

My Retirement Decisions

In preparation for the webinar:

- ✓ We ask that you either:
 - Print the materials beforehand.
 - Have the materials open on another computer or device, as we will be presenting a PowerPoint.
- ✓ Handouts for this session are available at:
www.calstrs.com/webinars
- ✓ When you leave, or the host ends this webinar, you will be asked to participate in a survey. We would greatly appreciate your time to provide feedback.
- ✓ This event will have subtitles. You can turn the subtitles on and off by clicking on **Live Transcript** and selecting **Show Subtitles/Hide Subtitles**.



My Retirement Decisions

Trust CALSTRS, not impersonators.

CalSTRS authorized representatives:

- Have an email address ending in @CalSTRS.com.
- Can provide a CalSTRS ID badge or business card.
- Do not provide refreshments at offsite events.
- Will never meet at your home.
- Do not sell insurance products.



Trust CALSTRS, not impersonators.

CalSTRS authorized representatives:

- Have access to your CalSTRS or Pension2[®] account information.

Some Voya Financial representatives work exclusively with Pension2[®]. Their names and photos are listed at [CalSTRS.com/Trust-CalSTRS](https://www.calstrs.com/Trust-CalSTRS).

To verify a CalSTRS representative, contact us at 888-394-2060 or RepCheck@CalSTRS.com



Today's Objectives

- Understand how to choose a retirement date
- Know how to provide for loved ones in retirement
- Consider how to receive your Defined Benefit Supplement account funds
- Take advantage of CalSTRS resources

Polling Question



Section 1: Membership Information and Resources

Benefit Structures

CalSTRS 2% at 60

- First hired before January 1, 2013

CalSTRS 2% at 62

- First hired on or after January 1, 2013



Fill in your benefit structure on page 1.



Verify your benefit structure on your *Retirement Progress Report*.



Learn about us and benefits

Download forms and publications

Access calculators and watch videos

- Read the *Your Retirement Guide* booklet.



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UPDATES

CalSTRS Head of Global Equity June Kim Highlighted as a NextGen Investor – CIO Magazine features Kim as one of 2019's inspiring investment industry leaders.



How Will You Spend Your Future?



View and update account information

Submit forms and send messages

Access Your Retirement Progress Report

- ☑ Register at myCalSTRS.com and update your contact information and communication preferences.

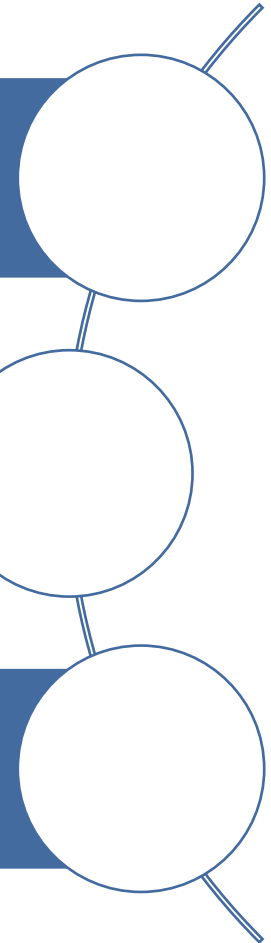
Your Retirement Progress Report

- ☑ Review your report each fall and contact your employer regarding any discrepancies.

Membership and Benefit Information

Service Credit and Account Balances

Employer Reporting



Polling Question



Section 2: Choosing a Retirement Date

Service Retirement Eligibility

Minimum Requirements

- Age 55 with five years of service credit

☑ See the *Your Retirement Guide* booklet to learn more.

Early Retirement

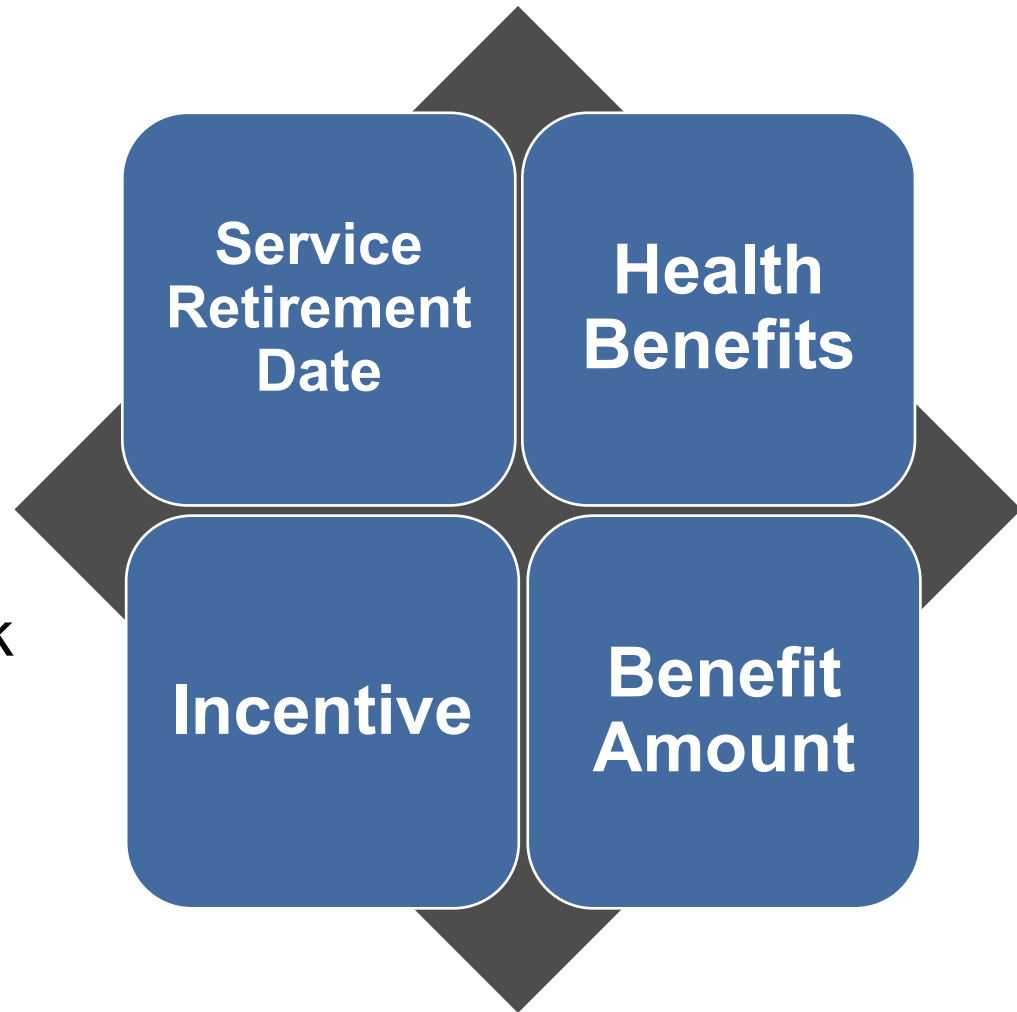
- Age 50 with 30 years of service credit (CalSTRS 2% at 60 only)

Concurrent Retirement

- Age 55 with fewer than five years of service credit if retiring for service with a concurrent retirement system

Retirement Decisions

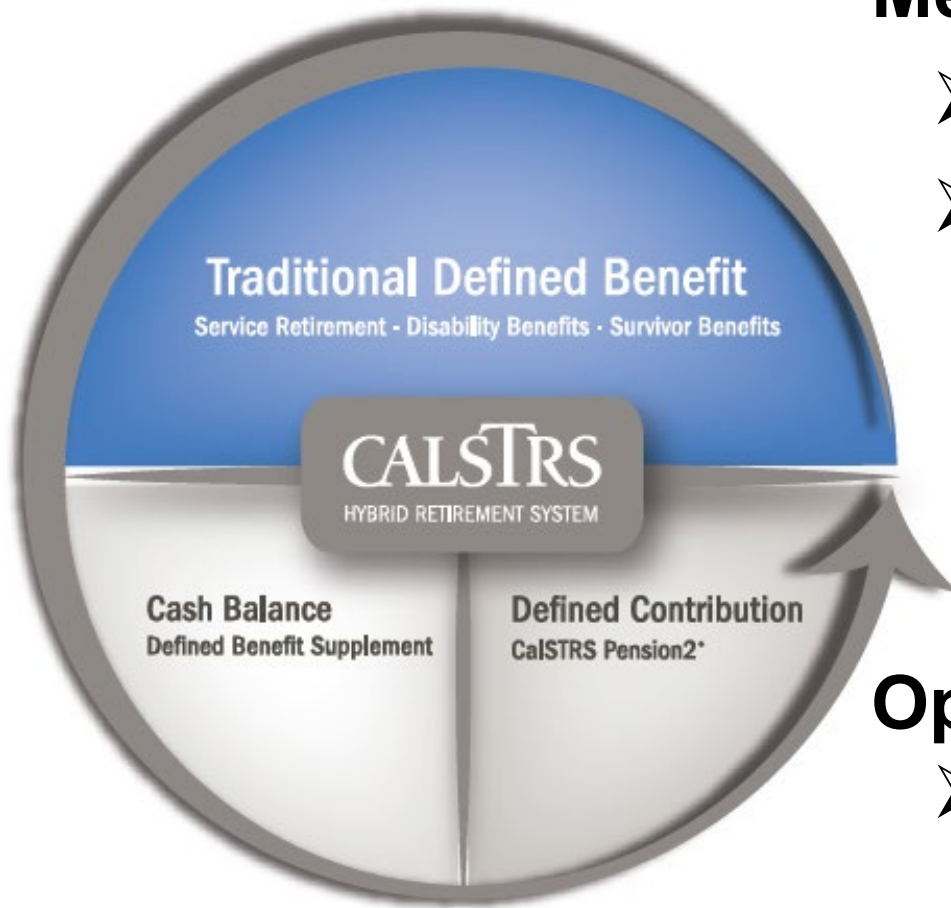
- ☑ Check with your employer about health benefits and retirement incentives.
- ☑ Verify your last day of work and retirement date with your employer.





Section 3: CalSTRS Hybrid System

CalSTRS Hybrid System



Membership includes:

- Defined Benefit Program
- Defined Benefit Supplement Program

Optional:

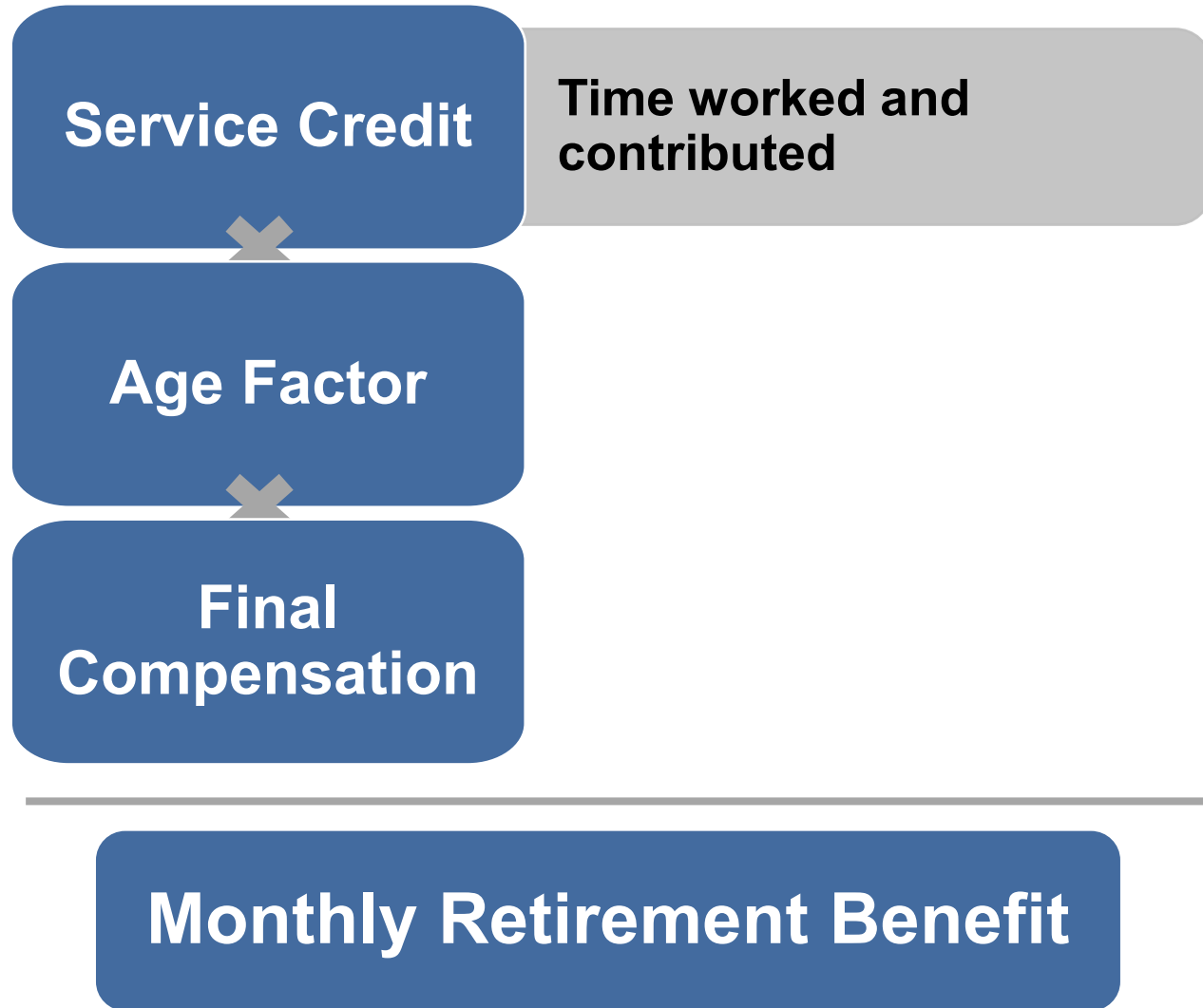
- CalSTRS Pension2



Section 4: Retirement Benefits

The Retirement Formula

- ☑ Review the *Understanding the Formula* fact sheet and video at CalSTRS.com.



Service Credit

Full
Time



1.000

75%
Time



0.750

50%
Time



0.500

- ☑ Track your service credit balance on your *Retirement Progress Report* each fall.

Service Credit

Unused Sick
Leave Days



Number of
Contract
Days

Additional
Service
Credit

Service Credit

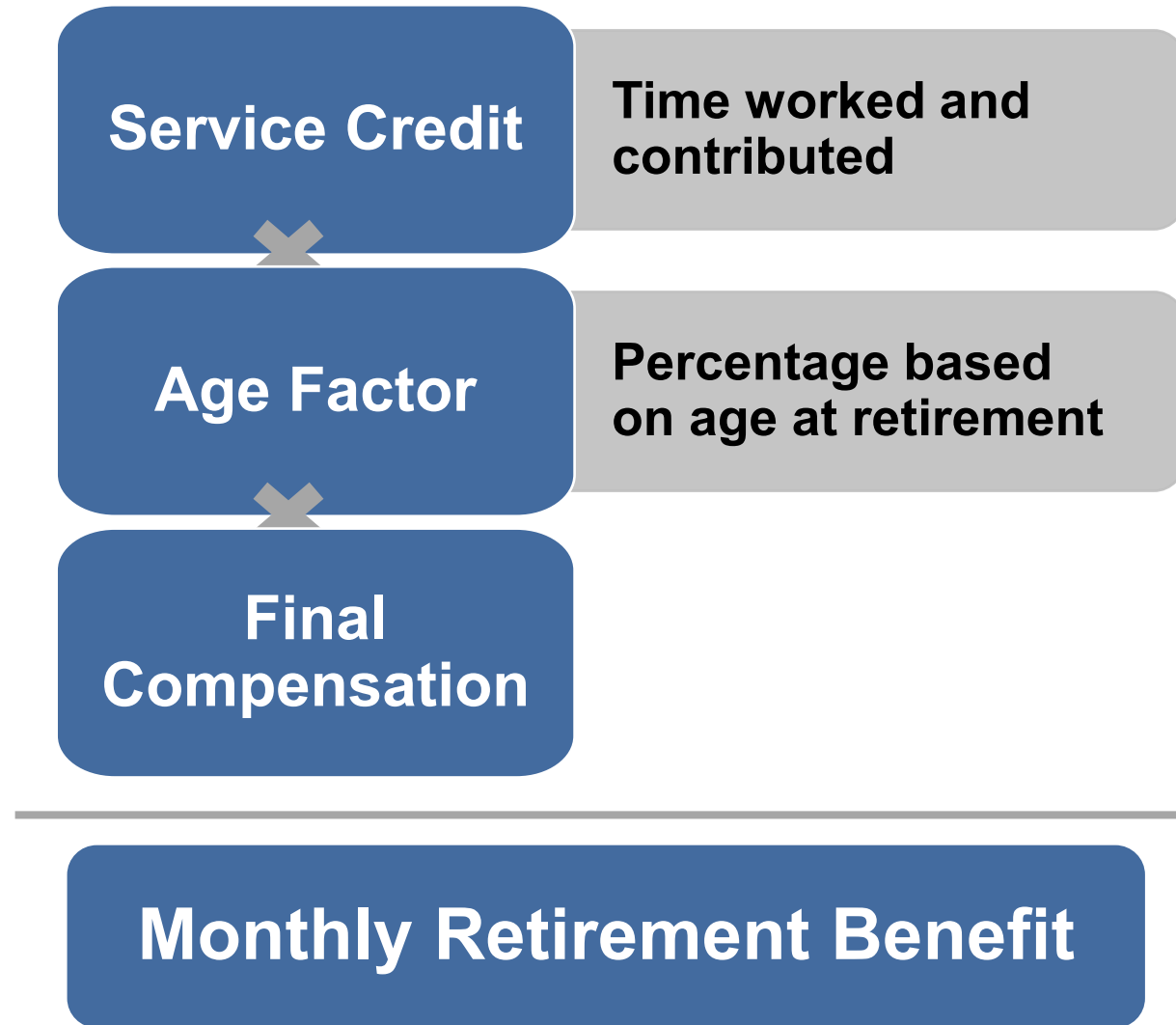
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180

0.556

The Retirement Formula



Age Factor

| Age at Retirement | CalSTRS 2% at 60 | CalSTRS 2% at 62 |
|-------------------|------------------|------------------|
| 55 | 1.40% | 1.16% |
| 56 | 1.52% | 1.28% |
| 57 | 1.64% | 1.40% |
| 58 | 1.76% | 1.52% |
| 59 | 1.88% | 1.64% |
| 60 | 2.00% | 1.76% |
| 61 | 2.13% | 1.88% |
| 62 | 2.27% | 2.00% |
| 63 | 2.40% | 2.13% |
| 64 | 2.40% | 2.27% |
| 65 | 2.40% | 2.40% |

- ☑ View the complete age factor tables in the *Member Handbook*.

Career Factor

0.20 percent increase for CalSTRS 2% at 60 members with 30 or more years of service credit

The Retirement Formula

- ☑ Review the *Understanding the Formula* fact sheet and video at CalSTRS.com.

Service Credit

Time worked and contributed

Age Factor

Percentage based on age at retirement

Final Compensation

Highest average annual compensation earnable for 36 consecutive months

Monthly Retirement Benefit

Final Compensation

| School Year | Compensation Earnable | Number of Months |
|-------------|-----------------------|------------------|
| Year A | \$57,500 | 12 |
| Year B | \$60,000 | 12 |
| Year C | \$62,500 | 12 |

Final Compensation

\$180,000



36
Months

\$5,000

Final Compensation

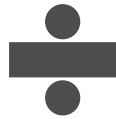
| School Year | Compensation Earnable | Number of Months |
|-------------|-----------------------|------------------|
| Year A | \$57,500 | 12 |
| Year B | \$60,000 | 12 |
| Year C | \$62,500 | 12 |

One-Year Final Compensation

12 consecutive months for CalSTRS 2% at 60 members with 25 or more years of service credit

Final Compensation

\$62,500



12
Months

\$5,208

One-Year Final Compensation

12 consecutive months for CalSTRS 2% at 60 members with 25 or more years of service credit

Final Compensation

\$5,208



\$5,000

\$208

One-Year Final Compensation

12 consecutive months for CalSTRS 2% at 60 members with 25 or more years of service credit

Jake's Retirement Benefit

- Jake is a CalSTRS 2% at 60 member who works full time.
- He is 48 with 12 years of service credit and wants to retire at 60.
- His final compensation is \$5,000.

Service Credit

Time worked and contributed

Age Factor

Percentage based on age at retirement

Final Compensation

Highest average annual compensation earnable for 36 consecutive months

Monthly Retirement Benefit

Jake's Retirement Benefit

➤ Jake is a CalSTRS 2% at 60 member who works full time.

24

12,000 + 12,000 earned between age 48 to 60

➤ He is 48 with 12 years of service credit and wants to retire at 60.

0.020

2% at age 60

➤ His final compensation is \$5,000.

\$5,000

$(\$57,500 + \$60,000 + \$62,500) / 36$ months

\$2,400

Monthly Retirement Benefit

Polling Question

What if Jake works longer?



Estimate Jake's retirement benefit on page 2.

Jake's Retirement Benefit

- ☑ Use the *Retirement Benefits Calculator* at CalSTRS.com to estimate your benefit.

Service Credit

Time worked and contributed

Age Factor

Percentage based on age at retirement

Final Compensation

Highest average annual compensation earnable for 36 consecutive months

Monthly Retirement Benefit

Jake's Retirement Benefit

- Use the *Retirement Benefits Calculator* at CalSTRS.com to estimate your benefit.

27

12,000 + 15,000 earned
between 48 and 63

0.024

2.4% at 63

\$5,208

\$62,500 / 12 months

\$3,375

Monthly Retirement Benefit

Increasing Your Monthly Benefit

Service Credit

- Work longer
- Purchase service credit



Read the *Purchase Additional Service Credit* booklet.

Age Factor

- Work longer
- Retire later

Final Compensation

- Work at higher pay rates



Use the calculators at CalSTRS.com.

Monthly Retirement Benefit



Section 5: Defined Benefit Decision

Defined Benefit Decision

Member-Only
Benefit



Receive the
Highest
Benefit

Modified
Benefit



Receive a
Reduced
Benefit

Date of Death

Remaining
Account
Balance



One-Time
Death Benefit
Recipient

Percentage of
Reduced
Benefit



Option
Beneficiary



View the *Beneficiary Options* video at CalSTRS.com.

Polling Question

Jake's Modified Benefit

Member-
Only Benefit



Option
Factor

Modified Benefit

- ☑ View the *Beneficiary Options* video at CalSTRS.com.

Jake's Modified Benefit

| MBR Age | BEN Age | 100% | 75% | 50% |
|---------|---------|--------|--------|--------|
| 63 | 50 | 0.8054 | 0.8572 | 0.9036 |
| 63 | 55 | 0.8301 | 0.8776 | 0.9184 |
| 63 | 60 | 0.8572 | 0.8997 | 0.9340 |
| 63 | 65 | 0.8844 | 0.9214 | 0.9490 |
| 63 | 70 | 0.9094 | 0.9410 | 0.9621 |

- View the *Beneficiary Options* video at CalSTRS.com.

Jake's Modified Benefit

\$3,375

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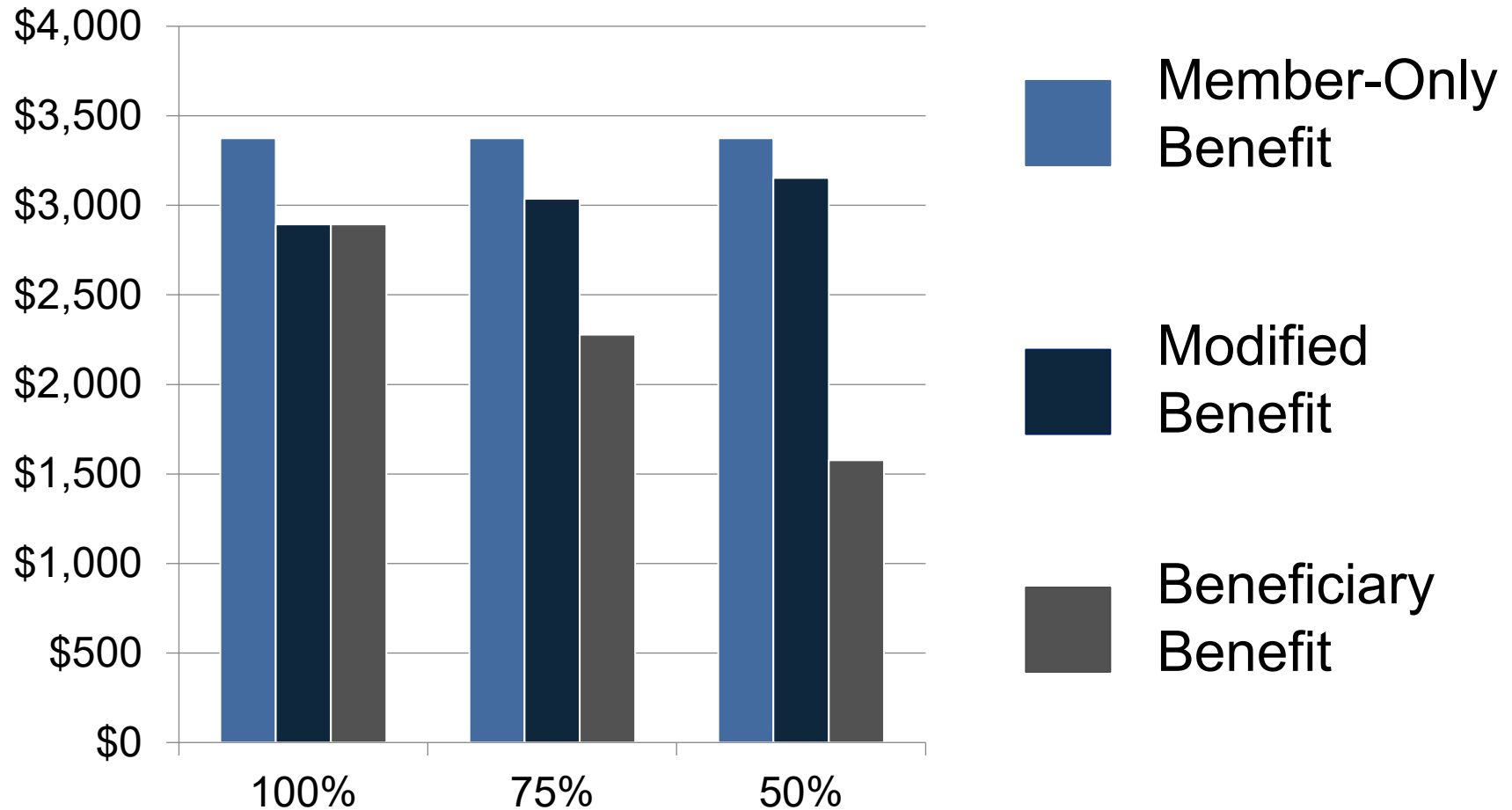
.8997

\$3,036

View the *Beneficiary Options* video at CalSTRS.com.

Use the *Retirement Benefits Calculator* on CalSTRS.com to estimate your modified benefit.

Jake's Modified Benefit



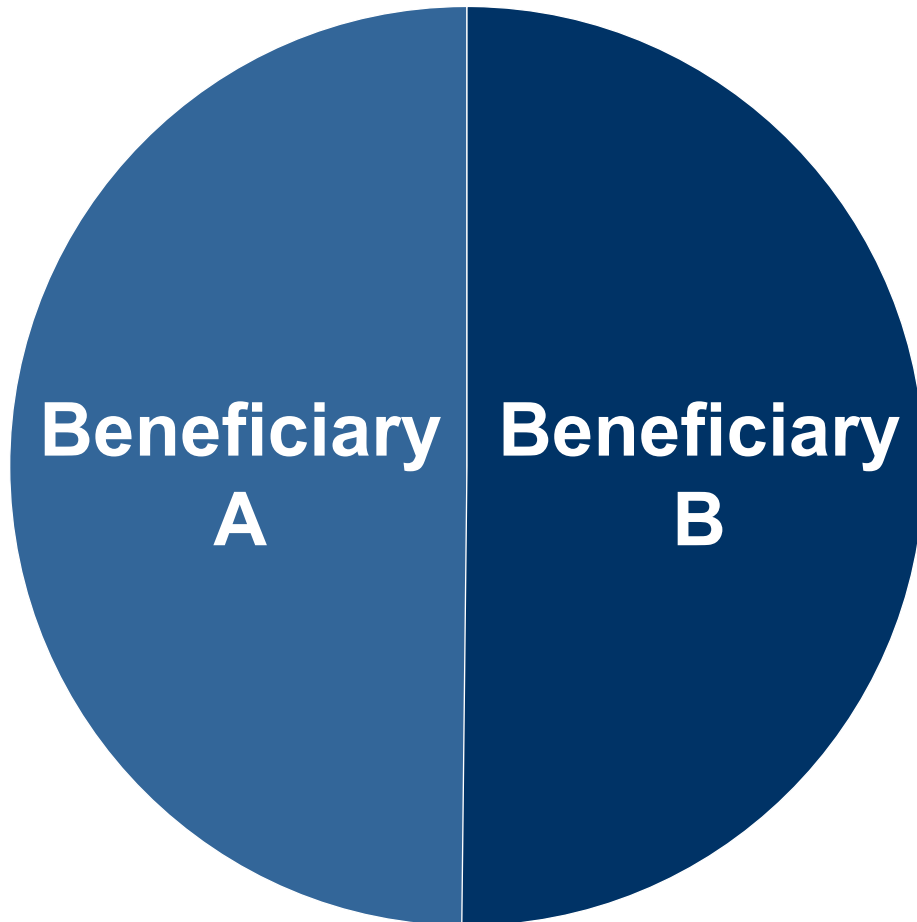
Compound Option



**Member-Only
Benefit**

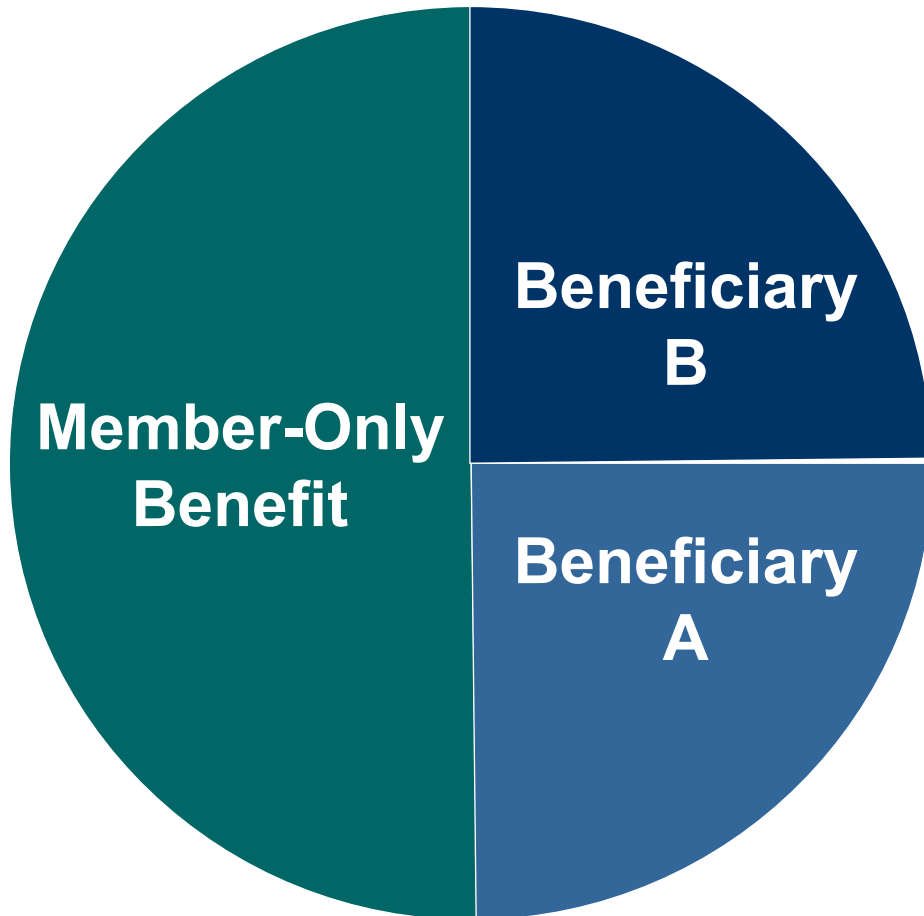
- ☑ Learn more in the *Member Handbook*.

Compound Option



- ☑ Learn more in the *Member Handbook*.

Compound Option



- ☑ Learn more in the *Member Handbook*.

Advantages

- Secure coverage for beneficiary if you should die before retirement.
- Option factor tends to be higher the earlier you elect an option.

- ☑ Attend a benefits planning session or obtain an estimate before electing an option.

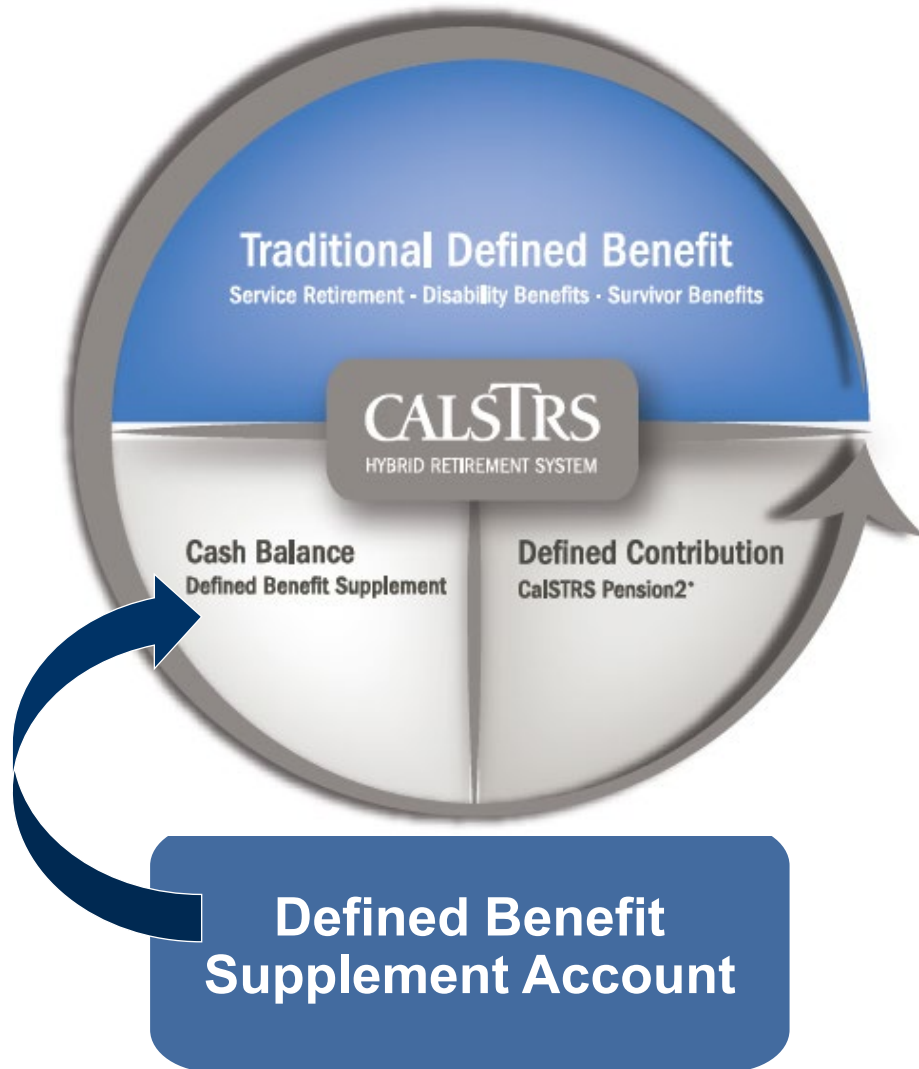
Disadvantages

- You'll be subject to an assessment if you change or cancel your option or if your beneficiary dies before you retire.
- The assessment can reduce your future monthly benefit.



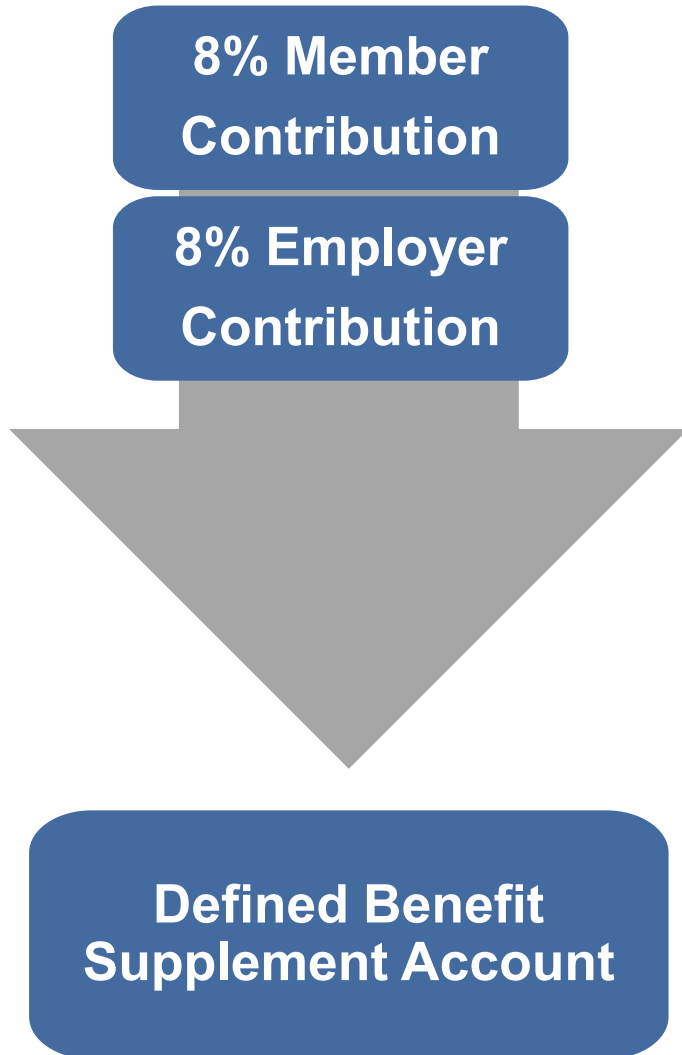
Section 6: Defined Benefit Supplement Choices

Defined Benefit Supplement Account



- ☑ View your account balance on *myCalSTRS*.
- ☑ Consider working extra-pay assignments to increase your account balance.

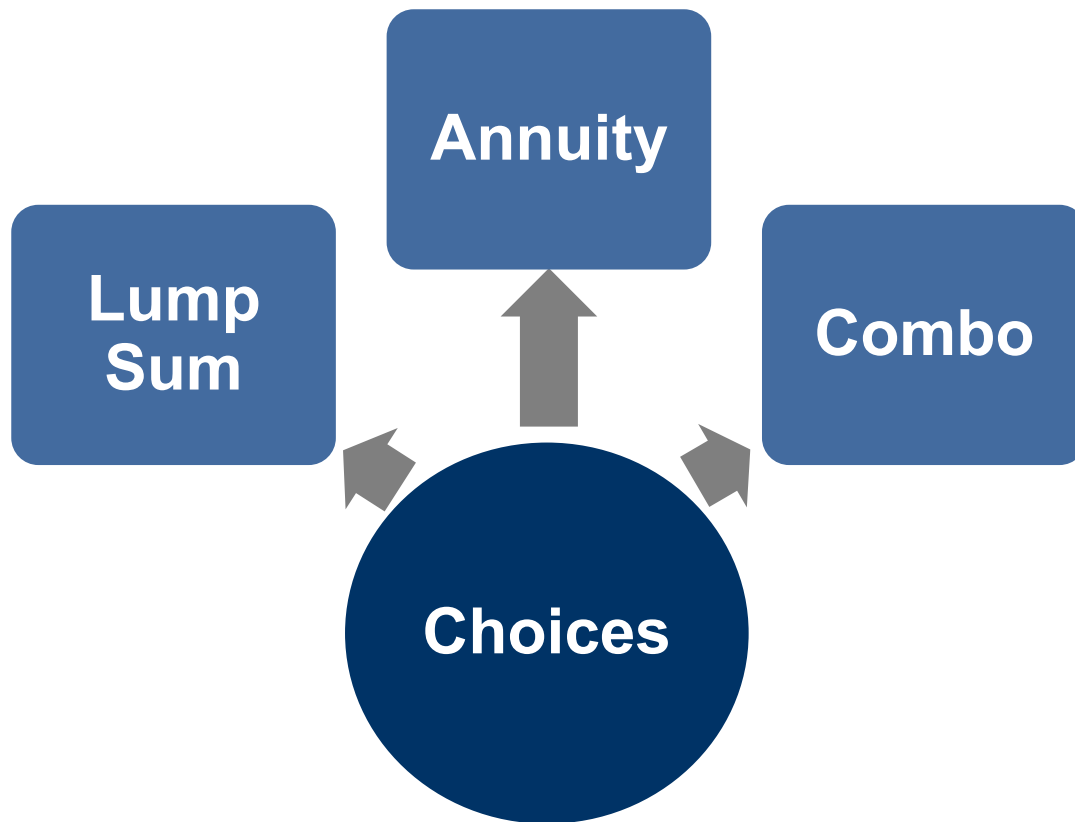
Defined Benefit Supplement Account



- View your account balance on *myCalSTRS*.
- Consider working extra-pay assignments to increase your account balance.

*9% for 2% at 62 members

Defined Benefit Supplement Distributions



- ☑ Review your choices and tax considerations with a tax professional.

Lump-Sum Payment

```
graph LR; A[Account Balance] --> B[Direct Payment]; A --> C[Rollover];
```

**Account
Balance**

**Direct
Payment**

Rollover

Take your entire account balance at retirement.

Lifetime Annuity

**Account
Balance**

**Member-Only
Annuity**

Receive a separate monthly payment for your lifetime.

**Account
Balance**

**100%
Beneficiary
Annuity**

**75%
Beneficiary
Annuity**

**50%
Beneficiary
Annuity**

Your annuity beneficiary is your option beneficiary.

Period-Certain Annuity

**Account
Balance**



**3
Year**

**4
Year**

**5
Year**

**6
Year**

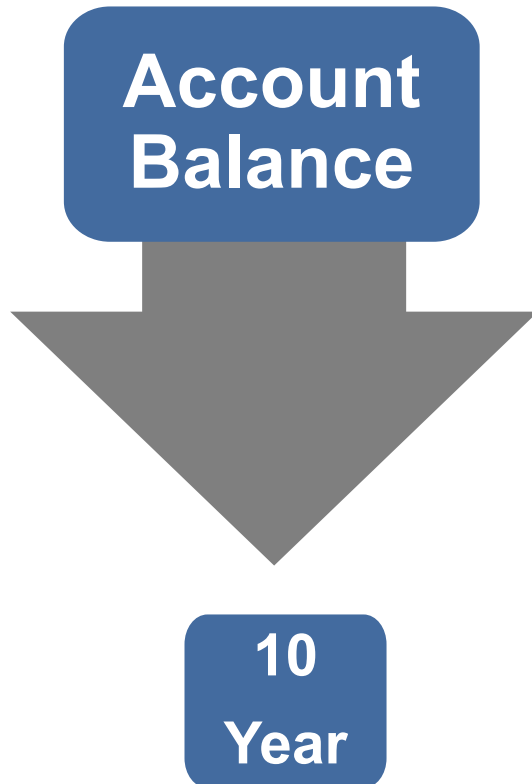
**7
Year**

**8
Year**

**9
Year**

Annuitize account balance and receive a monthly benefit for a specified number of years.

Period-Certain Annuity



Annuitize account balance and receive a monthly benefit for a specified number of years.

Combination Lump Sum and Annuity

Account Balance

The diagram illustrates a financial process. On the left, a blue rounded rectangle labeled 'Account Balance' is connected by a large grey arrow pointing to the right. This arrow splits into two paths, each leading to a blue rounded rectangle. The top path leads to a box labeled 'Lump-Sum Payment', and the bottom path leads to a box labeled 'Lifetime or Period-Certain Annuity'.

Lump-Sum
Payment

Lifetime or
Period-Certain
Annuity

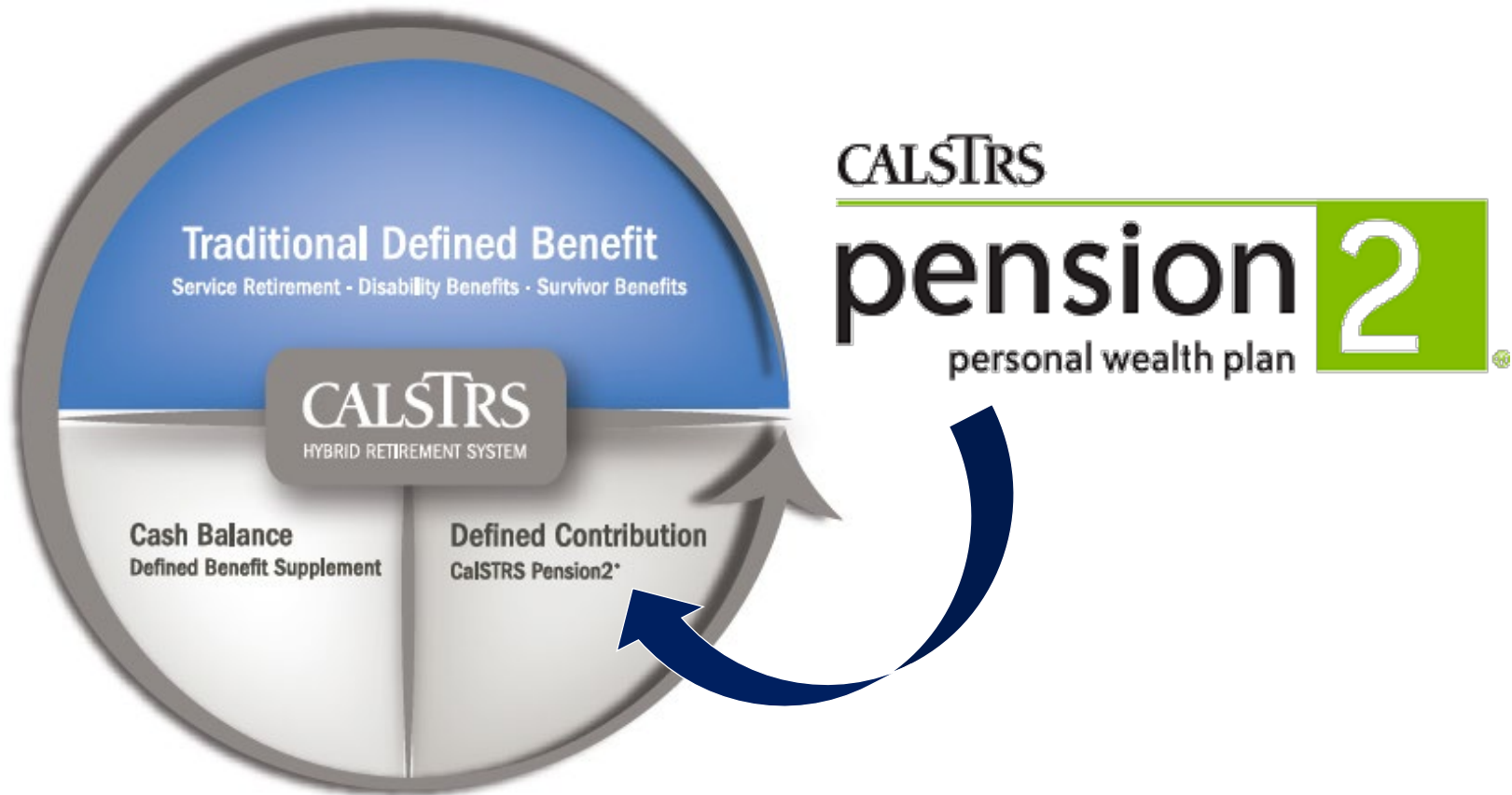
Take a lump-sum payment and annuitize the remaining account balance.

Polling Question



Section 7: CalSTRS Pension2

CalSTRS Pension2



CalSTRS Pension2

403(b)

457(b)

Roth 403(b)

Roth 457(b)



- Visit Pension2.com for more information, videos and savings calculators.
- Research your employer's plans at 403bCompare.com.

CalSTRS Pension2



- Tax-deferred retirement savings
- Low and transparent costs
- No commissions, load fees or surrender charges
- Flexible investment options

Visit [Pension2.com](https://www.pension2.com) or call **888-394-2060** for more information.

Polling Question



Section 8: Application Process and After Retirement

Application Process

```
graph TD; A[Decide] --> B[Resign]; B --> C[Retire];
```

Decide

Resign

Retire

- ☑ Submit the *Service Retirement Application* to CalSTRS no earlier than 6 months before retirement.

- ☑ Verify resignation process with your employer.

Social Security Rules

Windfall Elimination Provision

- May reduce but cannot eliminate your earned Social Security benefit

- ☑ Contact the Social Security Administration for more information.

Government Pension Offset

- Reduces and may eliminate your spousal or widow/widower Social Security benefit

Working After Retirement

Separation-From-Service Requirement

- Benefit reduced dollar for dollar for any earnings from CalSTRS-covered employment during first 180 calendar days of retirement

- ☑ Track gross earnings to avoid exceeding earnings limits.

Annual Postretirement Earnings Limit

- Benefit reduced dollar for dollar for earnings in excess of the annual limit
- Limit changes every fiscal year

Polling Question



Section 9: Benefit Inflation Protection

Annual Benefit Adjustment

**Initial
Benefit**



2%

**Annual Benefit
Adjustment**

- View the *Member Handbook* for more information.

Annual Benefit Adjustment

\$3,375

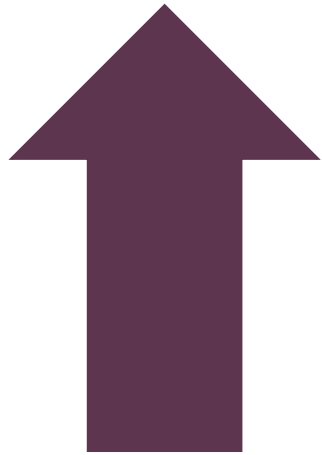
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0.02

\$68

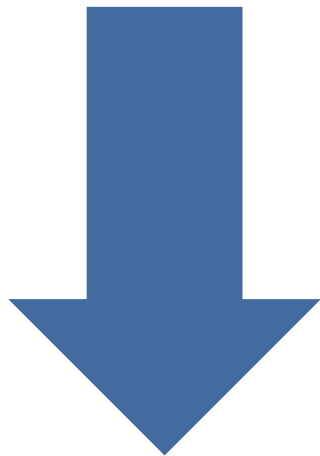
- ☑ View the *Member Handbook* for more information.

Purchasing Power Protection



Prices

85% Purchasing Power



Purchasing
Power

- ☑ View the *Member Handbook* for more information.

Purchasing Power Protection



Purchasing
Power

- ☑ View the *Member Handbook* for more information.

85% Purchasing Power



Supplemental
Benefit



Section 10: Learn More

Financial Awareness Webinars

Save for Your Future

- Budgeting basics, savings and investing, credit and debt

Visit [CalSTRS.com/webinars](https://www.calstrs.com/webinars)

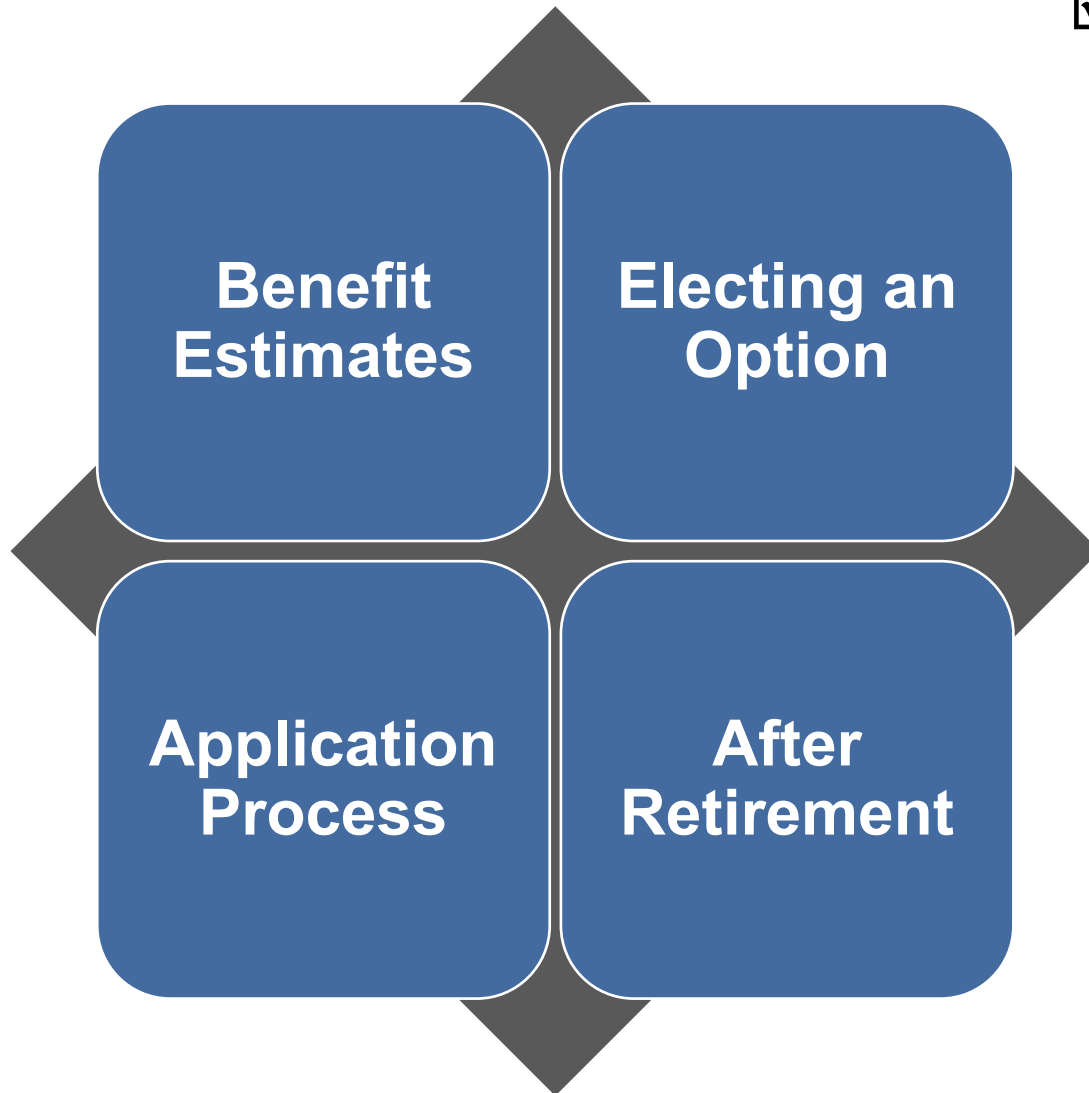
Plan for Your Future

- Retirement lifestyle, expenses, income and obstacles

Protect Your Future

- Retirement distributions, maximizing and protecting income

CalSTRS Group Session

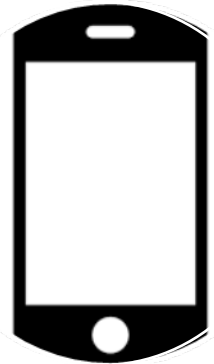


- ☑ Contact CalSTRS to schedule a CalSTRS and Your Retirement group session.

Questions?



CalSTRS.com
myCalSTRS



800-228-5453
Monday – Friday
8 a.m. to 5 p.m.

- Send us an online message using *myCalSTRS* or give us a call.



Thank You For Attending