

My Retirement Decisions

Learn more about choosing my retirement date, beneficiary options, and how to receive my benefit once I retire.

Date _____

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 information on my benefits, forms and publications, videos and calculators.
- **myCalSTRS**—view and update account information, submit forms and messages, and access my *Retirement Progress Report*.
- **Retirement Progress Report**—track my membership and benefit information, service credit and account balances, and other information reported by my employer.

My Action Items

- Verify my benefit structure on my *Retirement Progress Report*, if needed.
- Read the *Your Retirement Guide* booklet at **CalSTRS.com**.
- Register for **myCalSTRS** and update my contact information and communication preferences at **myCalSTRS.com**.
- Review my *Retirement Progress Report* each September and contact my employer immediately if there are discrepancies.

Section 2: Choosing a Retirement Date

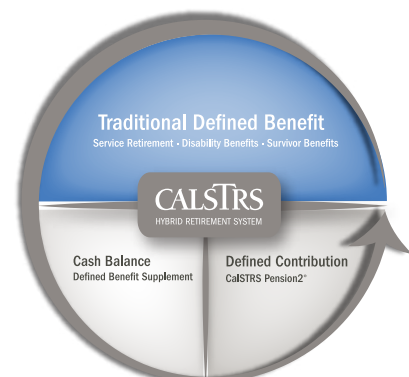
- I can retire as early as age 55 with five years of service credit.
- CalSTRS does not offer health benefits. I am responsible for my own coverage. My employer may offer special benefit packages or incentives if I retire within a certain time period.
- Once I am eligible for retirement, I can retire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

My 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 with my employer when I intend to retire and ask about forms my employer may require.

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 for which contributions were paid	Work longer or purchase eligible service
Age Factor	Percentage based on age at retirement We add 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 We use the highest average 36 consecutive months for CalSTRS 2% at 62 members and CalSTRS 2% at 60 members with less than 25 years of service credit We use 12 consecutive months for 2% at 60 members with 25 or more years of service at retirement	Work at higher pay rates

My Action Items

- Review the *Understanding the Formula* fact sheet and video on **CalSTRS.com**.
- Track my service credit balance on my *Retirement Progress Report* and transfer my unused sick leave balances if I change employers.
- View the complete age factor tables in the *Member Handbook*.
- Use the *Retirement Benefits Calculator* at CalSTRS.com to generate estimates.
- Read the *Purchase Additional Service Credit* booklet.

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 years old with 12 years of service credit and plans to work full time for 15 more years.
- His one-year monthly final compensation is \$5,208.

Service Credit _____

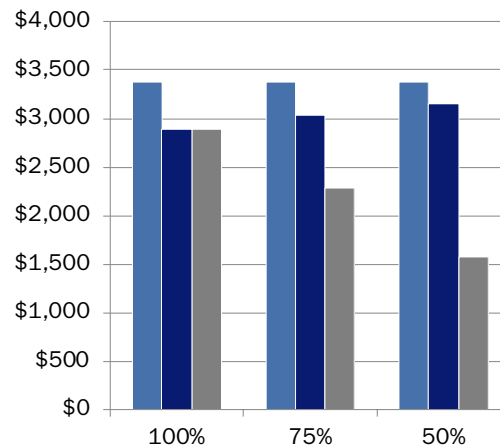
x Age Factor _____

x Final Compensation _____

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.



Jake's Modified Benefit

- Member-Only Benefit
- Modified Benefit
- Beneficiary Benefit

My Action Items

- View the *Beneficiary Options* video on **CalSTRS.com**.
- Use the *Retirement Benefits Calculator* on **CalSTRS.com** to estimate your modified benefit.
- 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 a guaranteed benefit 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

My Action Items

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

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.

My Action Items

- Visit **Pension2.com** or call 888-394-2060 for more information, educational videos and contribution calculators.
- Research supplemental savings plans 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 _____ / _____.

My Action Items

- Submit my *Service Retirement Application* as early as six months before my retirement date
- Verify my resignation process with my employer.
- Contact the Social Security Administration for more information on benefit reductions.
- Track my gross earnings to avoid exceeding the earnings limits.

Section 9: Benefit Inflation Protection

- 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 falls below a certain percent (currently 85 percent) of the purchasing power of my initial benefit, I will receive a supplemental benefit payment.

My 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 CalSTRS to schedule a CalSTRS and Your Retirement group session.
- Send an online message using **myCalSTRS** or call 800-228-5453 if I have questions.

