



CALSTRS®

YOUR SMART RETIREMENT MEMBER KIT

Near Retirement

2016



THE BENEFIT OF A LIFETIME

# Your Timeline

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

Dear CalSTRS member,

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

If you haven't already done so, take advantage of our retirement planning workshops, including the Retirement Application Roundtable where you can get help completing your application. We also encourage you to view our member benefit videos, including the one on beneficiary options, at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Our benefits specialists can also help you plan your retirement by providing benefit estimates and explaining how different decisions will affect your benefit. It's easier to schedule an appointment during the nonpeak months of August–March.

Thank you for dedicating your career to education.

Sincerely,



Jack Ehnes  
Chief Executive Officer



Hervey is a retired principal from Northern California who spent his 13-year educational career motivating students toward success. He's currently working on a doctoral degree in educational leadership and organizational development so he can continue to be an advocate for students.

01

## Any time:

- Activate your *myCalSTRS* account, if you haven't already.
- Attend a CalSTRS benefits planning session.

02

## 10–12 months before your retirement date:

- Read the *Your Retirement Guide* booklet, available at [CalSTRS.com](https://www.calstrs.com).
- Make your retirement benefit decisions. See pages 17–20.
- Check to see if pending or new legislation may affect your benefit or influence the timing of your retirement.

03

## Six months before you plan to retire:

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

04

## After you submit your application:

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

# 9

## Things to do now for your **smart**retirement

You've been helping students build their futures, now it's time to get ready for 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>	2
<input type="checkbox"/>		Estimate your retirement benefit	5
<input type="checkbox"/>		Get the facts on Social Security	8
<input type="checkbox"/>		Review your <i>Retirement Progress Report</i>	9
<input type="checkbox"/>		Increase your retirement benefit	11
<input type="checkbox"/>		Increase your 403(b) or 457(b) contribution	12
<input type="checkbox"/>		Name your one-time death benefit recipient	14
<input type="checkbox"/>		Attend a benefits planning session	16
<input type="checkbox"/>		Get ready to retire	17



## Access Your CalSTRS Information Online, Any Time

myCalSTRS offers easy, secure and convenient access to your accounts and CalSTRS forms. 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 beneficiary designations.
- 5 Submit and receive secure messages to and from CalSTRS representatives.
- 6 Complete and submit forms online.
- 7 Sign up to receive your payment by direct deposit when you submit your retirement application.

### > Ready to retire?

Use myCalSTRS to:

- Make a preretirement election of an option to secure a lifetime monthly benefit to a loved one when you die.
- Apply for retirement.

### 📄 Need help registering?

View the self-paced, interactive online registration guide on [myCalSTRS](#).



## Your Retirement Picture

How do you picture your retirement? Spending more time with family? Traveling? Taking on a new hobby or volunteer work? Start envisioning with the checklist on page 22.

# Get Smart About Your Future

## Your Benefit of a Lifetime

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

## 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 *Your Retirement Guide* booklet, workshops and member education 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).

## Your CalSTRS Retirement Benefit—Will It Be Enough?

The median CalSTRS retirement benefit replaces about 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, such as CalSTRS Pension2.

➤ See pages 12-13 to learn more.



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

# 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) and 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) and 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.



# Estimate Your Retirement Benefit

**How much will your benefit be each month?** Your primary retirement benefit is based on a formula set by law:

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

## 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 credit 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. As a 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.

## Final Compensation

Final compensation is your highest average annual compensation earnable for 36 consecutive months, or your highest 12 consecutive months if you have more than 25 years of qualified service credit.

➤ See “Your Retirement Benefit” in the *Member Handbook*.

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

## 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.

📖 See pages 17–20 to learn more about your retirement decisions.

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

You contribute 10.25 percent of your Defined Benefit creditable earnings to help finance your retirement benefit.

### 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.

### Health Insurance in Retirement

CalSTRS does not provide health benefits. Your health benefits depend on your district's agreement with your employee bargaining unit. Many retired educators have to contribute to or pay their own health insurance costs. **Consider setting aside extra money now for your future.**

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

### 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 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.

### 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.

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://CalSTRS.com/plan-funding).

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

# 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 on earnings in excess of one year of service, up to the compensation cap, are credited to this account. Contributions on limited-term payments are also credited to your account.

Your 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.

You can still build your account by taking on extra-pay assignments such as summer school, yearbook adviser or soccer coach.

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

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. Contact your employer if you have any questions.

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

## 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

# 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

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



## 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.

### Government Pension Offset

**Affects the Social Security benefit you receive as a spouse or surviving spouse.**

- May reduce or eliminate your spousal Social Security benefit.
- Will offset your Social Security benefit by two-thirds of the amount of your CalSTRS retirement benefit.

For example: Assume your expected spousal Social Security benefit is \$600 and your CalSTRS retirement benefit is \$1,200. Since two-thirds of \$1,200 is \$800, which is more than your \$600 Social Security benefit, you would not get a Social Security benefit.

### Windfall Elimination Provision

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

- May reduce your Social Security benefit but will not eliminate it. The amount of reduction depends on your years of Social Security earnings and the amount of your CalSTRS benefit.
- The reduction to your Social Security benefit cannot be more than half of your monthly CalSTRS benefit.
- Doesn't apply if you have 30 or more years of Social Security substantial earnings.

➤ See the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com](http://CalSTRS.com).

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

### For More Information

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



#### Mary

Recently retired third-grade teacher  
CalSTRS member for 18 years



# 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.
- Two estimates of your retirement benefit. These are estimates only and not binding.



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.

# Your Retirement Formula: How It Works

## Let's look at Faye:

Faye is a first-grade teacher with 29 years of service credit. She just turned 58 and though not in a hurry to retire, she's been thinking more about retirement lately. Her monthly pay is \$4,708.

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

If Faye retires with at least 30 years of service credit, a 0.20 percent career factor will be added to her age factor, up to a maximum age factor of 2.40 percent.

## service credit x age factor x final compensation

### Example 1

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

<b>29</b>	x	<b>1.76%</b>	x	<b>\$4,708</b>	=	<b>\$2,403</b>
service credit		age factor		final compensation		retirement benefit

### Example 2

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

<b>31</b>	x	<b>2.20%</b>	x	<b>\$4,708</b>	=	<b>\$3,211</b>
service credit		age factor + career factor		final compensation		retirement benefit

### Example 3

If she continued working until her 62nd birthday, she would be eligible for the maximum combined age factor and career factor of 2.40 percent, giving her a monthly retirement benefit of:

<b>33</b>	x	<b>2.40%</b>	x	<b>\$4,708</b>	=	<b>\$3,729</b>
service credit		age factor + career factor		final compensation		retirement benefit

➤ Find the “Age Factor Table” and “Career Factor Table” in the *Member Handbook* at [CalSTRS.com/publications](http://CalSTRS.com/publications).

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



## Increase Your Retirement Benefit

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

- Purchase additional service credit, if you're eligible to do so.
- Work longer to increase years of service credit and age factor, and to qualify for benefit enhancements.
- Convert unused sick leave to service credit at retirement.

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

### Purchase Additional Service Credit

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

- Buy service credit for eligible:
  - » Employer-approved maternity, paternity or sabbatical leave and leave approved under the federal Family Medical Leave Act or California Family Rights Act.
  - » Service in out-of-state or foreign public schools, the military, Peace Corps or Job Corps.
- Redeposit previously refunded contributions and restore service credit if you return to CalSTRS membership or work in certain other California public retirement systems.
- Purchase nonmember service, such as part-time or substitute service in the California public school system, before you were a CalSTRS member or after taking a refund and before becoming a member again.

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

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

### Work a While Longer

The longer you work, the more service credit you'll have—and you may qualify for the one-year final compensation and career factor benefit enhancements:

With 25 or more years of service credit, your final compensation will be based on your highest average compensation earnable for 12 consecutive months.

With 30 or more years, 0.2 percent will be added to your age factor up to a maximum combined age factor and career factor of 2.4 percent at age 61 and 6 months.

### Convert Unused Sick Leave to Service Credit at Retirement

Your unused sick leave will be converted to service credit when you retire. As soon as you change employers during your career, coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

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

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

If you work part time, the base service days are calculated in proportion to the full-time equivalent.

Sick leave credit cannot be used to meet eligibility requirements for service retirement. However, up to two-tenths of one year of unused sick leave may be used to qualify for one-year final compensation and the career factor benefit enhancements, and the increased longevity bonus, if you qualified for it by December 31, 2010.

➤ See “Converting Unused Sick Leave to Service Credit” in the *Member Handbook*.



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

**Are you saving enough?** 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 late to start. Use the savings calculator at [CalSTRS.com/savingscalculator](http://CalSTRS.com/savingscalculator) to help you keep your savings on track.

## Did You Know?

**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.

### 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 and select your personal retirement savings plan.

➤ [Check out 403bCompare.com today.](http://403bCompare.com)

## 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, depending on your tax bracket.

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

CalSTRS Pension2 403(b) and 457(b) plans with flexible investments, low fees and expenses.

Are you saving enough? To help you keep your savings on track, use the savings calculator at [CalSTRS.com/savingscalculator](http://CalSTRS.com/savingscalculator).

# 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 403(b), 457(b), Roth 403(b) and Roth 457(b) plans. 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). Call toll free 844-electP2 (844-353-2872).

## Have Other Retirement Savings Accounts?

### Bring Them All Together!

Now's the perfect time to combine your retirement accounts. By rolling over money currently held in other qualified retirement plans to CalSTRS Pension2, you'll be able to manage your retirement savings in one place and benefit from some great features.

**Asset consolidation is a powerful management strategy.** Combining all your retirement accounts into one account makes it easier to manage your overall investment strategy—when you have fewer accounts, you have less to keep track of and can focus on one investment strategy to meet your savings goals.

**You may be able to save on fees.** Why pay fees on multiple accounts, many of which may have investments with higher fees than the investment choices offered in Pension2. Less in fees can translate into more money in your account.

- To get a no-cost, no-obligation comparison of the fees you may pay elsewhere and with Pension2, simply call 888-426-2684.

Have funds in your CalSTRS Defined Benefit Supplement account?  
Roll them over to Pension2 when you retire.



# 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*. 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).





## Attend a Benefits Planning Session

**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.

**Benefits planning session:** Meet with a CalSTRS benefits specialist to understand how different decisions will affect your benefit. It's easier to schedule a session during the nonpeak months of August–March.

**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 a Video

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

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

**Beneficiary Options:** Learn how to provide a lifetime monthly benefit to your loved ones after your death.

**Introduction to Social Security:** Get the facts if you're counting on a Social Security benefit from your spouse or other employment.

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



## CalSTRS Member Handbook

Find the current version at [CalSTRS.com/publications](http://CalSTRS.com/publications).

Know your benefits.



# Get Ready to Retire

**Are you eligible to retire? Do you want to provide a monthly benefit to someone after your death? How do you want your Defined Benefit Supplement funds?** It's never too early to start planning for your retirement. Attend a CalSTRS workshop or benefits planning session to help you with these decisions and others. Then when you're ready, complete and submit your *Service Retirement Application* online using *myCalSTRS*.

## Are you eligible?

You're eligible to retire as early as age 50 with at least 30 years of service credit, or age 55 with at least five years of service credit.

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

### Member-Only Benefit

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

### Modified Benefit

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

Your option choices include providing your beneficiary with 100 percent, 75 percent or 50 percent of your modified retirement benefit.

To find out how each option would affect your retirement benefit, use the *Retirement Benefits Calculator* at [CalSTRS.com/calculators](http://CalSTRS.com/calculators).

## Electing an Option Beneficiary Before Retirement

You can elect an option beneficiary when you are eligible but not yet ready to retire.

Advantages include:

- The benefit begins immediately after your death.
- If you die before you retire, your option beneficiary will receive a monthly lifetime benefit. If you did not pre-elect an option beneficiary and you die before retirement, your beneficiary may receive a smaller or no lifetime benefit.
- In most cases, the Modified Benefit you'll receive in retirement will be higher if you pre-elect an option than if you elect an option at the time of retirement.

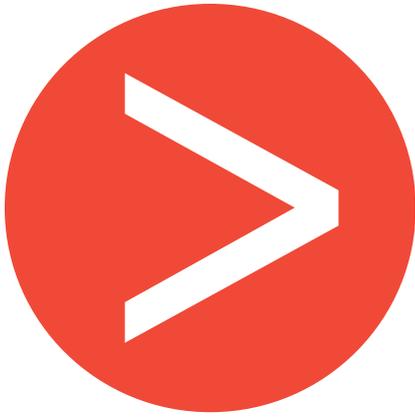
Disadvantages include:

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

If you choose to elect an option before retirement, complete and submit the *Preretirement Option Election* form online using your *myCalSTRS* account for faster processing.

- See “Protecting Your Loved Ones Before You Retire” and “Protecting Your Survivors With a Lifetime Benefit” in the *Member Handbook*.

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



## myCALSTRS | my retirement

### Ready to Retire?

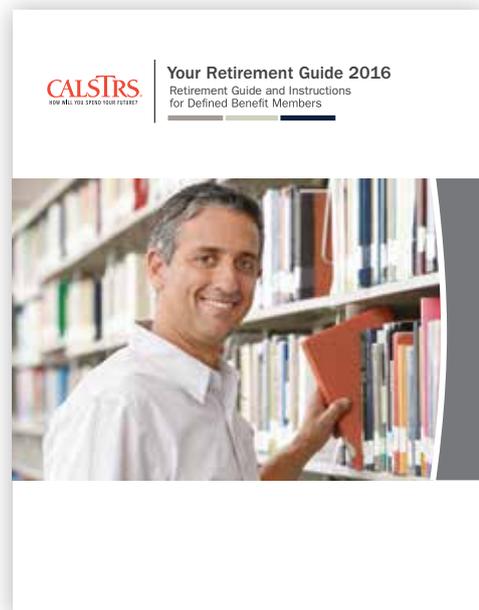
Complete and submit your *Service Retirement Application* online using your *myCalSTRS* account. Or, if you have a complex application, complete it online, then print and mail or fax it to us.

When you complete your application online using *myCalSTRS*:

- Step-by-step guidance means you complete your application correctly.
- Your member-specific information is auto-filled, saving you time.
- Your application is processed automatically, for a faster turnaround.
- You'll receive immediate email confirmation when CalSTRS receives your application and after it has been processed.
- You'll receive prompt emails if we need additional information to process your application.

### Need help completing your application?

Read the *Your Retirement Guide*, available at [CalSTRS.com/publications](http://CalSTRS.com/publications), attend a Service Retirement Application roundtable, or give us a call at **800-228-5453**.



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

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

### Things to Consider

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

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

➤ See “Your Retirement Benefit, Defined Benefit Supplement Program” in the *Member Handbook*.

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

## Ease Into Retirement Under the Reduced Workload Program

If you are not ready to retire but want to cut back on the number of hours you work, consider the Reduced Workload Program (also known as the Willie Brown Act). It allows you to work less than full time but continue to

earn service credit as if you were working full time. You continue to pay your CalSTRS member contributions based on your full-time salary and your employer continues to pay its CalSTRS contributions based on your full-time salary.

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

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

## If You Contributed to Another Public Retirement System

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

When calculating your retirement benefit, CalSTRS may be able to use the salaries for service performed under the other retirement system if you didn't work for both systems at the same time. If you worked under both retirement systems during the same pay period, however, we are required by law to use your CalSTRS salary. If you perform service under either system between the two retirement dates, we must use your CalSTRS salary.

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

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## Not sure how much you'll need?

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

## Working After Retirement

As you plan for retirement, consider how you will spend your days as well as how much money you will need.

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

- You can work in any job outside the California public school system with no restrictions on your earnings. This includes working for private schools, state colleges and universities, and the private sector.
- Under the separation-from-service requirement, also known as the zero-dollar earnings limit, your CalSTRS benefit will be reduced by the amount you earn in a CalSTRS-covered position during the first 180 calendar days following your most recent retirement date, up to your benefit amount payable during that period. This includes work in a CalSTRS-covered job as a substitute teacher and as an employee of a public school system, an independent contractor or an employee of a third party.
- If you work in a CalSTRS-covered position, including substitute teaching, as an employee of a public school system, an independent contractor or an employee of a third party, there's a limit to the amount of money you can earn without affecting your retirement benefit. For fiscal year 2016–17, the postretirement earnings limit is \$41,732.

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

## Your Responsibility

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

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

- See the *Working After Retirement* fact sheet at [CalSTRS.com/publications](http://CalSTRS.com/publications) and “Reinstatement to Active Member Status” in the *Member Handbook*.

# Pop Quiz

## True or False

About half of workers today plan to work after they retire.

### True

About half of workers today plan to work in retirement. About 39 percent of those plan to work part time.

– Retirement Throughout the Ages: Expectations and Preparations of American Workers. 16th Annual Transamerica Retirement Survey of Workers



## Your Financial Picture

**Are you saving enough? Are you spending too much? Are you moving in the right direction?** According to the 16th Annual Transamerica Retirement Survey of Workers, more than half (53 percent) say they “guessed” when asked how they estimated their retirement savings needs. One in five workers calculated the amount based on their current living expenses, and very few used a retirement calculator or worksheet.

↪ Use the worksheets on the next pages to estimate your expenses and income in retirement.

## Check Your Medicare IQ

Medicare starts at age 65, but you’ll still have copayments, deductibles and other expenses that aren’t covered, including custodial care—that’s help with daily living. According to the Employee Benefit Research Institute, Medicare covered 60 percent of the cost of health care services for those age 65 and older in 2012. Out-of-pocket spending accounted for 13 percent, with private insurance covering the rest.

# Your Retirement Picture



Spending time with family



Starting a new career



Indulging in your favorite hobbies



Traveling the world



Would you like to start a new business? A new career? Volunteer? Travel? Maybe spend more time with family or pursue new hobbies? Check all the things you see yourself doing when you retire.

## Work

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

## Family

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

## Education

- Take classes
- Learn a language
- Do lots of reading
- Focus more on staying healthy

## Travel

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

## Fun

- Spend more time on hobbies
- Eat out often
- Go to special events

## Transportation

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

## Housing

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

## Location

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

## Other

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# Your Retirement Income Worksheet

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

## Guaranteed Income

<b>Defined Benefit Pension</b>	
My benefit	\$
Other benefit	\$
<b>Defined Benefit Supplement Payment</b>	
Lifetime monthly annuity	\$
<b>Social Security</b>	
My benefit from other work	\$
Other benefit	\$
<b>Veteran's Benefit</b>	
My benefit	\$
Other benefit	\$
<b>Annuities</b>	
My annuity income	\$
Other annuity income	\$
<b>Other Guaranteed Income</b>	
Other income	\$
<b>Total Guaranteed Monthly Income</b>	
<b>Total Guaranteed Monthly Income</b>	\$



### Guaranteed Income Checklist

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

## Non-Guaranteed Income

<b>403(b), 457(b), 401(k), IRA</b>	
Monthly distributions	\$
<b>Roth 403(b), Roth 457(b), Roth 401(k), Roth IRA</b>	
Monthly distributions	\$
<b>Brokerage/Savings Accounts</b>	
Monthly distributions	\$
<b>Work/Part-Time Work</b>	
Income	\$
<b>Income Outside of Work</b>	
Real estate rental income	\$
Other annuity income	\$
Other	\$
<b>Total Non-Guaranteed Monthly Income</b>	
<b>Total Non-Guaranteed Monthly Income</b>	\$
<b>TOTAL MONTHLY INCOME</b>	
<b>TOTAL MONTHLY INCOME</b>	\$



### Non-Guaranteed Income Checklist

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

# Your Retirement Expense Worksheet

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

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

## 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



### FAX

916-414-5040

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