



Welcome to CalSTRS

Benefits and Services for
New Educators





my**CALSTRS** | Easy. Fast. Secure.

Access Your Information on *myCalSTRS*

myCalSTRS offers easy, secure and convenient access to your accounts and CalSTRS forms. Start at myCalSTRS.com. Once you complete the one-time, five-step registration process, your *myCalSTRS* account will be active.

With *myCalSTRS*, you can:

- 1 Keep your contact information current.
- 2 View your account and service credit balances.
- 3 Name and update your one-time death benefit recipient designations.
- 4 Ask questions and receive prompt, secure answers.
- 5 View your current and past *Retirement Progress Reports*.
- 6 Complete and submit forms online.

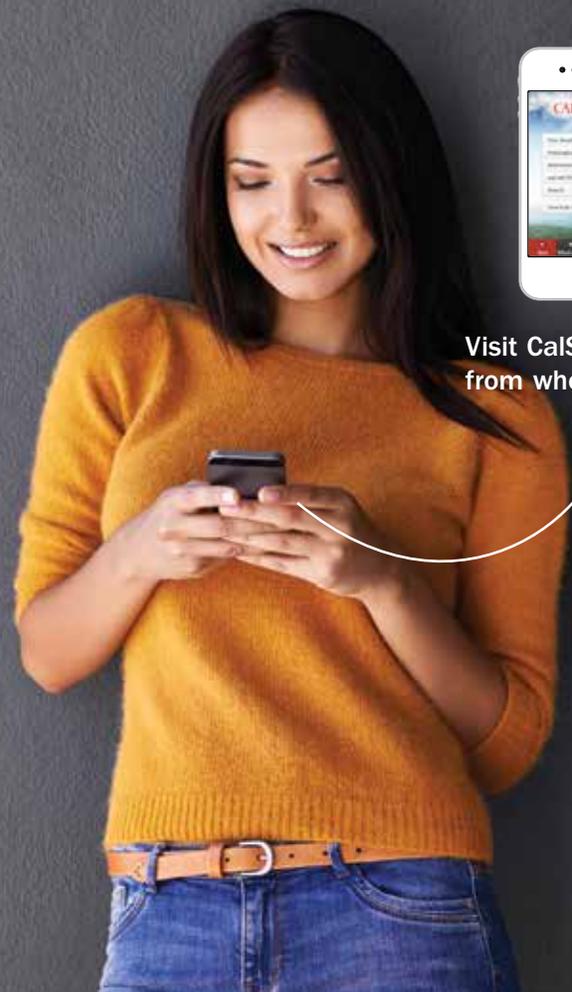


Need help registering?
View the self-paced, interactive online registration guide on myCalSTRS.com.

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

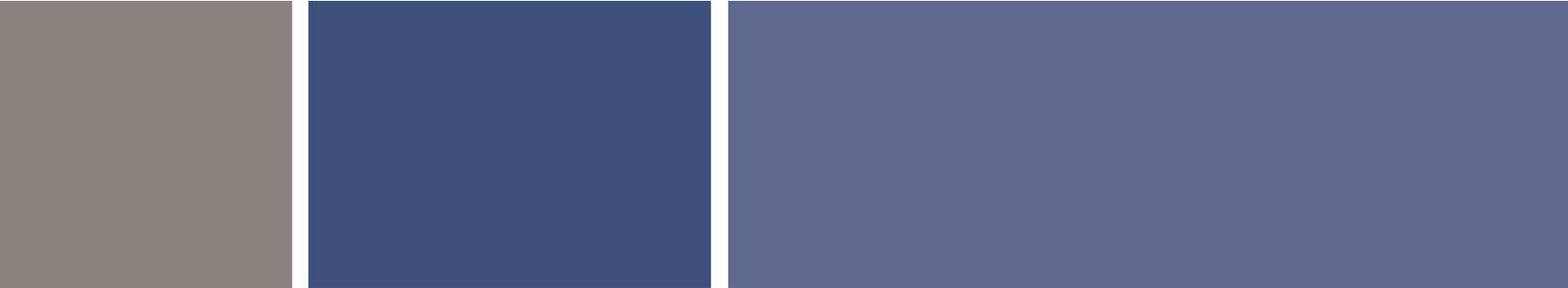


Visit CalSTRS.com
from wherever you are.

Contents

Welcome to CalSTRS	2
Your Income in Retirement Is a Shared Responsibility Between CalSTRS and You	3
Your CalSTRS Retirement at a Glance	4
CalSTRS Defined Benefit Program	5
Your Defined Benefit Supplement Account	7
CalSTRS Cash Balance Benefit Program	9
Part-Time Educators—Choosing the Defined Benefit Program or an Alternative Plan	10
Your Retirement Progress Report	11
CalSTRS Pension2®	12

CalSTRS is governed by the Teachers' Retirement Law, available at CalSTRS.com, and other sections of state law. If there is a conflict between the law and this booklet, the law prevails. CalSTRS makes every effort to provide accurate information in its publications, but legislation can change quickly. To stay informed, consult a variety of sources, including CalSTRS.com, the California State Legislative Counsel website at leginfo.legislature.ca.gov, your union and elected legislative representatives. CalSTRS can provide you with information on your benefit choices but does not provide advice. For financial advice, consult a financial advisor.



Welcome to CalSTRS

CalSTRS provides retirement, disability and survivor benefits to California's public school educators and their families.

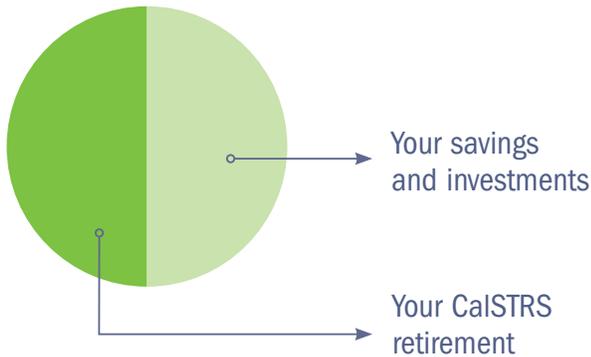
Pension2, CalSTRS' voluntary supplemental savings program, offers 403(b), 457(b) and Roth 403(b) plans for additional income in retirement.

We're Here for You

CalSTRS offers services and information for every stage in your career:

- Your annual *Retirement Progress Report*, which provides a summary of your CalSTRS accounts and service credit.
- Convenient online services and access to your account information with *myCalSTRS*.
- Customer service by email, phone or letter.
- Benefits specialists to help you understand your benefits and more.
- Short member education videos and publications.
- Benefit and retirement planning workshops.
- CalSTRS Pension2 investment 403(b) and 457(b) plans with low fees and expenses.
- Side-by-side investment option comparisons at 403bCompare.com.
- Find the *CalSTRS Member Handbook* at CalSTRS.com/publications.

Your Income in Retirement Is a Shared Responsibility Between CalSTRS and You



Your CalSTRS Retirement Benefit—Will It Be Enough?

On average, the CalSTRS retirement benefit replaces about 50 percent of a new member's salary. You'll need to close any gap between your target retirement income and your retirement benefit with savings and investments, such as CalSTRS Pension2 plans.



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

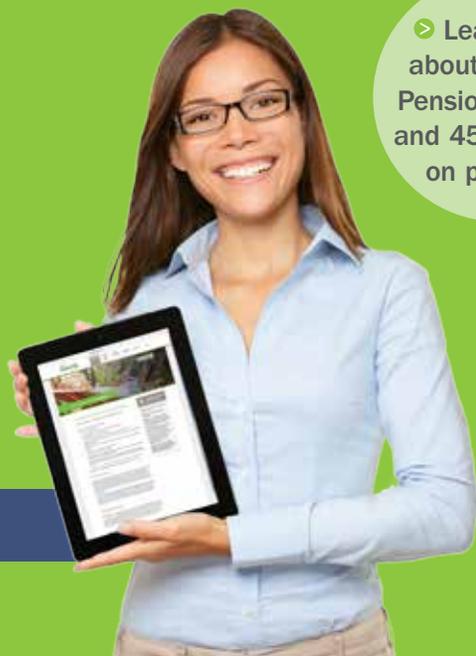
5 Reasons to Start Saving Today

It's never too early to start investing in your future. One of the smartest ways is to invest in a 403(b) or 457(b) tax-advantaged account.

Here are five reasons to start:

- 1 Close your retirement income gap.
- 2 Give yourself a tax break.
- 3 Payroll deductions make contributions automatic.
- 4 Saving now can make a big difference later.
- 5 Peace of mind for a secure future.

➤ Learn more about CalSTRS Pension2 403(b) and 457(b) plans on page 12.



➤ See the Pension2 e-book at Pension2.com.

Your CalSTRS Retirement at a Glance

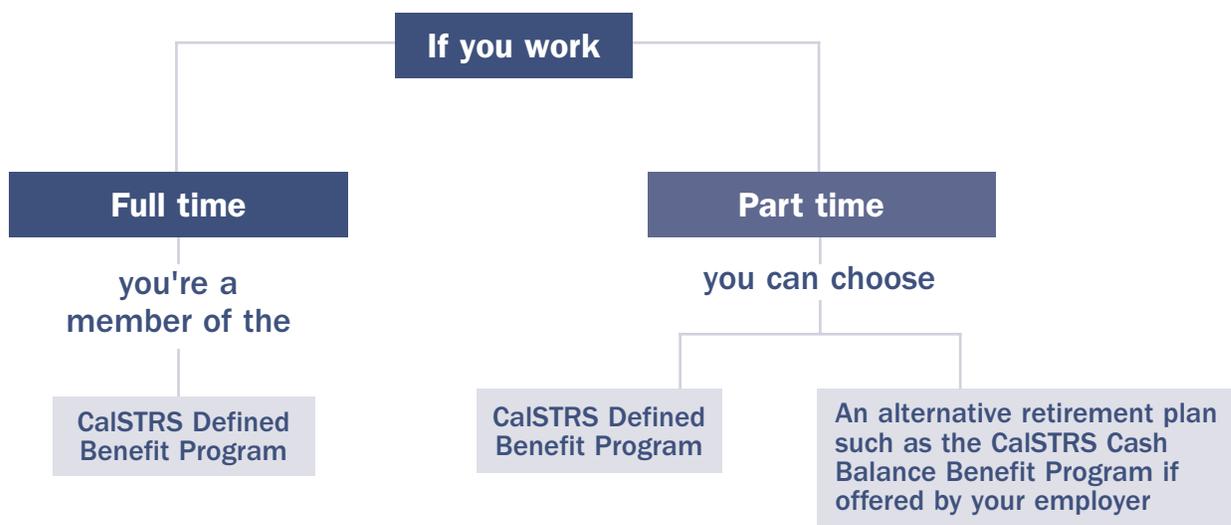
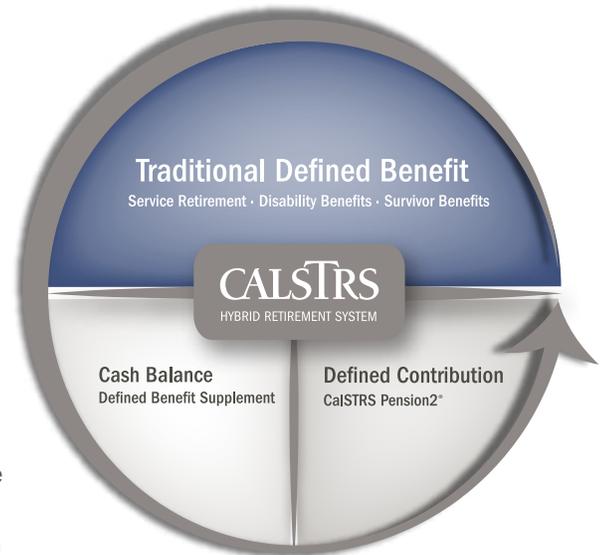
CalSTRS administers a hybrid retirement system consisting of traditional defined benefit, cash balance and voluntary defined contribution plans:

- **Traditional defined benefit plan:** Your CalSTRS retirement benefit is a defined benefit pension. It's based on the following formula, not on how much you contribute or how well CalSTRS investments perform:

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

- **Cash balance plan:** The CalSTRS Defined Benefit Supplement Program is a cash balance plan. Your member contributions and your employer's contributions are credited to your Defined Benefit Supplement account. Your account earns guaranteed interest and, when the Teachers' Retirement Board declares, additional earnings credits. At retirement, you receive a benefit that is equal to your total account balance. The CalSTRS Cash Balance Benefit Program, an alternative to membership in the Defined Benefit Program for part-time educators, is also a cash balance plan.

- **Defined contribution plan:** CalSTRS Pension2 offers 403(b), 457(b) and Roth 403(b) plans for additional income in retirement. Contribute to your tax-advantaged account through payroll deductions. The amount you have at retirement depends on your contributions, investment gains or losses, and expenses.



- To learn more about mandatory membership in the Defined Benefit Program for certain part-time employees, see the *Member Handbook*.

CalSTRS Defined Benefit Program

If you're a full-time California public school preK–12 teacher, community college instructor or public school administrator, or are performing other service creditable to CalSTRS, you're automatically a member of the Defined Benefit Program. If you're a part-time or substitute educator, you may choose to be a member of the Defined Benefit Program or an alternative program, such as the Cash Balance Benefit Program, offered by your employer.

With the passage of the California Public Employees' Pension Reform Act of 2013, CalSTRS has two benefit structures:

- **CalSTRS 2% at 62:** Members first hired on or after January 1, 2013, to perform service that could be credited to the Defined Benefit Program and who never before performed service that could be credited to the Defined Benefit Program under a different retirement system, including Social Security.
- **CalSTRS 2% at 60:** Members first hired on or before December 31, 2012, to perform CalSTRS service that could be credited to the Defined Benefit Program, even if they were subject to coverage under a different retirement system, including Social Security.

The 2 percent refers to the percentage of your final compensation, also known as the age factor, you'll receive as a retirement benefit for every year of service credit if you retire at the indicated age.

- **The information here is for CalSTRS 2% at 62 members. If you're a CalSTRS 2% at 60 member, see the *CalSTRS Member Handbook*.**

Your Retirement Benefit

When you have five years of service credit, you are entitled to a lifetime monthly benefit when you retire. Your benefit is based on a formula set by law, not on how much you contribute:

service credit x age factor x final compensation

You can choose to provide a lifetime monthly benefit to someone after your death. If you choose an option beneficiary, your retirement benefit will be reduced.

Service Credit

Service credit is the number of 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 earn more than one year of service in a school year by performing extra-pay assignments, most of your CalSTRS contributions and your employer's contributions from the additional service will go into your Defined Benefit Supplement account.

Age Factor

The age factor for normal retirement age at 62 is 2 percent. The age factor for early retirement at age 55 is 1.16 percent. The maximum age factor is 2.4 percent at age 65.

Final Compensation

As a CalSTRS 2% at 62 member, final compensation is calculated using your highest average annual compensation earnable, up to the compensation cap, for 36 consecutive months. For 2015–16, the compensation cap is \$137,941. The compensation cap for 2016–17 is \$139,320.

 [View the *Understanding the Formula* video at \[CalSTRS.com/videos\]\(https://www.calstrs.com/videos\).](#)

Contributions to Your CalSTRS Retirement

CalSTRS pays retirement benefits using a combination of investment income and contributions. With the CalSTRS 2014 Full Funding Plan, contribution rates have been increasing, phased in over several years.

Member Contributions

As a CalSTRS 2% at 62 member, you contribute 50 percent of the normal cost of your retirement plan, rounded to the nearest .25 percent, in addition to the gradual increases required under the 2014 full funding plan.

For 2015–16, you've been contributing 8.56 percent of your earnings to help finance your retirement benefit. The rate for 2016–17 is 9.205 percent.

Employer Contributions

For 2015–16, your employer has been contributing an amount equal to 10.73 percent of your earnings. The rate for 2016–17 is 12.58 percent. Employer contributions will continue to increase every year, up to 19.1 percent in 2020–21.

State Contributions

When contributions for purchasing power protection are included, the state's total contribution rate is 7.391 percent. The rate for 2016–17 is 8.828 percent.

Eligibility to Retire

As a CalSTRS 2% at 62 member, you can retire as early as age 55 with at least five years of service credit—or fewer years if you retire under the special circumstances of concurrent retirement with certain other California public retirement systems. See the *Member Handbook* for more information.

Inflation Protection

Your retirement benefit is protected against rising prices two ways:

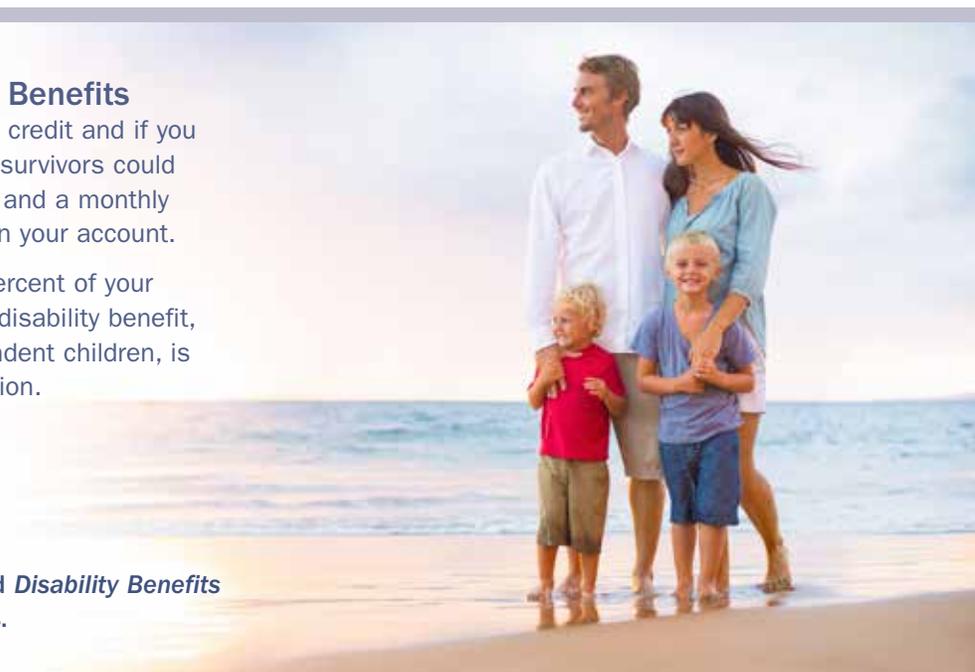
- Starting September 1 after the first anniversary of your retirement date, your benefit increases automatically each year at 2 percent of your initial benefit.
- If inflation erodes the purchasing power of your retirement benefit to less than 85 percent of your initial monthly benefit, you'll receive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

Your Survivor and Disability Benefits

Depending on your years of service credit and if you die before or after retirement, your survivors could receive the one-time death benefit, and a monthly benefit or a refund of the balance in your account.

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

 View the *Survivor Benefits and Disability Benefits* videos at [CalSTRS.com/videos](https://www.calstrs.com/videos).



Your Defined Benefit Supplement Account

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

Since you cannot earn more than one year of service credit in a school year, your contributions and most of your employer's contributions from your earnings in excess of one year, up to the compensation cap, will go into this account. You can build your account by taking on extra-pay assignments such as summer school or intersession, yearbook adviser or band director.

When you retire, you'll receive your CalSTRS retirement benefit and your Defined Benefit Supplement funds.

Excess Contributions

Starting July 2014, if you make contributions on earnings in excess of one year of service credit in a school year, you are eligible for a return of your contributions that were made in excess of the 8 percent contribution rate on 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 for more information.

Important Things to Consider

Social Security, CalSTRS and You

As a CalSTRS member, you do not contribute to Social Security, so you will not receive Social Security benefits for your CalSTRS-covered employment. **If you expect to receive a Social Security benefit through other employment or your spouse, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—could leave you with a smaller benefit or no benefit at all.** Your CalSTRS retirement benefit will not be reduced by these offsets.

➤ View the *Introduction to Social Security* video at CalSTRS.com/videos or see the fact sheet, *Social Security, CalSTRS and You*, at CalSTRS.com/publications to learn more.

Health Insurance in Retirement

CalSTRS does not provide health benefits. Your health benefits depend on your district's agreement with your employee bargaining unit. Ask your employer if you will have health benefits in retirement. 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 Medicare coverage, the federal health insurance program for people age 65 and older.



Consider investing the 6.2 percent of your salary that would have gone to Social Security into a CalSTRS Pension2 tax-deferred 403(b) or 457(b) account for additional income in retirement. See page 12 to learn more.



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.



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 retirement with certain California public retirement systems.



Consequences of cashing out include:

- You'll no longer be a member of CalSTRS.
- You will 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.



View the *Refund: Consider the Consequences* video at CalSTRS.com/videos or see the fact sheet at CalSTRS.com/publications.



MORE SERVICE CREDIT

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 service in out-of-state or foreign public schools, the military, Peace Corps or Job Corps; and eligible leave, including maternity, paternity, sabbatical, and leave approved under the federal Family and Medical Leave Act and the California Family Rights Act.
- 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.

It costs less to buy service credit earlier in your career than later.

- View the *Purchasing Service Credit* video at CalSTRS.com/videos or see the fact sheet and booklet at 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.

CalSTRS Cash Balance Benefit Program

For Part-time Educators

The Cash Balance Benefit Program is a retirement plan that employers may choose to offer their part-time educators as an alternative to participating in the Defined Benefit Program.

Your Retirement Benefit

When you become a Cash Balance Benefit Program participant, you qualify for a retirement benefit when you reach age 55 and are no longer performing creditable service.

Your retirement benefit is the amount of money in your Cash Balance account. If you have less than \$3,500, you must take a lump sum. If you have more than \$3,500, you can choose to receive a lump sum or a monthly benefit over a specific period of time or over your lifetime and, if you elect to do so, the lifetime of your beneficiary. If you elect to receive your retirement benefits as a lump-sum payment, your benefit will not become payable until 180 calendar days after the date you terminated employment.

Your Contributions

Your employer contributes at least 4 percent of your salary and, generally, you also contribute 4 percent. Alternative rates may be bargained; however, the combined employer and employee contribution must be at least 8 percent. In addition, the employee contribution rate cannot be less than the employer contribution rate, starting with contracts entered into or changed on or after January 1, 2014.

Disability and Death Benefits

As a Cash Balance Benefit Program participant, you also have disability and death benefits. Visit CalSTRS.com/cash-balance-benefit-program to learn more.

What If You Leave Public Education?

You have two options:

- Leave your contributions with CalSTRS where they will continue to accrue interest.
- Withdraw your funds or roll them over to another eligible retirement plan. If you choose to withdraw your funds, your benefit will be payable six consecutive months following the date you terminated employment. If you later return to CalSTRS-covered employment, you will not be able to withdraw funds again for five years. You cannot redeposit any Cash Balance funds you withdraw.



As a part-time employee, you may have a choice of retirement plans. Your employer must offer the Defined Benefit Program and may offer an alternative program such as the Cash Balance Benefit Program.

Need to save more for your future? CalSTRS Pension2 offers flexible, low-cost 403(b) and 457(b) plans. See page 12.

Part-Time Educators— Choosing the Defined Benefit Program or an Alternative Plan

As a part-time employee, you may have a choice of retirement plans—the CalSTRS Defined Benefit Program or an alternative program such as the CalSTRS Cash Balance Benefit Program. Contact your employer to determine your plan eligibility.

In most cases, you can continue as a Cash Balance Benefit Program participant if you move to another school district that offers the program and you continue to work part time. If you become a member of the Defined Benefit Program and are no longer contributing to the Cash Balance Benefit Program, you may be eligible to transfer your Cash Balance funds into the Defined Benefit Program. You'll receive Defined Benefit service credit for your previous Cash Balance service.

You may choose to become a Defined Benefit Program member at any time during your career.

Choose the Plan That Works Best for You

Choose the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to become eligible for a CalSTRS retirement benefit (five years of service credit). This could take up to 10 years of half-time employment.
- Want a monthly benefit that is based on a percentage of your average full-time equivalent salary.

- Are comfortable contributing up to 10.25 percent of your pay toward your retirement. For 2% at 62 members, your contribution rate is expected to be 9.205 percent beginning in 2016–17.

Choose the CalSTRS Cash Balance Benefit Program if you:

- Want a program that provides immediate vesting of your benefit, which includes your member contributions, your employer's contributions and interest earned.
- Want a lump-sum payment or lifetime monthly benefit based on the total balance of contributions credited to your account, guaranteed interest and any additional earnings credits.
- Are comfortable with the contribution rate, which is typically 4 percent of your earnings. Your contribution and your employer's contribution must equal at least 8 percent. Employers must contribute at least 4 percent, and your contribution rate cannot be less than the employer contribution rate, starting with contracts entered into or changed on or after January 1, 2014.

Questions to Ask

If your employer offers an alternative program other than the Cash Balance Benefit Program, ask:

- Does the plan offer a monthly retirement benefit for life, or is it a non-lifetime benefit based on contributions and interest?
- What is the contribution rate? Is it matched by your employer?
- Is there a minimum requirement to be eligible for benefits?
- Does the plan charge administrative fees?
- Is there a guaranteed annual interest rate?
- Does the plan have a sound investment record?
- When does the plan permit distribution of your account?

Your Retirement Progress Report

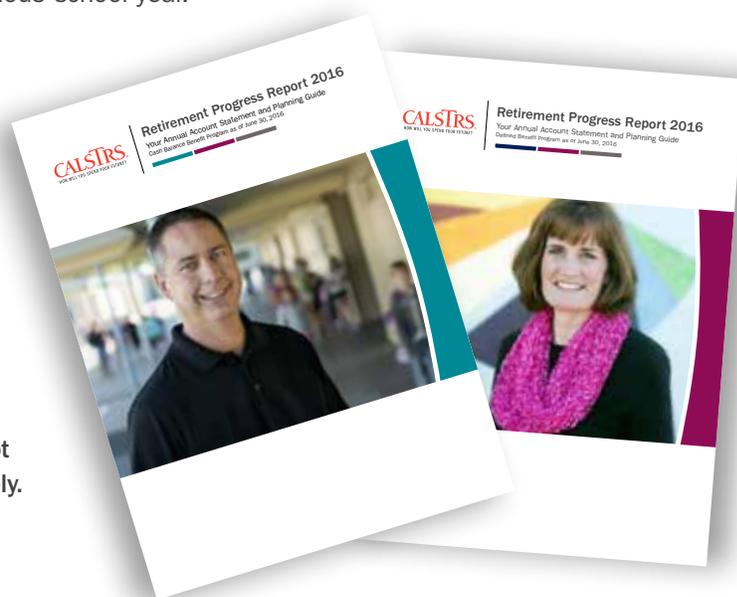
Keep up on your CalSTRS account and service credit balances by reviewing your *Retirement Progress Report* each year.

Your report summarizes:

- The service credit you earned as of the end of the previous school year.
- Your total accumulated service credit.
- The name of your one-time death benefit recipient.
- Accumulated contributions and interest in your Defined Benefit, Defined Benefit Supplement or Cash Balance accounts.

The report is provided online on your *myCalSTRS* account. If you would like to receive your report by mail, use your *myCalSTRS* account to request your preference, or complete the *Retirement Progress Report Preference* form, available at CalSTRS.com/forms.

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



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.

Member benefit videos: View education videos, including ones on understanding the formula, your retirement income gap and Social Security at CalSTRS.com/videos.

Benefit calculators: Estimate your retirement benefit or the cost to purchase service credit using the calculators at 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.

- CalSTRS.com/workshops
- CalSTRS.com/planning
- CalSTRS.com/videos

CalSTRS Pension2

Pension2® is CalSTRS' voluntary defined contribution plan. Pension2 offers 403(b), 457(b) and Roth 403(b) plans for additional income in retirement. Your Pension2 account comes with low-cost investment choices selected by CalSTRS.



Pension2.com

Find links to the Pension2 e-book, educational videos and online enrollment. Or call toll free 844-electP2 (844-353-2872).

Pension2 Has Low Fees— Something Everyone Likes

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

Need More Money for Your Future?

- 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.
- Simple, low-cost and transparent fee structure
- No commissions or surrender charges
- Easy payroll deduction of contributions
- 24/7 account access

Steps to Opening Your Pension2 Account

- 1 **Open your account** by calling toll free 844-353-2872 or enrolling online from the Pension2 e-book at Pension2.com.
- 2 **Determine how much you want to invest.**
- 3 **Fill out your district's salary reduction agreement.** Find the form at your payroll office or at 403bCompare.com (select *My Employer*, then look for the link on your district's page).

The sooner you **START (small), the better**

Pension2 gives you a convenient way to build up savings to provide additional income for your future.

Do a little at a time. Pension2 lets you start small. And the sooner you enroll, the longer your Pension2 account has to grow.

You're in control. You decide how much to save and invest. You can make changes at any time.

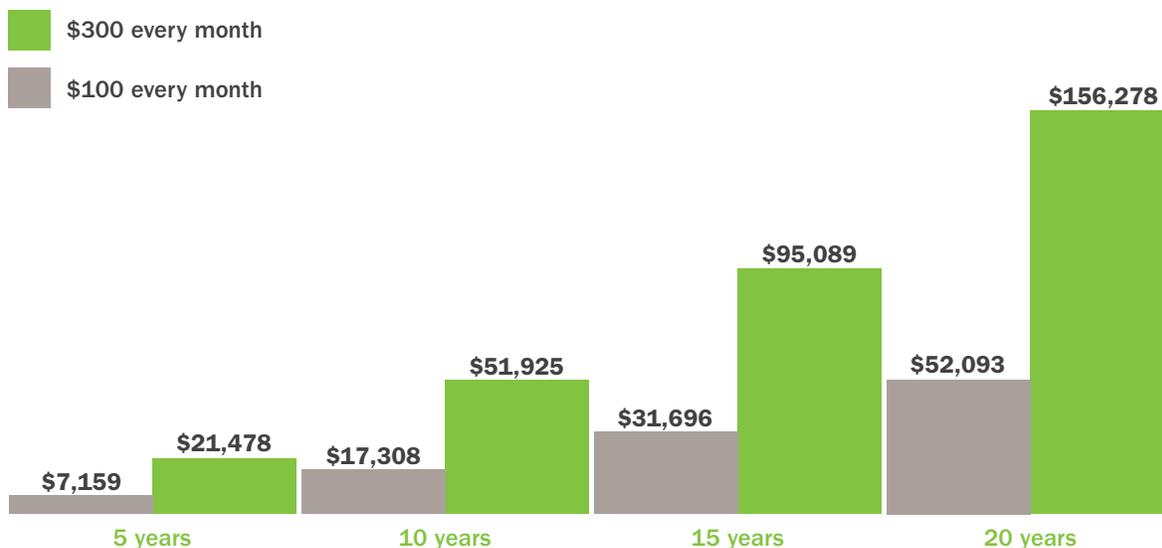
It's your future. It's money you'll need in addition to your CalSTRS retirement benefit.

Don't put it off. Start saving today to meet your income needs in the future.



The Power of Time and Money

Let's say you contribute \$100 a month to your 403(b) account directly from your paycheck. If your account averages a 7 percent rate of return annually, after 20 years you could have \$52,093. If you increase your monthly contribution to \$300 a month, your savings could grow to \$156,278—an increase of \$104,185. An added benefit of tax-deferred contributions: Your \$300 investment may reduce your paycheck by only \$173 depending on your tax bracket.*



*This hypothetical illustration assumes a combined 37% state and federal tax rate. It's 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 the loss of principal.

CalSTRS Resources

WEB



CalSTRS.com
Click *Contact Us* to email
[myCalSTRS.com](#)
[403bCompare.com](#)
[Pension2.com](#)

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

STAY CONNECTED



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](#)



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

➤ [CalSTRS.com/forms](#)