 415, in addition to the limited benefit, you will receive a separate payment from the Replacement Benefits Program.

## **Legal Issues**

### **Subrogation**

When a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation, CalSTRS must be informed. CalSTRS has a right to participate in the action to recover the expenses and legal costs the injury or death generated. The process that permits this participation is called subrogation.

### **Power of Attorney**

CalSTRS members can arrange for management of their assets, should they become incapacitated, through the use of a durable power of attorney. CalSTRS can provide you with some of the necessary forms.

When a CalSTRS benefit payee becomes incapacitated and can no longer manage his or her financial affairs, CalSTRS may need to determine who has the legal authority to act on the payee's behalf regarding the payee's CalSTRS account and benefits. That authority could extend to changing the recipient's address, instituting or changing direct deposit authorizations and changing tax withholding preferences.

A durable power of attorney is the most common method used by a benefit payee to delegate authority to act for the payee. This document permits a benefit payee to act as a principal and appoint an agent. The document also identifies the extent of authority granted to the agent.

A durable power of attorney can be drafted by an attorney or purchased as a commercially available fill-in-the-blank form. CalSTRS has a *Special Power of Attorney* form available that may be used by a principal. This form enables your named agent to handle all matters pertaining to a CalSTRS account, unless barred by law.

In addition, CalSTRS requires an agent to execute an affidavit affirming the agent's authority under the Durable Power of Attorney. For an agent's convenience, CalSTRS has a *Declaration of Attorney in Fact* form that can be completed by the agent each time he or she makes a request.

If you wish to obtain a *Special Power of Attorney* or a *Declaration of Attorney in Fact* form, call the CalSTRS automated telephone system at 800-228-5453 or download the form from [www.calstrs.com](http://www.calstrs.com).

## **Marriage Dissolution or Annulment and CalSTRS Benefits**

If you have been divorced or are presently going through a divorce, there may be a community property interest in your CalSTRS benefits. You may need to refer to your Marital Settlement Agreement and/or contact an attorney for legal advice on how your benefits may be affected.

If the dissolution judgment and the member's death occur after January 1, 2002, the one-time death benefit recipient form, which names the former spouse as the recipient, is invalid.

If you choose to have your former spouse as your one-time death benefit recipient, you must submit a new *One-Time Death Benefit Recipient* form after the dissolution judgment.

CalSTRS has a brochure, *Community Property Information*, for members and their attorneys. To order, visit [www.calstrs.com](http://www.calstrs.com) or call CalSTRS at 800-228-5453.



# 10. General Information

## Benefits Counseling (formerly Regional Counseling Services)

CalSTRS-trained benefits counselors assist members in retirement planning and provide information about CalSTRS benefit programs. Counseling is provided for individuals in person, by telephone and in group workshops.

County offices of education and school districts throughout the state provide locations for counseling. To make an appointment for an interview in person or by telephone, or to reserve a space in a group workshop, call the counseling center of your choice. Appointments are usually scheduled four weeks in advance.

Please tell the appointment coordinator if you are making an appointment for disability programs and benefits so a longer time can be scheduled.

There are certain times during your career when CalSTRS recommends a personal interview or use of the online retirement benefits calculator:

- at least once before age 55, or earlier if you have 30 years of service credit
- before making a decision to submit a disability application
- before making a decision on the pre-retirement election of an option
- before filing a retirement application

## Benefits Counseling Appointments

County/City	Phone Number
Alameda/Hayward .....	510-670-4200
Alameda/Pleasanton .....	925-426-0102
Contra Costa/Pleasant Hill .....	925-932-9817
Fresno/Fresno .....	559-497-3797
Kern/Bakersfield .....	661-636-4880
Los Angeles/Downey .....	562-922-6414 or 562-922-6838
Merced/Merced .....	209-381-6627
Orange/Costa Mesa .....	714-966-4251
Sacramento/Carmichael .....	916-971-7918 or 916-971-7919

San Bernardino/Colton .....	909-433-4686
San Diego/San Diego .....	858-292-3565
San Francisco/San Francisco .....	415-241-6291
San Joaquin/Stockton .....	209-468-4864
San Mateo/San Mateo .....	650-312-7712
Santa Barbara/Santa Maria .....	805-383-1993
Santa Clara/San Jose .....	408-535-6171
Santa Cruz/Capitola .....	831-476-7140
Shasta/Redding .....	530-225-0203
Solano/Fairfield .....	707-399-4445
Sonoma/Santa Rosa .....	707-524-2627
Stanislaus/Modesto .....	209-525-4831
Tulare/Visalia .....	559-733-6760
Ventura/Camarillo .....	805-928-0542
Yuba/Marysville .....	530-741-6231 x 221

## Information Services

You can find answers to general benefits questions, as well as order forms and publications, by using CalSTRS automated system at 800-228-5453. To ask specific questions, call CalSTRS Customer Service or write to CalSTRS.

## Contacting CalSTRS

### Web site [www.calstrs.com](http://www.calstrs.com)

The CalSTRS Web site provides current information for members, employers, and CalSTRS stakeholders. The CalSTRS site includes such useful features as the *Retirement Benefit Calculator*, which allows members to estimate their retirement benefit. You can also order and download forms and publications. To e-mail CalSTRS, click *Contact CalSTRS*.

### myCalSTRS (NEW)

Now you can access certain account information online in a secure environment. MyCalSTRS provides access to your *Annual Statement of Account* since 2002 and your 1099R tax forms since 2000.

Additional services will be added in the future. To access myCalSTRS, visit [www.calstrs.com](http://www.calstrs.com) and click on myCalSTRS.

### Address

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

### Telephone Numbers

Customer Service (toll-free)  
800-228-5453  
Fax 916-229-3879  
TTY 916-229-3541  
Financial Education Workshop Registration  
888-394-2060

### Publications and Forms

To order, visit [www.calstrs.com](http://www.calstrs.com) or call CalSTRS automated phone system at 800-228-5453 (option 3).

### Publications

*Cash Balance Benefit Program Information Packet*  
*Community Property Information*  
*Comprehensive Annual Financial Report*  
*Join CalSTRS? Join CalPERS?*  
*Partial Lump Sum*  
*Purchase Additional Service Credit*  
*Refund: Consider the Consequences*  
*Tax Information for Certain Payments*

### Teletalk System 800-228-5453

General information about a variety of CalSTRS subjects is available by touch-tone telephone from the CalSTRS Teletalk information system. Teletalk calls are answered electronically. For your convenience, the topics are listed below.

### Teletalk Message Codes

- 90 ..... What's New
- 100 ..... General Information**
- 101 ..... What is CalSTRS?
- 102 ..... Location, telephone numbers, office hours of CalSTRS
- 103 ..... How to obtain CalSTRS booklets and forms
- 104 ..... How to change your address with CalSTRS
- 105 ..... Direct Deposit
- 106 ..... What to do in the event of a lost check or missing direct deposit payment
- 107 ..... How to have insurance premiums deducted from your check
- 108 ..... Spousal acknowledgment of benefit selection
- 109 ..... Community property settlements
- 110 ..... Medicare for active CalSTRS members
- 111 ..... Member Home Loan Program
- 112 ..... Which benefit coverage do I have, A or B?
- 113 ..... Subrogation information
- 114 ..... Financial Education workshops
- 115 ..... Unused sick leave
- 116 ..... Zero-Down Preferred Home Loan Program
- 117 ..... No Points, No Fees Home Loan Program
- 150 ..... Membership, Service Credit and Contributions
- 151 ..... Who must be a member of CalSTRS?
- 152 ..... Can someone not mandated to CalSTRS membership elect optional membership?
- 153 ..... What is service credit and how is it determined?
- 154 ..... Contributions to CalSTRS: what are your costs as a member?
- 155 ..... Employer-paid member contribution
- 200 ..... Benefits Counseling**
- 201 ..... How to make an appointment for a Benefits counseling interview
- 202 ..... Benefits counseling appointment phone numbers for members in Southern California from Ventura to San Diego counties
- 203 ..... Benefits counseling appointment phone numbers for members in the San Joaquin Valley from Kern to Calaveras counties

204	Benefits counseling appointment phone numbers for members in the coastal areas from Santa Barbara to Mendocino counties	369	How to change an option after service retirement due to the death of the option beneficiary
205	Benefits counseling appointment phone numbers for members of the northern counties from Trinity to Glenn, and east to Nevada border	370	How to change an option after service retirement due to the dissolution of marriage, annulment, or legal separation
206	Benefits counseling appointment phone numbers for members of Alpine, Colusa, Mono, Sacramento, Solano and Yolo counties, and east to Nevada border	371	Service retirement after reinstatement to active status from an earlier service or disability retirement
<b>250</b>	<b>Purchase of Additional Service Credit and Redeposits</b>	372	Earning limitations after retirement
251	What is a redeposit or the purchase of additional service credit, and what types of service can be purchased?	373	One-year final compensation
252	What will it cost to purchase service credit or redeposit previously refunded contributions?	374	Express benefits
253	How and when is payment made for additional service credit?	375	Retirement Incentive
254	Out-of-state service credit	376	Class-Size Reduction Program
255	Nonqualified service credit	378	Changing option beneficiary to your spouse
256	Consolidation of benefit coverages	379	Partial sum benefit
<b>300</b>	<b>Pre-Retirement Election of an Option</b>	380	CalSTRS Medicare Premium Payment Program
301	What is a pre-retirement election of an option and the eligibility requirements?	381	Concurrent retirement
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361	Option 8, service retirement, multiple option election	428	Eligibility requirements for dependent children
364	Early Retirement Limited Term Reduction Plan	450	Coverage B, Disability Retirement and Rehabilitation Program
366	How your service retirement benefit is calculated	451	Overview of Coverage B, the Disability Retirement Program
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455	.....	What is “continued qualification” for disability retirement	602	.....	Quarterly supplemental payments
456	.....	Rehabilitation services for members on disability retirement	603	.....	Change in quarterly supplemental payments
457	.....	Eligibility requirements for dependent children	604	.....	Minimum guaranteed monthly benefit
458	.....	Overview of unmodified and option benefits in the Disability Retirement Program	605	.....	Surviving Remarried Spouse Reinstatement Program
459	.....	Unmodified disability retirement benefit	606	.....	Ad-Hoc Increase 2000
460	.....	Option 2, disability retirement	607	.....	Expanded Minimum Guarantee Monthly Benefit
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462	.....	Option 4, disability retirement	609	.....	Longevity Bonus
463	.....	Option 5, disability retirement	<b>650</b>	.....	<b>Tax Liability</b>
464	.....	Option 6, disability retirement	651	.....	Monthly benefit tax withholding requirements
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466	.....	Option 8, disability retirement	653	.....	How to request a duplicate or corrected 1099R Withholding Statement
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468	.....	Effects of Workers Compensation on disability retirement	655	.....	IRS Code Section 415, what it means to you
<b>500</b>	.....	<b>Death Benefits</b>	656	.....	1099R Information for pre-1989 retired members
501	.....	How to report a death to CalSTRS	657	.....	Repeal of the state source tax
502	.....	The importance of one-time death benefit recipients	700	.....	Refund of Contributions
503	.....	What documentation is required for payment of a one-time death benefit?	701	.....	What you should know about refunds
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<b>520</b>	.....	<b>Coverage A, Family Benefit Program</b>	<b>703</b>	.....	<b>Refund rollovers</b>
521	.....	Overview of Coverage A, Family Benefit Program	750	.....	Voluntary Investment Program
522	.....	Benefits payable at the death of a member before service retirement or while receiving a CalSTRS disability benefit	751	.....	What is the CalSTRS 403(b) Program and how does it work?
523	.....	Eligibility requirements for a family benefit	<b>800</b>	.....	<b>Teachers’ Retirement Fund Investment</b>
524	.....	Family death benefits	801	.....	Shareholder voting policy and procedures
550	.....	Coverage B, Survivor Benefits	802	.....	Investments assets portfolio
551	.....	Overview of Coverage B survivor benefits	<b>900</b>	.....	<b>Cash Balance Benefit Program</b>
552	.....	Benefits payable at death of a member before service retirement or disability retirement	901	.....	What is the CalSTRS Cash Balance Benefit Program?
553	.....	Benefits payable to an eligible spouse at death of a member before service or disability retirement.	902	.....	CB Benefit Program eligibility
554	.....	Children’s benefits and eligibility requirements	903	.....	CB Benefit Program advantages
555	.....	Benefits payable at death of a member after service or disability retirement	904	.....	CB Benefit Program benefits
<b>600</b>	.....	<b>Increases in Benefits</b>	905	.....	Participation in the CB Benefit Program
601	.....	Annual 2 percent cost-of-living improvement			

# 11. Glossary of Terms

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## A

### **Age Factor**

A percentage determined by your age on the last day of the month in which your retirement becomes effective. It equals 2 percent at age 60 and is reduced by 1/2 of 1 percent for each month or fraction of a month in which the member is under 60 but at least 55. For members seeking early retirement who are age 50, but under age 55, the factor is further reduced by 1/4 of 1 percent for each month or partial month under age 55. For members over age 60, the factor is increased by 0.033 for every quarter year of age to a maximum of 2.4 percent at age 63 and over.

### **Annual Benefit Adjustment (formerly COLA)**

Annual benefit adjustments are automatic, annual increases to the monthly benefit, starting September 1 after the first anniversary of the effective date of the benefit. Annual benefit adjustments are calculated at 2 percent of the initial benefit.

### **Annual Statement of Account**

A statement mailed directly to active and inactive members each year that provides a summary of Defined Benefit Program and Defined Benefit Supplement Program transactions during the prior year, service credit, contribution and interest balances, key provisions of the CalSTRS DB and DBS Programs and death benefit recipient information as of the previous June 30. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the statement of account for the fiscal year during which the final payment was made. Cash Balance Benefit Program participants are mailed a statement of their account's contributions and accrued interest.

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## B

### **Beneficiary**

Any person or entity receiving or entitled to receive payments because of the death of a member. Only a person (not an estate, trust or corporation) may be designated to receive an option benefit upon the death of a member.

### **Benefit**

A monthly amount payable to a retired member, disabled member or beneficiary.

### **Benefit Formula (Service Retirement)**

For the unmodified benefit, multiply service credit by the age factor then by final compensation.

---

## C

### **CalPERS**

California Public Employees' Retirement System

### **CalSTRS**

California State Teachers' Retirement System

### **CalSTRS Home Loan Program**

A program for DB members and CB Benefit Program participants to apply for conventional, fixed-rate and first mortgage loans to purchase or refinance primary residences.

### **Career Factor**

For members who retire on or after January 1, 1999, with at least 30 years of earned service credit, 0.2 percent is added to the age factor up to a maximum age factor of 2.4 percent, which is reached at age 61½.

The increased age factor (see Section 5, Service Retirement) does not apply if the member dies before retirement without a pre-retirement election of an option on file at CalSTRS.

### **Cash Balance Benefit Program**

Alternative CalSTRS retirement plan for educators hired to work part time. Cash Balance Benefit Program is an alternative to Social Security, private plans or the CalSTRS Defined Benefit Program.

### **Concurrent Retirement**

Retiring at the same time from CalSTRS and from certain other California public retirement systems (Legislator's Retirement System, Public Employees' Retirement System, San Francisco City and County Employees' Retirement System, University of California Retirement System or those systems established under the County Employees' Retirement Law of 1937). CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement benefit if the service was not performed simultaneously.

### **County Employees' Retirement Law of 1937**

The 1937 Act law includes retirement systems from the following counties: Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare and Ventura. Also known as '37 Act counties.

### **Coverage A**

Coverage A refers to the disability benefit and family benefit programs that existed prior to October 16, 1992. Coverage A is mandatory for all members of the DB Program who were receiving a disability benefit or a service retirement benefit with a benefit effective date prior to October 16, 1992. Members who were not receiving a benefit on October 16, 1992, were permitted to retain this coverage or elect coverage B.

### **Coverage B**

The disability retirement and survivor benefits programs that became effective on October 16, 1992. Coverage B is mandatory for all new members. Active members who were hired prior to October 16, 1992 may have elected this coverage.

### **Creditable Compensation**

Salary and other remuneration payable in cash by an employer to a member for creditable service.

### **Creditable Service**

Specific employment activities such as teaching, vocational or guidance counseling, services related to school curriculum and a variety of administrative duties performed for a school district, community college district or county superintendent of schools.

### **Credited Interest**

At the end of each fiscal year, interest is credited to the accumulated DB contributions and interest in each active and inactive member's account at the credited interest rate adopted by the Teachers' Retirement Board. It is currently set at a rate that approximates the yield on two-year Treasury notes.

### **Credited Service**

Service credit for which required contributions have been paid.

---

## **D**

### **Defined Benefit**

A retirement benefit in which the benefit is guaranteed and generally based on a formula.

### **Defined Benefit Program**

A distinct component of the State Teachers' Retirement Plan that provides retirement and ancillary benefits for California's public school educators who are members of the program.

### **Defined Benefit Supplement Program**

A supplemental benefit program with benefits based on contributions and interest credited to individual members accounts. Funds will come January 1, 2001, through 2010, from 25 percent of each member's monthly CalSTRS contribution and, starting July 1, 2002, from compensation earned from service in one school year in excess of one year of service credit.

### **Defined Contribution**

A retirement benefit in which the benefit is based on the contributions plus investment earnings

### **Disability Benefit (Coverage A)**

A feature of the Defined Benefit Program selected by and offered to individuals who became members before October 16, 1992, that provides income replacement for disabled members. The benefit is

paid as long as the individual is disabled or until the age of 60 when the member becomes eligible for service retirement.

### **Disability or Disabled**

A medically determinable physical or mental impairment that is permanent or that can be expected to last continuously for at least 12 months. The disability must prevent a member from performing the member's usual duties with reasonable modifications or the duties of a comparable level for which the member is qualified or can become qualified by education, training or experience. A member may apply for disability while still employed. Any impairment from a willful self-inflicted injury does not constitute a disability.

### **Disability Retirement (Coverage B)**

A feature of the Defined Benefit Program for individuals who became members after October 15, 1992, or elected this feature during the special election held October 1992 to April 1993. Those receiving payments under Coverage B are "retired" and will be paid as long as they are disabled, without respect to age.

### **Disabled Member**

A member to whom a disability benefit is payable.

---

## **E**

### **Early Retirement Limited Term Reduction Program**

A retirement alternative for Defined Benefit members. A member must be at least age 55, but under age 60, and have at least five years of credited service, for retirement under this alternative. The member receives one-half the monthly benefit amount calculated as if the member were age 60. The reduced benefit will continue for the same number of months after age 60 that benefits were received before age 60. After that, the normal service retirement benefit will be paid.

### **Earnings Limit**

The amount a disabled or retired member may earn in a month without a reduction in the CalSTRS benefit.

### **Eligible Child**

**Coverage A:** A member's unmarried offspring, adopted child or stepchild up to age 22 who is dependent upon the member on the effective date of the disability benefit or the date of the member's death.

**Coverage B:** A member's child, adopted child or stepchild, up to 21 years of age, if dependent on the member on the effective date of disability retirement or the date of the member's death.

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## **F**

### **Family Benefit (Coverage A)**

An amount paid to the surviving spouse with eligible children after the member's death. The maximum amount is 90 percent of the member's final compensation (40 percent for spouse, ten percent for each eligible child, to a maximum of five children. Also provides Option 3 benefit to spouse at age 60).

### **Final Compensation**

The highest average annual compensation earnable by a member during a specified period of CalSTRS-covered paid employment. The period is one year if the member has at least 25 years of credited service or if it is included in a written collective bargaining agreement for classroom teachers. The period is three consecutive years for members with fewer than 25 years of service credit.

### **Full Time**

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement to receive the earnable compensation.

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## **I**

### **Indexed Final Compensation**

The final compensation increased to reflect the average earnable salary of all active members of the Defined Benefit Program to reflect changes from the initial benefit date to the current date.

## Indexed Final Compensation Factors

Factors developed annually based on the change in the members' statewide average earnable salary. These factors are used to calculate indexed final compensation.

---

## L

### Longevity Bonus

An increase to the monthly unmodified retirement benefit of those who accumulate at least 30 years of service credit between January 1, 2001 and January 1, 2011, regardless of when they retire. An inactive member at the time of retirement can still qualify for the longevity bonus.

---

## M

### Member

Any person who has performed creditable service in the Defined Benefit Program for an employer and has earned compensation for that service and has not received a refund for that service, unless specifically excluded by law.

**Active Member:** A member who earns creditable compensation during the school year.

**Inactive Member:** A member who, by the pay period ending June 30, has not earned creditable compensation during the school year.

**Disabled Member:** A member to whom a disability benefit is payable.

**Retired Member:** A member who has terminated employment and has retired for service or has retired for disability and to whom a retirement benefit is payable.

**Vested Member:** A member who has accrued five years of credited service to be eligible for service retirement, disability retirement or disability benefit.

---

## N

### Nonconsecutive Final Compensation

The highest average annual compensation earnable during any period of three years of paid employment covered by CalSTRS. Available for those members who received a salary reduction due to a

reduction in school funds. Upon certification from the employer, CalSTRS will use the highest three nonconsecutive school years to determine final compensation.

---

## O

### One-Time Death Benefit

A one-time benefit made to the recipient(s) after a member dies.

#### Options

**Option 2:** Upon the member's death the modified benefit will continue to be paid to the option beneficiary for life.

**Option 3:** Upon the member's death, one-half the modified benefit will continue to be paid to the option beneficiary for life.

**Option 4:** Upon the death of either the member or the option beneficiary, two-thirds the modified benefit will continue to be paid to the survivor for life.

**Option 5:** Upon the death of either the member or the option beneficiary, one-half the modified benefit will continue to be paid to the survivor for life.

**Option 6:** Upon the member's death, the modified benefit will continue to be paid to the option beneficiary for life. If the option beneficiary predeceases the retired member, the retired member's benefit will be raised to the unmodified level.

**Option 7:** Upon the member's death, one-half the modified benefit will continue to be paid to the option beneficiary for life. If the option beneficiary predeceases the member, the member's benefit will be raised to the unmodified level.

**Option 8:** Upon the member's death, benefits will be paid to multiple option beneficiaries for life. The benefit paid to an individual beneficiary depends on which of Option 2 through 7 was selected for that beneficiary, and what percentage of the total benefit was subject to the option and beneficiary selected.

#### Option Beneficiary

The person named by a member to receive a lifetime monthly benefit after the member's death.

#### Option Factor

An actuarially determined factor used to calculate the amount of monthly benefit when an option is

selected to provide a lifetime monthly benefit to a designated option beneficiary after the member's death. (See Options)

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## P

### **Parent**

A natural parent or parent who adopted the member prior to the member's attainment of 18 years of age or marriage, whichever occurs earlier.

### **Participant**

A person who has performed creditable service subject to coverage by the Cash Balance Benefit Program and who has contributions credited under the Cash Balance Benefit Program or is receiving an annuity under the Cash Balance Benefit Program by reason of creditable service.

### **Post-Tax Contributions**

Member contributions paid into the CalSTRS Defined Benefit Program based on creditable compensation from which federal and state income taxes have been withheld.

### **Projected Final Compensation**

The final compensation used to determine the Disability Benefit or Family Benefit, under Coverage A, increased by 2 percent, compounded annually, to the earlier of age 60 or the date the Disability Benefit is terminated.

### **Projected Service**

Credited service plus the service that would have been earned to age 60 (or termination of the Disability Benefit, whichever comes first) had the member continued to work and receive service credit at the same rate as the highest of any one of the three school years immediately preceding death or the date the Disability Benefit began to accrue under Coverage A.

---

## R

### **Recipient**

A person or persons named by a member to receive the one-time death benefit

### **Redeposit**

The buying back of service credit represented by previously withdrawn contributions after terminating

CalSTRS-covered employment. Redeposit costs include the interest the refunded amount would have earned had the funds remained in the CalSTRS account.

### **Reduced Workload Program**

A feature under which eligible members may reduce their workload from full time to part time (a minimum of 50 percent of full time) and still receive a full year of service credit. Members may participate in this program for up to 10 years before retirement.

### **Refund**

A distribution of all DB member post-tax contributions, tax-deferred contributions and interest credited on those contributions after a member has terminated employment with the California public school system.

### **Reinstatement**

Returning to employment in a position requiring CalSTRS membership, such as a retired educator returning to the classroom in a credentialed position and terminating of a CalSTRS benefit.

### **Retirement Benefit**

A monthly benefit paid to a member each month after retirement.

### **Retirement Benefit Calculation**

The formula used to calculate the amount CalSTRS members will receive each month after retiring for service. The formula is: service credit x age factor (2 percent at age 60) x final compensation.

### **Retirement Incentive Program**

Two programs that would increase either one or two of the elements used in calculating the CalSTRS service retirement benefit. This program allows DB members who are eligible to retire to receive:

- Two years of service credit often called "Golden Handshake"

Or

- Two years of service credit and two years of age added to the age factor (2 + 2)

### **Return of Member Contributions**

A one-time payment of all accumulated member contributions. Payment equals the member's total contributions and interest at time of retirement, disability or death, less the sum of all monthly benefit

payments received. This is payable when there are no longer any option beneficiaries or survivors who qualify for a continuing monthly benefit from the program.

---

## S

### **Service Credit**

Accumulated period of time in years, including partial years, for which a member earned creditable compensation and made contributions under the Defined Benefit Program.

### **Single-Month Earnings Limit (Disability Benefit, Coverage A)**

The amount a disabled member may earn in a six-month period without a reduction in the disability benefit. The member's disability benefit and employment earnings in a single month are added together and compared to the indexed final compensation for the month. Amounts in excess of the limit must be offset by CalSTRS.

### **Six-Month Earnings Limit (Disability Benefit, Coverage A)**

The member's employment earnings and disability benefit over any continuous six-month period are compared to two-thirds of the indexed final compensation. If they exceed this limit, the disability benefit can be terminated unless the member on disability is enrolled in a CalSTRS-approved rehabilitation plan.

### **Subrogation**

A process that permits CalSTRS to participate in an action to recoup expenses and legal costs when a third party causes the injury or death of a CalSTRS member before retirement and the member or family pursues civil litigation.

### **Supplemental Benefit Maintenance Account**

The account from which payments are made to members and beneficiaries whose current benefit is worth less than a specified percent of the original benefit when adjusted for increases in the California Consumer Price Index. The percentage is set at 80 percent.

## **Surviving Spouse**

A person who was married to the member for at least 12 months prior to the member's death. May be married fewer than 12 months if a child was born during the marriage or if the surviving spouse is pregnant with the member's child.

A new law, effective January 1, 2004, also defines a spouse as a person who was continuously married to a member for fewer than 12 months prior to the accidental death of the member or for the period beginning prior to the occurrence of the injury or diagnosis of the illness that resulted in the member's death.

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## T

### **Teletalk**

An automated telephone system that provides general information about a variety of CalSTRS subjects. You can also request forms, publications, duplicate 1099Rs and statements of accounts. .

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## U

### **Unmodified Benefit**

The highest monthly benefit payable to a member retired for service or disability prior to any modification for election of an option.

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## V

### **Vested Member**

A member of the CalSTRS Defined Benefit Program with five years of credited service.

### **Voluntary Investment Program**

Tax-deferred supplemental savings program that complements the CalSTRS DB, DBS and CB Benefit programs.

# CALSTRS

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