



CALSTRS

YOUR SMART START GUIDE

Early Career

2016



THE BENEFIT OF A LIFETIME

Dear CalSTRS member,

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

CalSTRS is dedicated to your secure financial future and helping you get there.

Your Member Kit provides a quick understanding of your defined benefit pension and more.

Your income in retirement is a shared responsibility between CalSTRS and you. Your CalSTRS benefit will replace about half of your final pay. Need more for your future? Pension2, CalSTRS' voluntary supplemental savings plan, can help fill the gap. See pages 14-15 to learn more.

We invite you to take a few minutes now to look through your kit.

Thank you for choosing education for your career.

Sincerely,

Jack Ehnes  
Chief Executive Officer



On our cover:

Jasmin is a teacher with a school district in the Central Valley where she mentors other teachers on how to integrate arts into classroom curriculum. She has been a CalSTRS member for nine years.

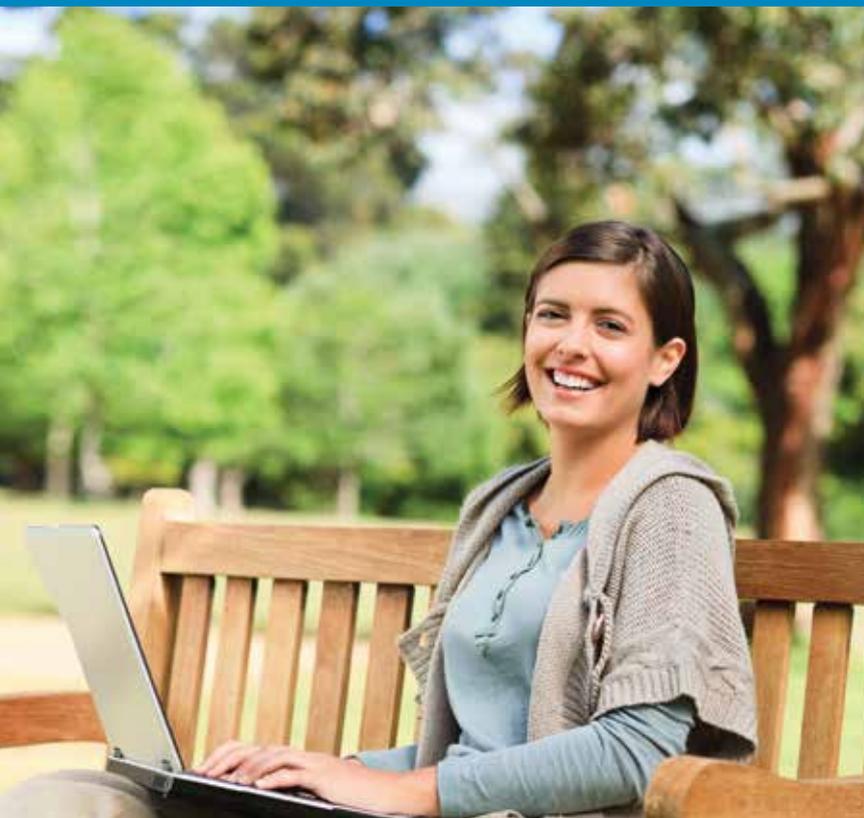
# Will You Have Enough?

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

See pages 13–15.

## 5 Reasons Why You Should Start a 403(b) or 457(b) Account Now

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



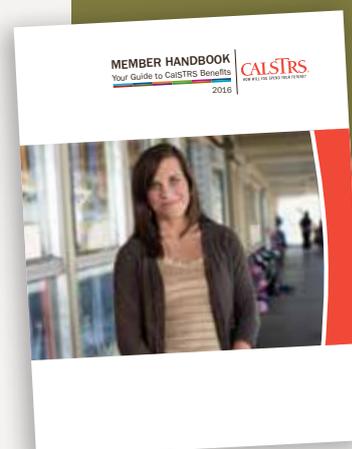
## Your income in retirement is a shared responsibility between CalSTRS and you.

Your CalSTRS lifetime monthly retirement benefit is a healthy start. You'll likely need more to meet your retirement income goal. That's why we created CalSTRS Pension2, your personal wealth plan. Learn the advantages of Pension2's low-cost 403(b) and 457(b) plans on pages 14–15.

- Use our online savings calculators at [CalSTRS.com/savingscalculator](https://www.calstrs.com/savingscalculator) to see why it pays to start saving sooner than later.



### CalSTRS Member Handbook



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

Know your benefits.

# 7

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

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

**THE BENEFIT OF A LIFETIME**  
Your defined benefit pension may be your greatest asset. Take a few minutes now to learn more.

<input type="checkbox"/>		Access your account information on <i>myCalSTRS</i>	4
<input type="checkbox"/>		Know your retirement formula	5
<input type="checkbox"/>		Review your <i>Retirement Progress Report</i>	11
<input type="checkbox"/>		Start a 403(b) or 457(b) account	13
<input type="checkbox"/>		Learn the advantages of CalSTRS Pension2 403(b)s and 457(b)s	14
<input type="checkbox"/>		Name your one-time death benefit recipient	17
<input type="checkbox"/>		Take advantage of CalSTRS resources	19

*CalSTRS is governed by the Teachers' Retirement Law, available at [CalSTRS.com](http://CalSTRS.com), and other sections of state law. If there is a conflict between the law and this booklet, the law prevails.*

# CalSTRS Is Here for You

Our primary responsibility is to provide you with retirement, disability and survivor benefits. We also offer resources specific to your career stage:

- Your annual *Retirement Progress Report*, available on *myCalSTRS*, which provides a summary of your accounts and service credit.
  - Online services and forms on *myCalSTRS*.
  - Customer service by email, phone, letter or in person.
  - Knowledgeable CalSTRS representatives to help you understand your benefits and more.
  - Publications, including the *Welcome to CalSTRS* booklet, workshops and videos.
  - CalSTRS Pension2® 403(b) and 457(b) plans with low fees and expenses for additional income in retirement.
  - Side-by-side investment comparisons of 403(b) plans in California at [403bCompare.com](http://403bCompare.com).
- Find publications, forms, videos, workshops and more at [CalSTRS.com](http://CalSTRS.com).

## Connect With Us on Social Media

Connect and engage with us on your favorite social media. We're here because you are. It's a great way to keep up on the latest CalSTRS news, share ideas and connect with other educators. Invite your colleagues to join us too.

[CalSTRS.com/stay-connected](http://CalSTRS.com/stay-connected)



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## CalSTRS Is Mobile Friendly



Visit [CalSTRS.com](http://CalSTRS.com) from wherever you are.

# Get Smart About Your Future

## Your Benefit of a Lifetime

**You're eligible for a guaranteed, lifetime monthly benefit when you have five years of service credit.**

Your retirement benefit is a defined benefit pension based on a formula set by law, not on how much you contribute or how well investments perform:

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

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## Your CalSTRS Retirement Benefit Is a Healthy Start—Will It Be Enough?

The median CalSTRS retirement benefit replaces about 50 to 60 percent of a member's salary. You'll need to close any gap between your retirement goal and your retirement benefit with savings and investments.

Don't know where to begin? CalSTRS Pension2 is *your* personal wealth plan. See pages 14–15 to learn more.



 View *The Gap* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

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



# myCALSTRS

## Access Your CalSTRS Information Online, Any Time

myCalSTRS offers easy, secure and convenient access to your accounts and CalSTRS forms. Register at [myCalSTRS.com](http://myCalSTRS.com). Once you complete the one-time process, your myCalSTRS account will be active.

With myCalSTRS, you can:

- 1 Update your contact information.
- 2 Access your annual *Retirement Progress Report* and view information reported by your employer.
- 3 View your account balances.
- 4 Name and update your one-time death benefit recipient.
- 5 Submit and receive secure messages to and from CalSTRS representatives.
- 6 Complete and submit forms.



Need help registering?  
View the self-paced, interactive online registration guide on [myCalSTRS](http://myCalSTRS.com).

## Pop Quiz

### True or False

Most retirees report their expenses in retirement are about the same as expected.

### False

Only 35 percent reported their expenses to be about the same as expected. Some 37 percent found their expenses in retirement to be higher than expected, and 24 percent said they were lower than expected.

—Employee Benefit Research Institute's 2015 Retirement Confidence Survey



# Know Your Retirement Benefit Formula

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

service credit x age factor x final compensation

**CalSTRS has two benefit structures:**

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

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

The 2 percent refers to the percentage of your final compensation that you'll receive as a retirement benefit for every year of service credit, also known as the age factor. Other differences between the two benefit structures are final compensation, age factors, normal retirement age, creditable compensation cap and contribution rate.

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## Service Credit

Service credit is the number of school years, including partial years, you have worked and contributed to CalSTRS:

- You earn service credit every day you work or are on paid leave.
- You can earn up to one year of service in a school year. If you work less than full time, your service credit for the year may be less than one year.

If you earn more than one year of service in a school year by performing extra-pay assignments for school activities or working in multiple positions, most of your and your employer's contributions from the additional service will go into your Defined Benefit Supplement account (see page 7).

## Age Factor

Age factor is a percentage based on your age at the time you retire. If you're a CalSTRS member under the 2% at 60 benefit structure, your age factor is set at 2 percent at age 60. It decreases if you retire before age 60 and increases up to a maximum of 2.4 percent at age 63.

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

## Final Compensation

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

➤ See "Your Defined Benefit Membership," "Your Retirement Benefit" and "Retiring From More Than One Public Retirement System," in the *Member Handbook*.

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

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

## Contributions to Your CalSTRS Retirement

CalSTRS pays retirement benefits using a combination of investment income and contributions. Under the 2014 CalSTRS Full Funding Plan, increased contribution rates were phased in over several years.

### Member Contributions

CalSTRS 2% at 60 members contribute 10.25 percent of their Defined Benefit creditable earnings to help finance their retirement benefit.

If you're a CalSTRS 2% at 62 member, you contribute 50 percent of the normal cost of benefits, rounded to the nearest 0.25 percent, in addition to the increase required under the 2014 full funding plan, so your contribution rate will be adjusted up or down depending on the normal cost of benefits. For 2016–17, you contribute 9.205 percent.

### Employer Contributions

For 2016–17, your employer contributes an amount equal to 12.58 percent of your Defined Benefit creditable earnings. Employer contributions will continue to increase every year, up to 19.1 percent in 2020–21.

### Eligibility for Benefits

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

retirement systems. If you're a CalSTRS 2% at 62 member, you can retire at age 55 with five years of service credit—or fewer under the special circumstances of concurrent service retirement.

### State Contribution

The state of California contributes 8.828 percent of the annual earnings of all members, including an amount for purchasing power protection.

### Inflation Protection

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

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

### Your Retirement Benefit—Your Options

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

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

## Securing Your Financial Future

The 2014 CalSTRS Full Funding Plan, enacted in Assembly Bill 1469, set a course for CalSTRS' long-term viability. The plan relies on gradual contribution increases from all parties—members, employers and the state—without reducing benefits. There are no more rate increases for member contributions under the full funding plan.

Investment returns from the CalSTRS portfolio provide 58 percent of the funds to pay benefits, with contributions providing 42 percent.

With a responsible plan in place, we're on target to meet our promise of a secure financial future for California's educators.

➤ [Learn more at CalSTRS.com/plan-funding.](https://www.calstrs.com/plan-funding)



## Raymond

Junior high math teacher  
CalSTRS member for 15 years

# Your Defined Benefit Supplement Account— Additional Money for Retirement

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

Since you can't earn more than one year of service credit in a school year, most of your and your employer's contributions from earnings in excess of one year of service, up to the compensation cap, are credited to your account. For 2% at 60 members, contributions on limited-term payments are also credited to your account.

Your Defined Benefit Supplement account balance earns a guaranteed

interest rate. For 2016–17, the rate is 2.88 percent. When you retire, you'll receive your CalSTRS monthly retirement benefit and the funds in your Defined Benefit Supplement account.

Find your current balance on your *Retirement Progress Report* at [myCalSTRS.com](http://myCalSTRS.com).

## Excess Contributions

If you make contributions on earnings in excess of one year of service, you're eligible for a return of your contributions that exceed the 8 percent contribution rate for Defined Benefit Supplement

compensation. Any excess contributions will be reported on your *Retirement Progress Report*, available on *myCalSTRS* in September. CalSTRS will return any excess contributions to your employer in October. Your employer is responsible for returning the excess contributions to you. Please contact your employer if you have any questions.

 **View the *Defined Benefit Supplement* videos at [CalSTRS.com/videos](http://CalSTRS.com/videos).**

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As a full-time educator, if you take on extra-pay assignments such as summer school or coaching, most of your and your employer's contributions for that work will go into your Defined Benefit Supplement account.

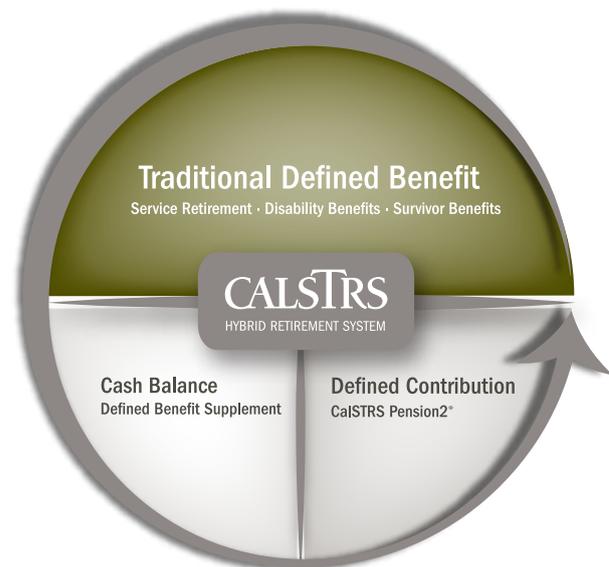
# Your CalSTRS Retirement at a Glance

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

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

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

- **Traditional defined benefit plan:** Your CalSTRS monthly retirement benefit is a defined benefit pension based on a formula:  
**service credit x age factor x final compensation**
- **Cash balance plan:** Your CalSTRS Defined Benefit Supplement is a cash balance plan. Your contributions and your employer's contributions earn a guaranteed annual interest rate. All the funds in your account are yours at retirement.
- **Defined contribution plan:** CalSTRS Pension2 offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans for additional income in retirement. Contribute to your tax-advantaged account through paycheck deductions. The amount you have at retirement depends on your contributions, investment gains or losses, and expenses.



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

# Ways to Increase Service Credit

**The more service credit you have at retirement, the greater your CalSTRS benefit.** You may buy service credit for:

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

## Transfer Unused Sick Leave If You Change Districts

At service retirement, CalSTRS will convert your unused sick leave to additional service credit using the information your employer provides. If you change employers during your career, be sure to coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

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It is cheaper to buy service credit earlier in your career than later.



**Check  
Your Money**

**IQ**

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

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

# What If You Leave Education?

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

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## Benefits of leaving your contributions with CalSTRS:

- You'll keep your service credit.
- Your accounts will continue to accrue interest.
- You'll be eligible for a monthly retirement benefit when you're age 55 if you have at least five years of service credit—or under the special circumstances of concurrent service retirement with certain California public retirement systems.

 **View the *Refund: Consider the Consequences* video at [CalSTRS.com/videos](https://www.calstrs.com/videos) or see the fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications).**



## Consequences of cashing out include:

- You'll no longer be a member of CalSTRS.
- You'll give up all rights to your retirement benefit as well as survivor and disability benefits unless you return to CalSTRS-covered employment.
- Your refund may be subject to additional federal and state taxes if you take your refund before age 59½ and do not roll over your funds to a qualified retirement plan.
- If you take a refund, it's expensive if you return to public education and want to purchase, or redeposit, your service credit.



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

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

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



# Review Your Retirement Progress Report

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

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Your report summarizes:

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



Be sure to verify your paycheck information, including your deductions, each pay period.

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If you believe there's a discrepancy in your report, don't wait to correct errors. Contact your employer immediately.

# Get the Facts on Social Security

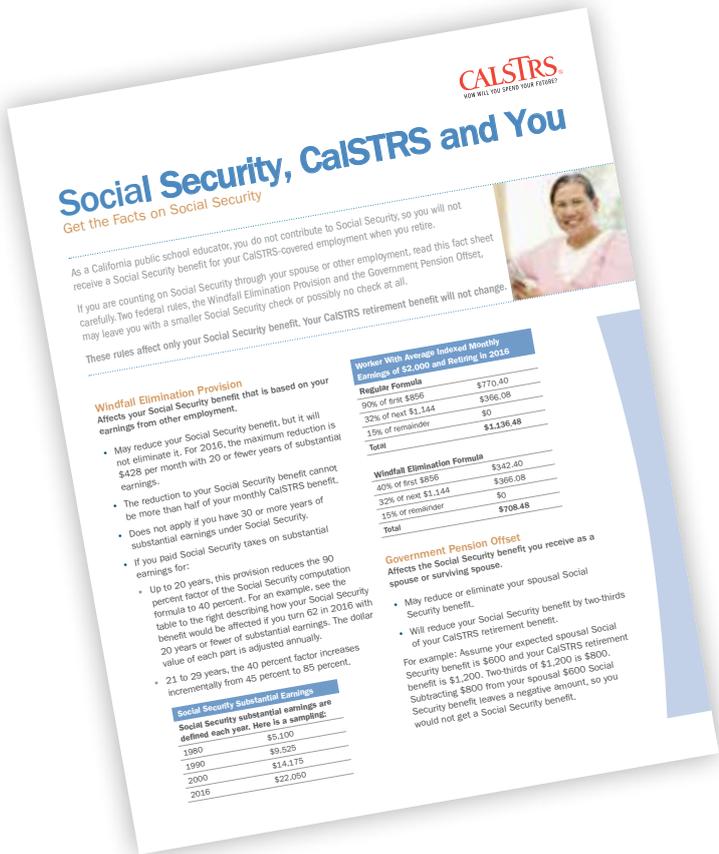
As a California public school educator, you do not contribute to Social Security, so you will not receive a Social Security benefit for your CalSTRS-covered employment when you retire.

If you're counting on Social Security through your spouse or other employment, two federal rules—the Government Pension Offset and the Windfall Elimination Provision—may leave you with a smaller Social Security benefit or possibly no benefit at all.

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

➤ See “Your Retirement Benefit and Social Security” in the *Member Handbook* and the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications).

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



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



# Start a 403(b) or 457(b) Account Now

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

## Start Small

Did you know you can start saving with as little as \$25 a month? That's less than what you may be spending on your morning cup of coffee.

One of the smartest ways to save is to invest in a 403(b), 457(b) or IRA tax-advantaged account. It's never too early to start. Already saving? Congratulations! Consider increasing your monthly contribution.

## Why Start Now

### It's Smart

**Power of time and money.** With compounding, you earn interest on your total balance—your original contribution plus all interest earned and any additional contributions.

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

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

### 403bCompare—Find the Right 403(b) for You

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

Visit 403bCompare to:

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

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

Turn the page to learn about CalSTRS Pension2 403(b) and 457(b) plans with flexible investments, low fees and expenses.

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



## Learn the Advantages of CalSTRS Pension2 403(b)s and 457(b)s

**You're already off to a great start with your CalSTRS retirement benefit. Next, you'll need personal savings.**

Pension2, the CalSTRS voluntary supplemental savings plan, offers low cost, flexible 403(b), 457(b), Roth 403(b) and Roth 457(b) plans.

### Designated With Your Interests in Mind

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

- Simple, low-cost and transparent fees—there are no commissions, no load fees and no surrender charges.
- Flexible investment options that match all levels of investment ability:
  - » **Easy Choice Portfolios**—designed to take into account your risk tolerance and retirement date, each is a ready-made mix of the core investment options.
  - » **Core Investment Options**—build your own portfolio from a carefully selected list of more than 20 funds.
- » **Self-Directed Brokerage Account**—gives you access to a greatly expanded range of mutual funds.
- Personal assistance from experienced local representatives who can help you with retirement planning at no charge.
- A website with investment education and retirement income planning tools.
- Account management through your mobile devices.

➤ See the Pension2 ebook with online enrollment at [Pension2.com](http://Pension2.com).



#### Questions?

Call toll free 844-electP2 (844-353-2872).

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CalSTRS Pension2 complements your retirement benefit and is designed with your interests in mind.

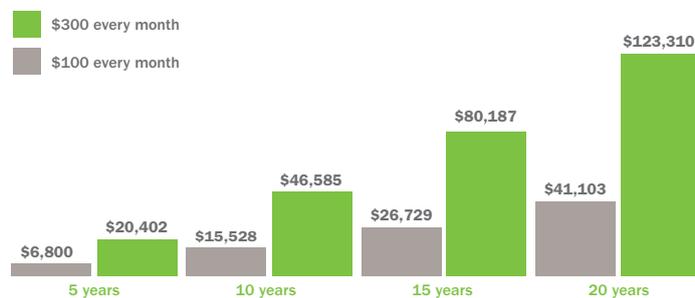
## How a 403(b) or 457(b) Can Work for You

A monthly contribution of \$50 to your tax-deferred account may reduce your paycheck by only \$32.\*

Monthly Contribution	Reduces Your Take-Home Pay By
\$50	\$32
100	63
150	95
200	126
300	173
500	315

## A Little Now Can Really Add Up Later

Let's say you contribute \$100 a month to your account directly from your paycheck. If your account averages a 5 percent rate of return annually, after 20 years, you could have \$41,103. If you increase your monthly contribution to \$300 a month, your savings could grow to \$123,310. An added benefit of tax-deferred contributions: Your \$300 investment may reduce your paycheck by only \$173.\*



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

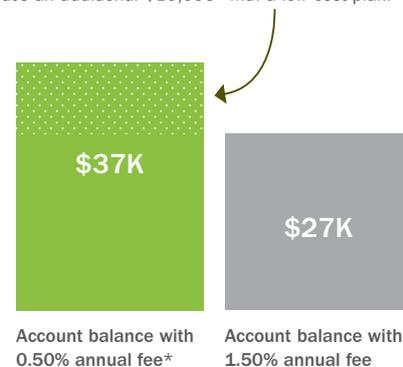
You can save a little or a lot—and you can change your contribution amount any time.

## Pension2 Has Low Fees—Something Everyone Likes

Did you know that most investment plans charge fees and expenses? Even 1 percent can make a big difference in your bottom line over time. Compare fees charged by 403(b) plans in California at [403bCompare.com](http://403bCompare.com).

### The Difference 1 Percent Can Make

Let's say you invest \$10,000 for 30 years, make no contributions and earn an average of 5 percent. Investment fees usually range from 0.5 percent to 1.5 percent a year. After 30 years, you'd have 37 percent more—that's an additional \$10,000—with a low-cost plan.



\* 0.50% = the average cost for Pension2 participants (0.25% admin fee + 0.25% average expense ratio)

## To Start Your Pension2 Account

Just three steps to opening your Pension2 account:

- 1 Enroll online at [Pension2.com](http://Pension2.com) or call 844-electP2 (844-353-2872).
- 2 Determine how much you want to invest.
- 3 Fill out your district's *Salary Reduction Agreement* form, available from your payroll office or online at [403bCompare.com](http://403bCompare.com) (select *Find Employer*).

# 5 Questions to Ask Before Investing

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

## 1. What is my tolerance for risk?

All investments have risk. Understand your **tolerance for risk** before you invest. Low tolerance? You may want to choose a conservative strategy that relies mostly on fixed investments, such as bonds and bond funds. Higher risk tolerance? You may consider more aggressive investments, such as stocks and stock funds. Before you invest, know your risk profile. CalSTRS Pension2 Easy Choice Portfolios provide a ready-made mix of the Pension2 core investments for different time horizons and different risk tolerances.

## 2. What is my timeline?

We all have a **timeline**. Your timeline is made up of the years that represent your financial life. Most of your timeline will be spent saving and growing money, the last part withdrawing and living off that money. It's important to know when you'll move from accumulation to withdrawal—and if you're on track to meet your goals.

## 3. Do I understand it?

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

## 4. What are the fees, expenses and commissions?

Most investments charge fees and expenses. All fees and expenses should be transparent. If they aren't, be wary. Returns are never guaranteed, but **fees, expenses and commissions** are. Investments should come with a prospectus or other document that breaks down the costs. If you're working with a financial adviser, be sure to ask your adviser ahead of time how he or she gets paid: a commission on the investments you buy or a percentage of the value of the assets your adviser manages for you; an hourly fee; a fixed fee; or all of these. Compare costs of 403(b) plans in California online at **403bCompare.com**.

## 5. How easily can I pull my money out?

Be sure you know your options if you change your mind and decide to **pull your money out** or need it for an emergency. For example, some 403(b) annuity investments require you to stay invested for a set period of time and charge hefty penalties if you pull your money out early. Penalties that make it difficult to get out of an investment should make you think twice before getting in.

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Want to learn more? Consider attending our Save for Your Future and Plan for Your Future workshops (see page 19). Our Pension2 team can also help you determine your timeline and risk tolerance.



# Name Your One-Time Death Benefit Recipient

**You're working hard to earn your CalSTRS benefits.** Be sure to name your loved ones or a favorite organization to receive your one-time death benefit. You also have other survivor benefits along with disability benefits.

## Your Survivor Benefits

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

- Your years of service credit.
- Your type of coverage: A or B.
- Your membership status.
- Whether you elect an option.

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

- One-time death benefit.
- Monthly benefit.
- Defined Benefit Supplement distribution.

## One-Time Death Benefit

After your death, your one-time death benefit recipient will receive a one-time death benefit if eligibility requirements are met. The amount of this benefit depends on whether you die before or after retirement. You may name a living person, estate, trust or charity as your recipient.

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

## Monthly Benefit

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

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

➤ See "Protecting Your Loved Ones Before You Retire" in the *Member Handbook*.

## Defined Benefit Supplement Distribution

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

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

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



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

➤ See “Survivor Benefits” in the *Member Handbook* and the *Survivor Benefits* brochure at [CalSTRS.com/publications](http://CalSTRS.com/publications).

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

## What Happens If You Become Disabled?

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

- Prevents you from performing your usual duties with or without reasonable accommodation, or
- Prevents you from performing duties in a comparable level position.

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

So that you have income while your application for disability benefits is pending, you may apply while:

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

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

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

➤ See “Disability Benefits” in the *Member Handbook* and the brochure, *Introduction to CalSTRS Disability Benefits*, at [CalSTRS.com/publications](http://CalSTRS.com/publications).





# Take Advantage of CalSTRS Resources

**Take advantage of our resources to help you understand your benefits and plan for your secure future.**

In addition, CalSTRS representatives are available by phone or email to answer your questions.

**Workshops:** Find descriptions of workshops tailored to each career stage at [CalSTRS.com/workshops](http://CalSTRS.com/workshops).

**Benefit calculators:** Estimate your retirement benefit or the cost to purchase service credit using the calculators at [CalSTRS.com/calculators](http://CalSTRS.com/calculators).

**Connections newsletter:** Keep up to date by reading *Connections*, published twice a year. Sign up on *myCalSTRS* to receive your newsletter electronically to help us conserve natural resources and reduce costs.

## Attend One or All Financial Awareness Workshops

Learn how to make smart financial decisions today about your future. All workshops are about two hours, with dates and locations across the state. You'll take home a booklet of helpful checklists and worksheets.

### Save for Your Future

- Discover how you're spending your money now and different ways to create a budget.
- Explore your choices for saving and investing.
- Understand your credit score and your credit report—and ways to improve it.

### Plan for Your Future

- Create an action plan for your retirement.
- Estimate your retirement income and expenses.
- Learn about retirement obstacles.

### Protect Your Future

- Learn ways to maximize and protect your income.
- Explore ways to reduce the risks of underestimating expenses.
- Learn how to choose a financial adviser.

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

## View Our Member Benefit Videos

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

**Understanding the Formula:** Know how your retirement benefit is calculated.

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

**Refund—Consider the Consequences:** Understand the consequences of taking a refund if you leave teaching.

**Defined Benefit Supplement:** Learn about this additional source of money for retirement.

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

## Keep Your Address Current

Be sure CalSTRS has your current mailing and email addresses, so you don't miss out on important communications from us.

### Moved or planning a move soon?

Two ways to update your contact information:



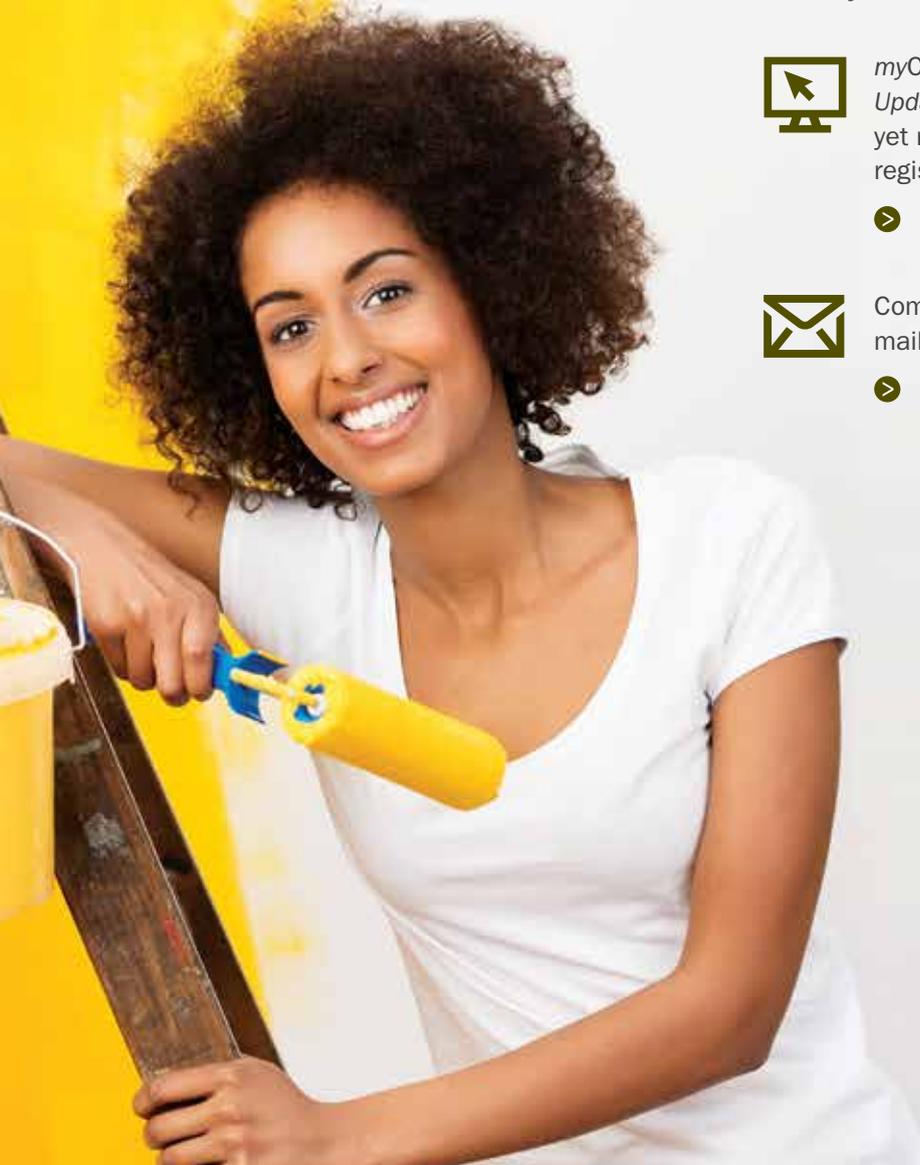
*myCalSTRS* makes it easy. From the home page, select *Update Your Profile*, then follow the instructions. Not yet registered for *myCalSTRS*? Complete the one-time registration process today to activate your account.

➤ [myCalSTRS.com](http://myCalSTRS.com)



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

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



# Your Monthly Budget Worksheets

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

On the final page, calculate your net income by subtracting your monthly expenses from your monthly income.

## Give it a try!

Each month, take a look at your results:

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

**Are you in the negative and spending more than you take in?** Then consider adjusting your expenses. Look first at your discretionary spending. Find small ways to save.

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

**Make sure you cover all expenses.** You may find some of your expenses vary from month to month, so you may want to track your spending for three months.

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

 Or try a budget app to manage your spending habits.

**Income**

Actual

Monthly pay (after taxes)	
Alimony or child support	
Interest income	
Other income:	
Other income:	
<b>Total Monthly Income</b>	

Budget for the month of:

**Expenses**

Estimate

Actual

Difference

Must-Have or Want?

<b>Expenses</b>	Estimate	Actual	Difference	Must-Have or Want?
<b>Home</b>				
Mortgage/rent				
Second mortgage				
Property taxes				
Homeowner's insurance				
Association dues				
Repair/maintenance				
Other:				
<b>Total Home Expenses</b>				
<b>Utilities</b>				
Electric				
Gas				
Water/sewer				
Phone (landline)				
Phone (cell/family plan)				
Other:				
<b>Total Utilities Expenses</b>				
<b>Food/Household Items</b>				
Groceries/household items				
Eating out (meals, snacks, coffee)				
Other:				
<b>Total Food/Household Expenses</b>				
<b>Transportation</b>				
Car payment 1				
Car payment 2				
Gas/public transportation				
Car insurance				
Repairs/maintenance				
Other:				
<b>Total Transportation Expenses</b>				
<b>Health/Grooming</b>				
Health insurance				
Prescription medication				
Gym/health club				
Grooming (hair, nails)				
Other:				
<b>Total Health/Grooming Expenses</b>				
<b>Family/Pets</b>				
Childcare/babysitting				
Child support				
Alimony				
Allowances				
Tuition and fees				
Pet food, supplies, veterinarian				
Other:				
<b>Total Family/Pet Expenses</b>				

<b>Expenses</b>	<b>Estimate</b>	<b>Actual</b>	<b>Difference</b>	<b>Must-Have or Want?</b>
<b>Entertainment/Recreation</b>				
Cable TV, Internet, streaming services				
Movies, concerts, other events				
CDs, DVDs				
Newspapers, magazines, books				
Clubs, sports, hobbies				
Vacations				
Other:				
<b>Total Entertainment/Recreation Expenses</b>				
<b>Debt</b>				
Credit card 1				
Credit card 2				
Credit card 3				
Student loan 1				
Student loan 2				
Personal loan				
Other:				
<b>Total Debt Expenses</b>				
<b>Expenses: Savings/Investing</b>				
Emergency savings				
College/education savings				
Retirement (403(b), 457(b), IRA)				
Short-term goal 1				
Short-term goal 2				
Short-term goal 3				
Long-term goal 1				
Long-term goal 2				
Long-term goal 3				
Other:				
<b>Total Savings/Investing Expenses</b>				
<b>Expenses: Miscellaneous</b>				
Gifts (family, friends)				
Donations (church, charities)				
Other:				
<b>Total Miscellaneous Expenses</b>				

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

$$\begin{array}{r}
 \text{Monthly Income} \\
 - \text{Monthly Expenses} \\
 \hline
 \text{Net Income}
 \end{array}$$



## CalSTRS Resources

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### WEB

CalSTRS.com  
Click *Contact Us* to email

myCalSTRS.com

403bCompare.com

Pension2.com

### STAY CONNECTED



### CALL

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

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

888-394-2060  
CalSTRS Pension2®  
Personal Wealth Plan

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



### WRITE

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



### VISIT

Member Services  
100 Waterfront Place  
West Sacramento, CA 95605

Find your nearest  
CalSTRS office at  
[CalSTRS.com/localoffices](http://CalSTRS.com/localoffices)



### FAX

916-414-5040

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

California State Teachers' Retirement System

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