

My Retirement Decisions

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Section 1: Membership Information and Resources

- My benefit structure determines how my retirement benefit is calculated.
 - ✍ I am a CalSTRS 2% at _____ member.
- CalSTRS.com—access benefit information, forms and publications, educational videos, and calculators.
- myCalSTRS—view and update account information, submit forms and messages, and access my *Retirement Progress Report*.
- *Retirement Progress Report*—provides membership and benefit information, service credit and account balances, and information reported by my employer.



Action Items:

- Verify my benefit structure on my *Retirement Progress Report*, if needed.
- Review my *Retirement Progress Report* each fall and contact my employer directly regarding any discrepancies.
- Register for myCalSTRS and update my communication preferences at myCalSTRS.com.
- View the *Your Retirement Guide* booklet at CalSTRS.com.

Section 2: Choosing a Retirement Date

- The minimum retirement requirement is age 55 with five years of service credit.
- CalSTRS does not offer health benefits. I am responsible for my own coverage. My employer may offer special benefit packages or incentives if I retire within a certain time period.
- Once eligible for retirement, I can retire as early as the day following my last day of work or paid leave.
- My benefit may depend on my retirement date.



Action Items:

- See the *Your Retirement Guide* booklet for more information on retirement eligibility.
- Check with my employer about health benefits and retirement incentives for retirees.
- Verify my last day of work and retirement date with my employer.

Section 3: CalSTRS Hybrid System

- My membership includes the Defined Benefit and Defined Benefit Supplement programs.
- The CalSTRS Pension2 program is a voluntary defined contribution plan.



Section 4: Retirement Benefits

- My retirement benefit is based on the following formula:

$$\text{Service Credit} \times \text{Age Factor} \times \text{Final Compensation} = \text{Monthly Retirement Benefit}$$

	What it is	How to increase it
Service Credit	Time worked and contributed	Work longer or purchase
Age Factor	Percentage based on age at retirement CalSTRS adds 0.20 percent up to the maximum of 2.40 percent for CalSTRS 2% at 60 members with 30 or more years of service credit at retirement	Work longer or wait to retire
Final Compensation	Highest average annual compensation earnable for 36 consecutive months. CalSTRS will use 12 consecutive months for CalSTRS 2% at 60 members with 25 or more years of service at retirement.	Work at higher pay rates



Action Items:

- See the *Member Handbook* for more on retirement eligibility and my age factor table.
- Track my service credit balance on my *Retirement Progress Report* and transfer my unused sick leave balances if I change employers.
- Review the *Understanding the Formula* fact sheet and video on CalSTRS.com.
- Use the *Retirement Benefits Calculator* at CalSTRS.com to generate estimates.

Calculating Jake's Retirement Benefit

Calculate Jake's retirement benefit assuming the following:

- Jake is a CalSTRS 2% at 60 member who wants to retire at 63.
- He is 48 with 12 years of service credit and plans to work full time for 15 more years.
- His one-year final compensation is \$5,208.

Service Credit

Age Factor

x

Final Compensation

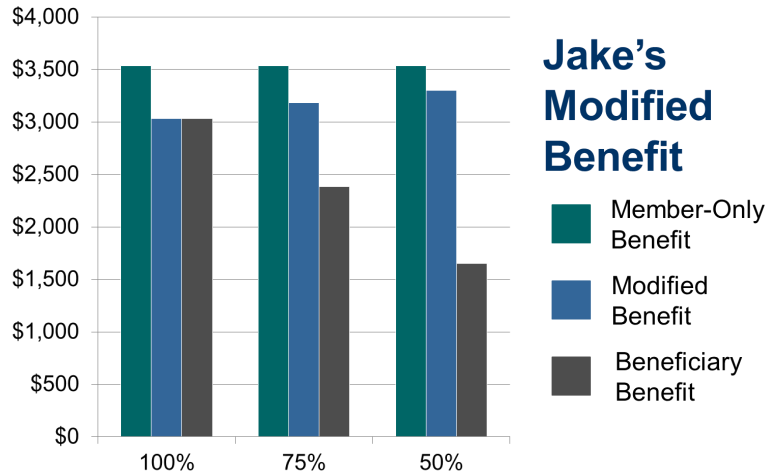
x

Jake's Monthly Benefit

=

Section 5: Defined Benefit Decision

- The Member-Only Benefit is the highest benefit I can receive and ends when I die. Any remaining account balance is paid to my one-time death benefit recipient.
- The Modified Benefit is a reduced benefit that provides a lifetime monthly benefit to one or more beneficiaries when I die. The reduction is based on the option I elect and my age and the age of my beneficiaries when I make the election. I can choose to leave my beneficiary 100%, 75% or 50% of my reduced benefit.
- Once eligible to retire, I can make a *Preretirement Election of an Option* to secure an option benefit if I should die before retirement.



Action Items:

- View the *Beneficiary Options* video and learn about the Compound Option in the *Member Handbook*.
- Attend a benefits planning session or obtain an estimate before electing an option.

Section 6: Defined Benefit Supplement Choices

- The Defined Benefit Supplement Program is a cash balance plan with guaranteed benefits based on contributions and credits. I can choose between the following distributions at retirement:

Lump Sum	Return of account balance
Annuity	<ul style="list-style-type: none"> • Lifetime—separate monthly payment for my lifetime or for my lifetime and the lifetime of my option beneficiary if I elect the Modified Benefit • Period Certain—separate monthly payment for three to 10 years
Combination	Lump-sum payment and annuity based on remaining account balance



Action Items:

- Consider working additional extra-pay assignments to increase my account balance.
- View my account balance on *myCalSTRS* and watch the video series on *CalSTRS.com* to review funding sources, distributions choices and tax considerations.

Section 7: CalSTRS Pension2

- CalSTRS Pension2, a voluntary defined contribution plan, provides additional income in retirement. It offers 403(b), 457(b), Roth 403(b) and Roth 457(b) accounts with low fees and a variety of investments.



Action Items:

- Visit *Pension2.com* for more information, educational videos and contribution calculators.
- Research supplemental savings plan offered by my employer at *403bCompare.com*.

Section 8: Application Process and After Retirement

- I can submit my *Service Retirement Application* as early as six months before my retirement date. Resigning with my employer is a separate process.
- The Windfall Elimination Provision can reduce but will not eliminate my earned Social Security benefit.
- The Government Pension Offset can reduce or eliminate my spousal/widow(er) Social Security benefit.
- I have a separation-from-service requirement. If I return to CalSTRS-covered employment within 180 calendar days of retirement, my benefit will be reduced dollar for dollar by the amount I earn.
- After the first 180 days of retirement, I can work in CalSTRS-covered employment up to the annual postretirement earnings limit. The limit is \$_____ for ____/_____.



Action Items:

- Submit my *Service Retirement Application* no earlier than six months before retirement.
- Verify my resignation process with my employer.
- Contact the Social Security Administration for more information on benefit reductions.

Section 9: Benefit Improvement

- I will receive an increase in my monthly benefit each September after the one-year anniversary of my retirement. The increase is equal to 2 percent of my initial benefit and is not compounded.
- If the purchasing power of my current benefit ever falls below 85 percent of the purchasing power of my initial benefit, I will receive a supplemental benefit payment.

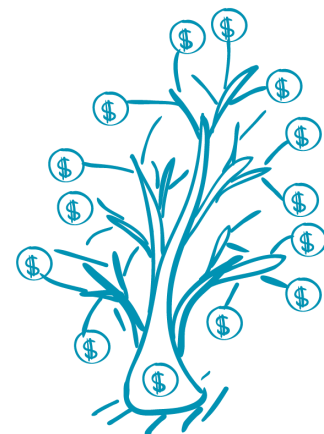


Action Items:

- View the *Member Handbook* for more information

Section 10: Learn More

- Financial Awareness Workshops
 - Save for Your Future—budgeting basics, savings and investing, credit and debt
 - Plan for Your Future—retirement lifestyle, expenses, income and obstacles
 - Protect Your Future—retirement distributions, maximizing and protecting income
- CalSTRS and Your Retirement—personalized benefit estimates, electing an option, application process and after retirement



Action Items:

- Visit [CalSTRS.com/financial-awareness](https://www.calstrs.com/financial-awareness) for more information.
- Contact my local office to schedule a CalSTRS and Your Retirement session.
- Send an online message using *myCalSTRS* or call 800-228-5453 if I have questions.