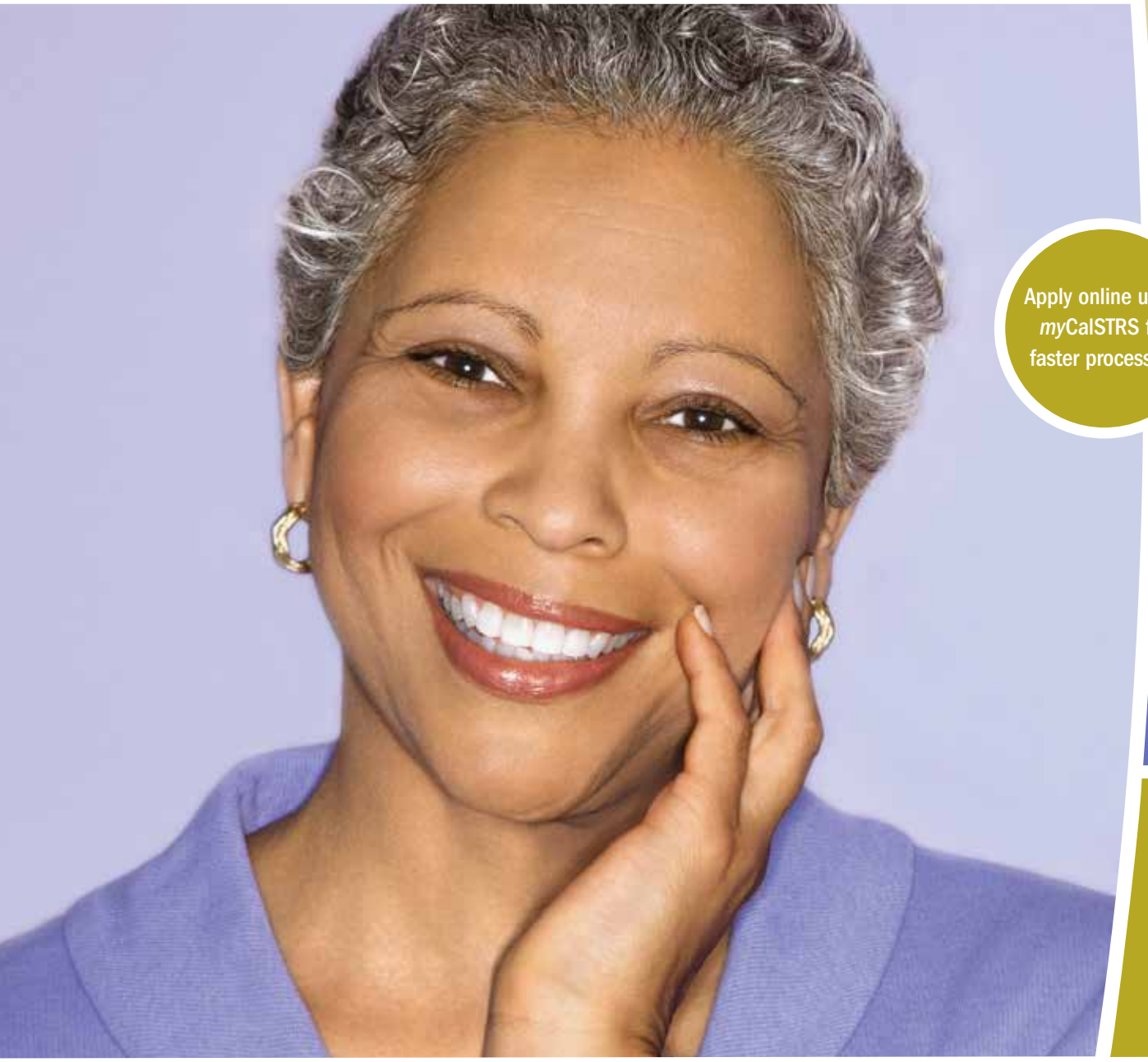
CALSTRS®
HOW WILL YOU SPEND YOUR FUTURE?

Your Retirement Guide 2013

Retirement Guide and Instructions for Defined Benefit Members



Apply online using *my*CalSTRS for faster processing

This booklet contains information and forms for a CalSTRS Defined Benefit service retirement. If you think you may be eligible for a disability benefit, see the brochure, *Introduction to CalSTRS Disability Benefits*. If you are applying for a disability benefit and wish to apply for a service retirement benefit while your application for disability benefits is being evaluated, complete the *Disability Benefits Application*, available in *Your Disability Benefits Guide*. If you are a Cash Balance Benefit Program participant, complete the appropriate Cash Balance Benefit application. You will find forms and publications at CalSTRS.com.

*my*CALSTRS | *my* retirement

Plan, Prepare and Retire

Use *my*CalSTRS to manage your personal account information and find CalSTRS forms important to your retirement planning. Not registered yet? Start at CalSTRS.com.

1. **Ready to Retire?**
   Attend a retirement planning workshop or counseling session before starting your *Service Retirement Application*.

2. **Complete and Submit Your *Service Retirement Application* Online**
   Step-by-step guidance ensures you complete the application accurately, resulting in faster processing.

3. **Check the Status of Your Application**
   View the status of your *Service Retirement Application* submitted on *my*CalSTRS when it's received and processed.

4. **Need to Make Changes After You Submit Your Application?**
   Complete the *Service Retirement Application Change Request* form, available on CalSTRS.com. CalSTRS must receive your form no later than 30 days from the date your first benefit payment is issued.

5. **Manage Your Beneficiary Information**
   View and update your death benefit recipient and option beneficiary information.

View the self-paced, interactive registration guide on *my*CalSTRS.

The California Public Employees' Pension Reform Act of 2013 made changes to the plan structure that primarily affect benefits for new members first hired on or after January 1, 2013, to perform CalSTRS creditable activities and who never before performed CalSTRS creditable activities under a different retirement system, including Social Security. These benefit changes do not affect educators who were CalSTRS members before 2013, terminated their membership and then returned to active membership on or after January 1, 2013.

See the *Member Handbook 2013* at CalSTRS.com for more information.

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CalSTRS is governed by the Teachers' Retirement Law. The information in this booklet is general.
If there is a conflict between the law and this booklet, the law prevails.

Your CalSTRS Retirement Timeline

This timeline of events from the year before your retirement up to your first benefit payment will give you an idea of what to do and when. Your specific timeline, however, may differ.

- Activate your *my*CalSTRS account, if you haven't already done so. Start at CalSTRS.com and follow the five-step process. You can complete and submit your *Service Retirement Application*, sign up for direct deposit, update your address and more using *my*CalSTRS.
- Prepare for retirement early to avoid delays that may occur during the peak months of April–July.
- Schedule a meeting with a benefits counselor or register for a workshop or counseling session. Go to CalSTRS.com.

What to Do	When
Step 1	
Activate your *my*CalSTRS account, if you haven't already.	10–12 months before your retirement date.
Plan and research your retirement decisions (pages 5–19).	
Attend a CalSTRS Retirement Check-Up Workshop or a CalSTRS and Your Retirement Counseling Session.	
Meet with a CalSTRS benefits counselor.	
Check to see if pending or new legislation may affect your benefits or influence the timing of your retirement.	
Step 2	
Complete and submit your *Service Retirement Application* and other forms online using *my*CalSTRS. Step-by-step guidance ensures you fill out the application accurately, resulting in faster processing. Or complete the paper version, available at CalSTRS.com. Use the Service Retirement Application checklist on pages 25–26.	No earlier than six months before your requested retirement date.
Step 3	
Check your *my*CalSTRS account, if you submitted your application online. You'll receive an immediate email confirming your application was received.	Within 45 days of your retirement or the date your application is processed, whichever is later. There could be changes in your monthly payment for several months beyond your retirement date as we receive and process additional information from your employer.
Review your Award Letter, which includes the amount of your monthly benefit, how your monthly benefit was calculated and the total amount of your contributions and interest (page 27).	
Look for your initial benefit payment (page 27).	

The Benefit of a Lifetime

You're approaching one of life's most important passages—retirement from your working career. Your smooth transition to this new stage of your life requires thoughtful planning. You can count on CalSTRS to help you every step of the way.

In addition to this guide, we offer workshops, counseling sessions and one-on-one appointments with CalSTRS benefits counselors. Taking advantage of these resources will help you make informed decisions. If you have questions, email us at CalSTRS.com/contactus or call 800-228-5453.

Your Retirement Plan

As a CalSTRS member, you participate in a hybrid retirement system that includes a traditional defined benefit plan, a cash balance plan (Defined Benefit Supplement) and a voluntary defined contribution plan (CalSTRS Pension2®).

Your traditional defined benefit pension is based on a formula set by law, not on how much you contributed:

Service Credit x Age Factor x Final Compensation = Your Retirement Benefit

Your monthly retirement benefit is guaranteed for your life and the lives of your beneficiaries, if you choose. It may be your greatest asset.

This booklet takes you through the application process. Inside you'll find tips and checklists to help you plan and prepare for your retirement.

You must submit your *Service Retirement Application* to CalSTRS before you'll receive a CalSTRS retirement benefit. If you are unable to submit your application before your retirement date, you can backdate your retirement effective date to the day following the date of your last day of work, vacation or authorized leave for your CalSTRS-covered position, but no earlier than January 1, 2012. Service credit purchases must be paid in full before your retirement date.

Planning Checklist

To help you plan for your CalSTRS retirement.

- ☐ **Read this guide and the retirement planning sections of the *Member Handbook*.** You must submit the *Service Retirement Application* to receive a retirement benefit.
- ☐ **Go online to CalSTRS.com** to activate your *my*CalSTRS account if you haven't already, so you can complete and submit your application online.
- ☐ **Check to see if pending or new legislation may affect your benefits** or influence the timing of your retirement. Sources include your legislative representative, your union representative, CalSTRS.com/legislation and CalSTRSbenefits.us.
- ☐ **Attend a CalSTRS Retirement Check-Up Workshop** or a CalSTRS and Your Retirement Counseling Session conducted by CalSTRS benefits counselors. For dates and locations near you, visit CalSTRS.com/workshops.
- ☐ **Meet with a CalSTRS benefits counselor.** See page 5 for information on scheduling an appointment.
- ☐ **Estimate your monthly benefit** using the online calculator at CalSTRS.com/calculators or the benefit estimate worksheet in the *Member Handbook*.
- ☐ **Consider purchasing additional service credit** to increase your benefit if you did not purchase it earlier in your career. See the booklet, *Purchase Additional Service Credit*, at CalSTRS.com (select *Publications* under *Tools*). If you are in the process of purchasing service credit, contact us at least 90 days before you plan to retire. Your purchase must be paid in full before your retirement date.
- ☐ **Consider making a preretirement election of an option** to provide a lifetime monthly benefit to someone if you should die before retirement. The *Preretirement Election of an Option* form is on *my*CalSTRS and at CalSTRS.com.
- ☐ **Gather clear, unaltered photocopies of the following documents:**

  If you are electing an option beneficiary:

  - » Birth certificate or other acceptable verifications of birth date, such as a birth record, a passport photo ID page or certain military IDs, for your option beneficiary.
  - » Marriage certificate or other proof of a name change, if your option beneficiary's name is different from the name on his or her birth certificate.

  If a portion of your CalSTRS benefits was awarded to another party:

  - » A complete court-filed copy of your community property settlement documents. For more information, see the *Community Property Guide* at CalSTRS.com.

  If you elected an option beneficiary before retirement, you do not need to resubmit the items in the first two bullets.
- ☐ **Notify your employer** that you intend to retire and ask about forms your employer may require. Also let your employer know if you plan to set up a health insurance deduction from your benefit payments.

Step 1:
Plan and Research Your Retirement Decisions

With retirement in sight, you have choices to explore and decisions to make before completing your *Service Retirement Application*. Plan to attend a CalSTRS Retirement Check-Up Workshop or a CalSTRS and Your Retirement Counseling Session conducted by CalSTRS benefits counselors, and research information on your own to help make the best decisions for your retirement.

You can also turn to CalSTRS.com, the *Member Handbook* and your most recent *Retirement Progress Report*. Your *Retirement Progress Report*, available on *my*CalSTRS in September and mailed to you each November, includes your annual statement of accounts and other retirement planning information.

Unfamiliar with a term? See the glossary on page 29.

Questions to Answer

Before making your retirement decisions, you will need to answer these questions:

- Am I eligible to retire?
- How much will my benefit be each month?
- Do I want to provide a monthly benefit to someone after I die?
- How do I want my Defined Benefit Supplement paid?

Benefits Counselors

Our benefits counselors can help you plan your CalSTRS retirement by providing retirement estimates and explaining how different choices will affect your benefit. You can talk to a counselor in person, over the phone or at a counseling session.

Prepare for your retirement early. Schedule an appointment with a counselor three to six months before your retirement date. It's easier to schedule an appointment during the nonpeak months of July through March. Appointments are typically scheduled four weeks out, but counseling sessions are usually easier to schedule.

Schedule an in-person counseling appointment or counseling session on *my*CalSTRS (select the *Schedule a Benefits Counseling Appointment* icon) or contact your local benefits counseling office (see page 21).

Retiring before the end of the school year? Talk to a CalSTRS benefits counselor before retiring mid-year to determine how it could affect your retirement benefit.

See page 8

Workshops

Check out the CalSTRS Retirement Check-Up Workshop or CalSTRS and Your Retirement Counseling Session at CalSTRS.com/localoffices.

Attend the Retirement Income Management Workshop to learn how to protect and manage your income in retirement. This workshop is strictly educational—no specific financial advice or financial products are offered or sold.

Your Retirement Decisions

You'll need to make decisions regarding both your Defined Benefit pension and your Defined Benefit Supplement funds.

Defined Benefit

As a member of CalSTRS, you're entitled to a guaranteed, secure, lifetime retirement benefit. Your retirement benefit is based on the following formula, not on your contributions:

Service Credit x Age Factor x Final Compensation = Your Retirement Benefit

Defined Benefit Supplement

If you have performed service under the Defined Benefit Program on or after January 1, 2001, you may have a Defined Benefit Supplement account with CalSTRS that provides additional money for retirement.

Your most recent *Retirement Progress Report* includes annual statements of your Defined Benefit and Defined Benefit Supplement accounts.

Defined Benefit Decisions

Am I eligible to retire?

Your age and service credit are used to determine your eligibility for a CalSTRS retirement benefit. You're eligible to retire under the CalSTRS Defined Benefit Program if you are either age 50 and have at least 30 years of service credit, or age 55 and have at least five years of service credit. You can find your CalSTRS service credit on your *Retirement Progress Report*.

If you're at least age 55 and eligible to retire from certain other public retirement systems in California, you may retire with fewer than five years of service credit if you retire from both systems at the same time. See page 15 for more information and a list of eligible systems.

To increase your service credit, consider redepositing previously refunded Defined Benefit contributions and interest or purchasing permissive service credit. The California Public Employees' Pension Reform Act of 2013 eliminated the ability to purchase nonqualified service credit, or air time, effective January 1, 2013.

How much will my benefit be each month?

Your retirement benefit is based on the formula:
Service Credit x Age Factor x Final Compensation

If you did not already receive a benefit estimate from one of our benefits counselors, calculate it using the *Retirement Benefits Calculator* at CalSTRS.com/calculators or the benefit estimate worksheet in the *Member Handbook*.

The amount of your benefit will also depend on other factors, including any deductions. If your retirement date is not the first of the month, your first benefit payment will be prorated.

Service Credit

Service credit is the number of school years, including partial years, you have worked and paid into CalSTRS:

- You earn service credit every day you work or are on paid leave.
- You can earn up to 1.00 year of service credit for every year you teach. If you work less than full time, your service credit for the year may be less than 1.00.

If you earn extra service credit for additional duties, your CalSTRS contributions and most of your employer's contributions that exceed one year go into your Defined Benefit Supplement account.

Age Factor

Age factor is a percentage based on your age on your retirement date. The age factor is set at 2 percent at age 60. It decreases if you retire before age 60 and increases up to 2.4 percent at age 63. If you retire with at least 30 years of service credit, a career factor of 0.2 percent will be added to your age factor, up to a maximum combined age and career factor of 2.4 percent.

Note: If you backdate your retirement benefit effective date, your monthly benefit may be lower if your age factor changes, though you will receive more benefit payments upfront.

Final Compensation

Final compensation is your highest average annual earnable compensation during any period of 12 consecutive months if you have 25 or more years of service credit at retirement, or the average of your highest three consecutive years if you have fewer than 25 years of service credit.

Retirement Incentives

Check to see if your employer offers a retirement incentive program that may increase your service credit. Ask about application deadlines and retirement dates to qualify.

If your employer offers a retirement incentive through CalSTRS and you qualify, it cannot be included in your benefit calculation until we receive your *Express Benefit Report* form and all required documentation from your last employer.

If you receive additional service credit under the CalSTRS Retirement Incentive Program, you'll lose the additional service credit if you return to work (including substitute teaching) within five years of retirement for the employer that offered the incentive.

Career Factor

If you retire with at least 30 years of service credit, a bonus of 0.2 percent will be added to your age factor, up to the maximum combined age and career factor of 2.4 percent. In addition, when you retire, up to two-tenths of one year of unused sick leave can count toward qualifying for the career factor. Neither service credit from a retirement incentive program nor the purchase of nonqualified service credit can be used to qualify for the career factor.

Longevity Bonus

If you had at least 30 years of qualified service credit on or before December 31, 2010, you're eligible for a longevity bonus, which adds a set dollar amount to your monthly retirement benefit. CalSTRS will automatically apply the longevity bonus to your retirement benefit.

Service credit that is projected while you are receiving a Coverage A disability benefit (disability allowance) does not count toward the longevity bonus.

The amount of the bonus will be based on your total years of qualifying service credit at retirement:

Service Credit	Longevity Bonus
30 years	$200
31 years	$300
32 or more years	$400

If you have an option beneficiary, your option factor will be applied to your Member-Only Benefit after the longevity bonus is added:

(Your Member-Only Benefit + Longevity Bonus) x Option Factor = Your Modified Benefit

Sick Leave

Additional service credit for unused sick leave will be given at retirement. If you work full time, the number of accumulated unused sick leave days will be divided by the number of base service days required to complete the last school year.

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

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

Sick leave service 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 the career factor, the 25-year threshold for one-year final compensation, and an increased longevity bonus if you qualified for the longevity bonus on or before December 31, 2010.

CalSTRS will accept unused sick leave reported on the *Express Benefit Report* form by your employers during the last school year in which you earned service credit. Contact your employer if you have questions or want to transfer sick leave.

Mid-Year Retirement

If you have at least 25 years of service credit and retire before the school year is over, state law requires CalSTRS to use the current school year and the last school year to calculate your final year's earnings, unless you have higher compensation in an earlier period.

For example, if you have 25 years of service credit, earned $57,000 last year and would have earned $60,000 this year, your final compensation calculation for a January 1 retirement date would be:

$57,000 ÷ 12 = $4,750 x 6 months =	$28,500
$60,000 ÷ 12 = $5,000 x 6 months =	+$30,000
	$58,500
$58,500 ÷ 12 =	$ 4,875

Your final compensation for your last year would be $4,875.

The process of averaging for mid-year retirees often results in a final compensation that is lower than expected. Taking on additional assignments at a lower pay rate may also reduce your final compensation if you choose a mid-year retirement. This is because your annual compensation is prorated to your retirement date and is an average of the various pay rates you receive during that period.

CalSTRS will convert your unused sick leave to service credit at retirement. Each of your employers during the last school year in which you earned service credit may submit an *Express Benefit Report* form.

Do I want to provide a monthly benefit to someone after I die?

You can choose to provide a lifetime monthly benefit to someone after you die in exchange for a reduced retirement benefit. Your option beneficiary must be a living person or persons—your beneficiary cannot be an estate, charity, trust or other entity. This lifetime monthly benefit is separate from the one-time death benefit (see page 11).

Member-Only Benefit

If you do *not* want to provide a monthly benefit to someone after you die, check the *Member-Only Benefit* box on your *Service Retirement Application*. You will receive your full retirement benefit. This is the highest monthly benefit possible, and it will continue throughout your lifetime. Benefits will stop when you die. Any contributions and interest remaining in your account at the time of your death will be paid to your one-time death benefit recipient.

Modified Benefit

To provide a monthly benefit to someone after you die, check the *Modified Benefit* box on your *Service Retirement Application*. You will need to choose an option and designate one or more option beneficiaries.

Choosing an option will reduce your monthly benefit for as long as you and your beneficiary are still living. The amount of the reduction depends on the option you choose, your age and the age of your beneficiary. You can decide to provide a monthly benefit for one beneficiary by electing the 100% Beneficiary Option, the 75% Beneficiary Option or the 50% Beneficiary Option. You may also elect the Compound Option to provide for one or more option beneficiaries.

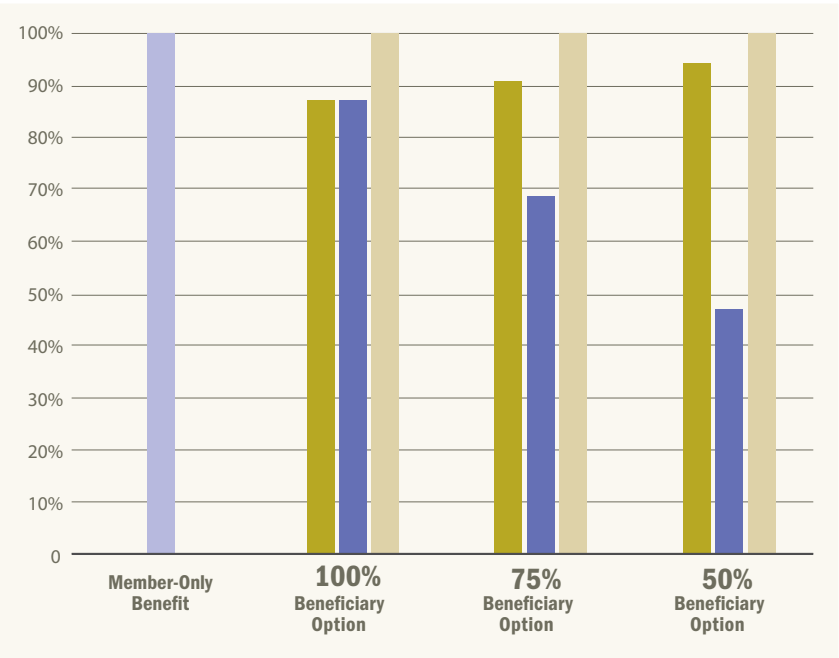
If you elect the Compound Option, you must submit the *Compound Option Election* form along with your *Service Retirement Application*. You can complete and submit the form online using *my*CalSTRS or download the form at CalSTRS.com.

CalSTRS may ask you to verify your birth date as well as the birth dates of your option beneficiaries.

To learn how each option would affect your retirement benefit, meet with a benefits counselor or use the *Retirement Benefit Calculator* at CalSTRS.com/calculators.

You cannot change or cancel your option election after you're retired and the deadline has passed except under limited circumstances. See the *Member Handbook* for details.

Comparing the Defined Benefit Options



This chart compares the Defined Benefit options. The examples show reduced retirement benefits for a member, age 60, who designates an option beneficiary, age 57. To find out how each option would affect your retirement benefit, use the *Retirement Benefit Calculator* at CalSTRS.com/calculators or make an appointment with a benefits counselor.

Member-Only Benefit

- Member's benefit if no option beneficiary is elected

Modified Benefit

- Member's benefit when member and option beneficiary are living at retirement
- Option beneficiary's benefit when member dies
- Member's benefit if option beneficiary dies after member retires

Option Descriptions

You can choose one of four options:

100% Beneficiary Option provides your option beneficiary with 100 percent of the amount you were receiving.

75% Beneficiary Option provides your option beneficiary with 75 percent of the amount you were receiving.

50% Beneficiary Option provides your option beneficiary with 50 percent of the amount you were receiving.

For the 100%, 75% and 50% Beneficiary Options, your benefit will rise to the Member-Only Benefit if your option beneficiary dies before you.

The **Compound Option** provides three choices. If your beneficiary dies before you, your benefit will be adjusted accordingly. You may:

- Name one option beneficiary and keep a portion of your benefit as a Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each and keep a portion of your benefit as a Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each, and *not* keep any of your benefit as a Member-Only Benefit.

NOTE

If you elected an option before January 1, 2007, your option may have different rules. Verify your current option on *my*CalSTRS or by calling us.

Nonspouse Option Beneficiary Rules

If you name someone other than your spouse or a former spouse as your option beneficiary, the type of option you may elect depends on your age and the age of your option beneficiary:

- Under the 75% Beneficiary Option, your nonspouse option beneficiary cannot be more than exactly 19 years younger than you.
- Under the Compound Option, your nonspouse beneficiaries cannot be either:
  - More than exactly 19 years younger than you under the 75% Beneficiary Option, or
  - More than exactly 10 years younger than you under the 100% Beneficiary Option.

These federal age restrictions also apply to registered domestic partners and spouses of the same gender.

Reinstatement and Option Elections

If you are re-retiring within 12 months of your most recent reinstatement date, you may not make changes to your retirement option or beneficiaries. If you are retiring after at least one year has passed since your reinstatement, you may elect your same option or make changes. If you make changes, you may need to pay an assessment.

There are two exceptions to this law: If your option beneficiary dies, your option automatically will be canceled and an assessment will apply. For the remainder of the one-year waiting

Receive Retirement Benefits During Evaluation of Your Disability Benefits Application

If you're eligible to retire and you are applying for disability benefits, you may receive retirement benefits during the evaluation of your *Disability Benefits Application*.

Learn more in *Introduction to CalSTRS Disability Benefits*, available at CalSTRS.com. You'll find the *Disability Benefits Application* in *Your Disability Benefits Guide*, also at CalSTRS.com.

A CalSTRS benefits counselor can help you understand your disability benefit coverage, provide estimates and assist you with an application.

period, you will have the Member-Only Benefit. If you re-retire before the year is over, you will retire with the Member-Only Benefit.

If your option beneficiary is your current or former spouse or registered domestic partner and a final decree of dissolution of marriage or judgment of nullity has been entered, or an order of separate maintenance has been made, your option must be changed or canceled in conjunction with the court order or judgment. In addition, an assessment may apply.

Preretirement Election of an Option

To elect an option to provide your survivors with a lifetime monthly benefit if you should die before your retirement date, you must be eligible to retire and complete the *Preretirement Election of an Option* form. You can complete and submit the form online using *my*CalSTRS or download the form at CalSTRS.com.

You can also use the form to make changes to your preretirement election of an option. If you die before retirement, your beneficiaries will receive a lifetime monthly benefit based on the reduced benefit you would have been paid if you had retired on the date of your death.

NOTE

If you cancel or change your preretirement election of an option before you retire, your monthly retirement benefit may be reduced for your lifetime. In addition, if your beneficiary dies before you retire, your monthly retirement benefit may be reduced for your lifetime. If you have questions, talk to a benefits counselor.

One-Time Death Benefit

Your lifetime monthly retirement benefit is different from the one-time death benefit. You can designate a recipient to receive the one-time death benefit online using your *my*CalSTRS account or by completing the *Recipient Designation* form, available in the Forms section or on CalSTRS.com. Recipients can be living persons or an estate, trust, charity or other entity.

If you are an active member at the time of your death, your one-time death benefit recipient will receive the balance in your Defined Benefit Supplement account. If you do not elect an option beneficiary to receive a lifetime monthly retirement benefit, your one-time death benefit recipient will also receive your contributions and interest in your Defined Benefit account.

Reduced Benefit Election

If you are at least age 55, but under age 60, and have at least five years of service credit, you can apply for retirement under the Reduced Benefit Election. You will receive one-half of your monthly retirement benefit calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, you will receive your normal retirement benefit.

You are not eligible for this program if you previously received a service retirement or disability benefit from CalSTRS, or if you are applying for service retirement while your disability application is being evaluated.

If you want the Reduced Benefit Election, submit the *Reduced Benefit Election* form with your *Service Retirement Application*. You can complete and submit the form online using *my*CalSTRS or download the form at CalSTRS.com. The form includes an example to help determine if this option is right for you.

Meet with a CalSTRS benefits counselor to make sure you fully understand the program and how it could affect your retirement benefits.

Defined Benefit Supplement Decisions

How do I want my Defined Benefit Supplement paid?

If you have performed service in the Defined Benefit Program since 2001, you may have a Defined Benefit Supplement account. Your most recent *Retirement Progress Report* shows your Defined Benefit Supplement balance at the end of the last school year.

If you have less than $3,500 in your Defined Benefit Supplement account when you retire, you'll receive the account balance as a lump-sum payment. Your lump-sum payment may be paid directly to you or rolled over to a qualified plan.

If you have $3,500 or more in your Defined Benefit Supplement account, you have more choices for receiving these funds. Your choices depend on whether you decide to take a Member-Only Benefit or elect an option for your Defined Benefit.

The Defined Benefit Supplement Annuity Estimate tables at CalSTRS.com/calculators provide estimates for each type of annuity based on various account balances and ages at retirement.

Your Defined Benefit Supplement Annuity Beneficiary

Your Defined Benefit Supplement annuity beneficiary is the same person or persons you designate as your Defined Benefit option beneficiary, and the same age restrictions apply (see page 10).

Defined Benefit Supplement Payment Choices

With a Defined Benefit Supplement account balance of $3,500 or more, you have three payment choices:

1. Lump-Sum Payment
This is a one-time payment of the total amount in your Defined Benefit Supplement account as either a direct payment or a rollover to a qualified plan.

2. Annuity Payments
You can elect to receive your Defined Benefit Supplement funds through a series of monthly payments by electing either a period-certain or a lifetime annuity.

The **Period-Certain Annuity** provides a monthly payment made for any number of whole years from three to 10. The monthly amount you receive is based on the number of years over which the annuity is paid—the lower the number of years, the higher the amount you receive. If you die before the annuity period ends, the remaining payments will be paid to your one-time death benefit recipient.

A period-certain annuity of three to nine years is eligible for rollover to a qualified plan. A period-certain annuity of 10 years is not rollover eligible.

Your Defined Benefit Supplement beneficiary is the same person you elect as your Defined Benefit option beneficiary.

The **Lifetime Monthly Annuity** provides a monthly payment for your lifetime (if you elect the Member-Only Benefit for your Defined Benefit account) or your lifetime and the lifetimes of your beneficiaries (if you elect the Modified Benefit for your Defined Benefit account). Lifetime annuities must be paid directly to you and cannot be rolled over to a qualified plan.

- **If you elect the Member-Only Benefit** for your Defined Benefit account and would like to receive lifetime monthly payments from your Defined Benefit Supplement account, you must elect the **Member-Only Annuity**. Any balance remaining upon your death will be paid to your one-time death benefit recipient.
- **If you elect a Modified Benefit** for your Defined Benefit account and would like to receive lifetime monthly payments from your Defined Benefit Supplement account, you must elect a beneficiary annuity. The amount of your monthly annuity payment depends on the percentage of your payment that you choose to have paid to your beneficiaries upon your death:
  - » **100% Beneficiary Annuity.** All of your monthly annuity amount will be paid monthly to your beneficiaries upon your death.
  - » **75% Beneficiary Annuity.** Seventy-five percent of your monthly annuity amount will be paid monthly to your beneficiaries upon your death.
  - » **50% Beneficiary Annuity.** Fifty percent of your monthly annuity amount will be paid monthly to your beneficiaries upon your death.
- **If you elect the Compound Option** for your Defined Benefit retirement benefit, you may elect to receive your Defined Benefit Supplement as any of the annuities listed here. The annuity you elect will be the same for each of your beneficiaries, and the apportionment of the benefit will be the same as you elect for your Defined Benefit monthly benefit.

3. Combination Lump-Sum and Annuity Payment

You can receive a portion of your Defined Benefit Supplement account as a lump-sum payment and the remaining balance as an annuity. To elect this choice, you must have at least $3,500 remaining in your Defined Benefit Supplement account after your lump-sum payment is made. If you choose the Combination Lump-Sum and Annuity, you will choose the amount of your lump-sum payment and one of the annuities.

Consider a Rollover to CalSTRS Pension2

Roll over your Defined Benefit Supplement funds at retirement into a CalSTRS Pension2 account and your money will continue to grow tax deferred. Pension2 offers low fees and expenses, so more of your money works for you.

See page 28

Other Considerations

Sign Up for Direct Deposit

Direct deposit gives you the quickest access to your benefit payment. For faster processing, sign up for direct deposit using your *my*CalSTRS account. Or complete the *Direct Deposit Authorization* form, available on CalSTRS.com. If you change your bank or want to cancel direct deposit, update your direct deposit instructions using your *my*CalSTRS account or by submitting a new form.

When you sign up for direct deposit, you authorize CalSTRS to transmit benefit payments by electronic funds transfer to your account at a U.S. financial institution. You also agree to receive benefit payment statements online using your *my*CalSTRS account. You may view current and past benefit payment information on *my*CalSTRS.

There may be some instances when benefit payment statements will be sent by U.S. mail.

If you would like to receive your benefit payment statements by U.S. mail, you must submit your request using your *my*CalSTRS account (select the "Update Your Profile" icon) or by writing to CalSTRS, P.O. Box 15275, MS 85, Sacramento, CA 95851-0275 (we'll need your Client ID, mailing address and signature).

You will still receive your Form 1099-R by U.S. mail.

Community Property Settlements

If you divorced or legally separated or terminated your registered domestic partnership while a CalSTRS member, your benefits may be subject to a community property settlement. When a court order specifically requires your benefits to be divided, CalSTRS must review:

- A complete court-filed copy of your final court judgment of dissolution, legal separation or termination of domestic partnership.
- A full copy of any settlement agreement, including exhibits and attachments.

If your documents have not been reviewed by CalSTRS, you may be asked to provide them. Failure to provide the required documents may result in a delay in your benefit without interest.

For more information, see the *Community Property Guide* at CalSTRS.com.

Keep your mailing address and telephone number current to avoid delays in benefits or communications. Submit changes using *my*CalSTRS or the *Address Change Request* form, available at CalSTRS.com.

Retiring From Another California Public Retirement System

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

For some systems, if you retire from CalSTRS and the other system concurrently, your benefits may be based on the highest salary earned under all systems as long as you do not work under CalSTRS or another system between the dates you retire from each system.

The highest salary you earned under CalSTRS-covered employment will be used to calculate your CalSTRS benefit if you worked under CalSTRS-covered employment and another public retirement system in the same pay period during the period of service used to calculate your final compensation. Even if you earned a higher salary under the other retirement system, if you are still working in CalSTRS-covered employment during your final compensation period, we will use only your CalSTRS salary to determine your final compensation.

The other public retirement systems in California subject to concurrent membership are:

- California Public Employees' Retirement System
- University of California Retirement System
- San Francisco Employees' Retirement System
- Legislators' Retirement System
- The following California county retirement systems enacted under the County Employees Retirement Law of 1937:

Alameda	Sacramento
Contra Costa	San Bernardino
Fresno	San Diego
Imperial	San Joaquin
Kern	San Mateo
Los Angeles	Santa Barbara
Marin	Sonoma
Mendocino	Stanislaus
Merced	Tulare
Orange	Ventura

Ask a CalSTRS benefits counselor if you are eligible for a concurrent retirement. For more information, see the *Member Handbook*.

Retirement Solutions

Medicare Premium Payment Program

Currently the CalSTRS Medicare Premium Payment Program, which pays Medicare Part A hospital insurance premiums for certain eligible retired members, is not being offered to members with a benefit effective date on or after July 1, 2012. With the adoption of a full funding plan, the Teachers' Retirement Board may elect to extend the program in the future.

Health Insurance Premium Deductions

CalSTRS does not provide health or dental insurance coverage for members. However, state law requires that school districts offer retiring CalSTRS members the option to continue their medical and dental insurance at their own cost. Your health insurance premiums may be partially or fully paid by your school district after retirement, depending on your collective bargaining agreement. Benefits vary from district to district.

CalSTRS can deduct health premiums from your monthly retirement benefit and forward them to your health insurance carrier, if your carrier has an agreement with us. If you are interested in a health insurance deduction, contact your employer's human resources department. We will set up a deduction for you after we receive the appropriate paperwork. To cancel, verify coverage information or change premium amounts, contact your insurance carrier or employer.

Dues Deductions

A number of associations, including the California Retired Teachers Association, California Teachers Association and Association of California School Administrators, have arranged to have dues deducted from CalSTRS retirement payments.

If you are interested in having your dues deducted from your payments, contact the association (see listing on page 20). After we receive the appropriate paperwork from the association, we will set up a deduction. To cancel a deduction, you need to contact the association directly.

Your Retirement Benefit and Social Security

As a member of CalSTRS, you don't pay into Social Security, so you don't earn Social Security benefits for your CalSTRS-covered work. If you or your spouse qualifies for Social Security from other employment, your monthly Social Security check may be smaller or you may not receive a check at all because of two federal rules: the Windfall Elimination Provision and the Government Pension Offset.

Your CalSTRS retirement benefit will not be reduced or eliminated by these two rules.

To learn more about these two rules, contact Social Security at 800-772-1213 or visit socialsecurity.gov where you'll find publications and calculators.

See the *Social Security, CalSTRS and You* fact sheet at CalSTRS.com.

Working After Retirement

You can continue to receive your full CalSTRS retirement benefit, with no earnings limitation, if you take a job outside of CalSTRS-covered employment, including work in:

- Private industry outside of the California public school system
- Private schools
- Public schools outside of California
- University of California or California State University system

If you return to work after service retirement in a position with the California public school system, except under a very narrow exception, there are restrictions under state and federal law. You cannot:

- Earn any pay without affecting your retirement benefit if you return to work before a 180-day separation from service.
- Earn more than the annual earnings limit without affecting your CalSTRS retirement benefit.
- Keep the additional service credit you received under the CalSTRS Retirement Incentive Program, if you return to work within five years of retirement with the employer that offered the incentive.
- Work in a classified position except, under certain circumstances, as a teacher's aide.

Separation-From-Service Requirement

Zero-Dollar Earnings Limit

Recent legislation, AB 340, the California Public Employees' Pension Reform Act of 2013, expanded the separation-from-service requirement, also known as the zero-dollar earnings limit, to all members who retire on or after January 1, 2013. Your retirement benefit will be reduced dollar for dollar by any compensation earned from CalSTRS-covered employment during the first 180 calendar days following your most recent retirement effective date on or after January 1, 2013, up to your benefit payable during that period.

There are no exemptions from the separation-from-service requirement if you are under normal retirement age or you received a retirement incentive. There is a narrow exemption if you're over normal age retirement. The requirement does not apply if your employer's governing body, such as a school board, approves your appointment through a resolution adopted at a public meeting, you did not receive any financial inducement to retire, and your termination of service was not the cause of the need to acquire your services.

Your employer must submit the required documentation to CalSTRS substantiating your eligibility for an exemption. CalSTRS must receive the exemption request and required documentation before you can begin working.

If you return to work after service retirement in a position with the California public school system, except under a very narrow exception, there are restrictions under state law.

Postretirement Earnings Limit

If you return to work in a CalSTRS-covered position as an employee of a public school system, an independent contractor, or an employee of a third party, you can earn up to the annual postretirement earnings limit without affecting your benefit. If your earnings from CalSTRS-covered employment exceed the annual earnings limit, CalSTRS will withhold all of your gross monthly retirement benefit until we collect your excess earnings in full, up to the amount of your annual retirement benefit, minus reductions due to the zero-dollar limit.

The earnings limit for the 2012–13 school year is $40,011. Any amount you earn in a CalSTRS-covered position during the first 180 days of retirement will also count against the annual postretirement earnings limit for the appropriate fiscal year.

If you return to CalSTRS-covered work in the 2012–13 school year after the first 180 days following retirement and earn $50,000, you will have exceeded the annual earnings limit of $40,011 by $9,989. If your annual retirement benefit is $9,989 or more, then CalSTRS will collect the entire $9,989 from your benefit payments for that year.

Postretirement Earnings Limit Very Narrow Exemption

With the exception of one very narrow exemption, all exemptions to the annual postretirement earnings limit ended on June 30, 2012. If you return to work as a trustee, fiscal adviser, fiscal expert, receiver or special trustee in a position appointed by the State Superintendent of Public Instruction, county superintendent of schools, State Board of Education or California Community Colleges Board of Governors to assist schools in financial or academic distress, you may be exempt from the earnings limit through June 30, 2014. You are not eligible for an exemption if you have received a retirement incentive in the previous six months.

Your employer must submit the required documentation to CalSTRS substantiating your eligibility for the exemption. CalSTRS must receive an exemption request and required documentation before you can begin working. It is up to you to contact your employer to verify that the required documentation has been submitted to CalSTRS. CalSTRS will inform you if you have been approved for an exemption.

CalSTRS is here for you.

Exclusion from the Earnings Limit for Certain Third-Party Employers

You may be excluded from the postretirement earnings limit and other postretirement employment requirements if:

- You return to work for a third-party employer that does not participate in a California public pension system.
- The activities performed are not normally performed by employees of a CalSTRS employer and the activities are performed for a limited term.

Reinstatement After Retirement

You may voluntarily terminate your retirement and reinstate to active membership any time after the date of your retirement by submitting the *Reinstatement After Retirement* form.

Your reinstatement date can be no earlier than the first day of the month in which CalSTRS receives your form. We must receive your signed *Reinstatement After Retirement* form no later than the last day of the month you reinstate. For example, if you want your retirement to end as of July 15, 2013, CalSTRS must receive your form no later than July 31, 2013.

If you decide to remain retired after submitting your application, you may cancel your reinstatement application as long as we receive your request by the last day of the month in which your termination of retirement was to become effective.

If you are retiring after reinstating to active service from retirement, there are restrictions on when you can retire:

- If you reinstated before July 17, 2012, your retirement date must be at least one calendar year from the date you reinstated.
- If you reinstated on or after July 17, 2012, your retirement date must be at least one day after the date you reinstated.

If you re-retire within a year of reinstating, you may not make changes to your retirement option or beneficiaries. If you re-retire after 12 months of reinstating, you may change or cancel your election, but you may have to pay an assessment. Once you're in retirement, you may make a postretirement option change only under limited circumstances. See the *Member Handbook* for more information on postretirement option changes.

To learn how reinstatement could affect your future retirement benefits, meet with a benefits counselor. You'll also find more information in the *Member Handbook*.

Retired Educator Organizations

Organizations for retirees have been involved in legislation affecting retired educators and provide other services to their members. Contact information for a number of organizations is provided as a courtesy and not as an endorsement.

Association of California School Administrators
1029 J Street, Suite 500
Sacramento, CA 95814
800-608-2272
acsa.org

Association of Retired Teachers
P.O. Box 57438
Sherman Oaks, CA 91413
323-666-0544
(for Los Angeles Unified School District educators)

California Federation of Teachers
Administrative Office
2550 North Hollywood Way, Suite 400
Burbank, CA 91505
818-843-8226
cft.org

California Retired Teachers Association
800 Howe Avenue, Suite 370
Sacramento, CA 95825
916-923-2200
800-523-2782
calrta.org

California Teachers Association/National Education Association–Retired
1705 Murchison Drive
P.O. Box 921
Burlingame, CA 94011-0921
650-697-1400
cta.org

Faculty Association of California Community Colleges
1823 11th Street
Sacramento, CA 95811
916-447-8555
faccc.org

United Educators of San Francisco–Retired Division
2310 Mason Street
San Francisco, CA 94133
415-956-8373
uesf.org

United Teachers Los Angeles–Retired
3303 Wilshire Boulevard, 10th Floor
Los Angeles, CA 90010
213-487-5560
800-556-8852
utla.net

Benefit of a Lifetime

CalSTRS Benefits Counseling Offices

Office Locations	Telephone Numbers	Hours
Auburn	530-886-2012	M-F 8-5
Bakersfield	661-636-4880	M-F 8-5
Bay Area *Hayward, Pleasant Hill, San Francisco	800-228-5453, ext. 3	M-F 8-5
Camarillo	805-383-1993	M-F 7:30-5
Costa Mesa *Fullerton, Garden Grove, Laguna Hills	714-966-4251	M-F 10-4
Eureka	707-441-3953	M-F 8-4:30
Foster City	650-312-7712	M-F 8-5
Fresno	559-497-3797	M-F 8-4:30
Glendale *Downey, Lancaster, Los Angeles, Santa Fe Springs, Santa Monica, Walnut	800-228-5453, ext. 3	M-F 8-5
Marysville	800-228-5453, ext. 3	M-F 8:30-5
Modesto *Merced	209-238-1614	M-F 8-5
Redding	530-225-0203	M-F 8-5
Salinas	831-784-4195	M-F 8-5
San Bernardino *Apple Valley, Indio, Murrieta, Rancho Cucamonga, Riverside	800-228-5453, ext. 3	M-F 8-4:30
San Diego *San Marcos	619-718-6783	M-F 8-5
San Jose	408-535-6171	M-F 8-4:30
Santa Cruz	831-466-5755	M-F 8-5
Santa Maria *Santa Barbara	805-928-0542	M-F 8:30-5
Santa Rosa	800-228-5453, ext. 3	M-F 8-5
Stockton	209-468-4864	M-F 7-5
Visalia	559-733-6760	M-F 8-5
West Sacramento *Fairfield, Marysville, Elk Grove	800-228-5453, ext. 3	M–F 8–5

All main offices accept CalSTRS applications and forms.
Call each office for its summer schedule hours.
For a current listing of offices, visit CalSTRS.com/localoffices.

*Hours vary at satellite offices. Appointments are scheduled through the corresponding CalSTRS counseling office.

Forms for Service Retirement

To apply for service retirement, you'll need to submit the *Service Retirement Application*. You and your employer must submit the *Express Benefit Report* to verify your last day of work and report unused sick leave. You also may need to submit additional forms for special circumstances.

Here is a list of forms and descriptions of their purpose. Except for the *Express Benefit Report*, you can complete and submit all of them online using *my*CalSTRS (the direct deposit authorization on *my*CalSTRS is not a form).

Required

Form Name	Purpose	Why Use This Form
☐ ***Service Retirement Application***	To apply for retirement if you are a Defined Benefit member.	Required for a Defined Benefit retirement. Includes the application for your Defined Benefit Supplement funds.
☐ ***Express Benefit Report***	To have your employer verify your employment termination date and last day of paid employment, and report unused sick leave.	Speeds up the determination of your final benefit amount.

Recommended

Form Name	Purpose	Why Use This Form
☐ ***Direct Deposit Authorization***	To send your retirement benefit directly to your financial institution.	Provides a convenient and safe way to receive your benefit check.
☐ ***Recipient Designation***	To designate a living person or persons, or an estate, trust, charity or other entity to receive a one-time death benefit.	Confirms your death benefit wishes are recorded at CalSTRS and avoids probate for this benefit after your death.

Special Circumstances

Form Name	Purpose	Why Use This Form
☐ ***Justification for Non-Signature of Spouse or Registered Domestic Partner***	To explain why your spouse's or registered domestic partner's signature is not on forms that require it.	If you are married or registered as a domestic partner and your spouse or registered domestic partner is unable to sign forms when required.
☐ ***Compound Option Election*** *(This is the only option election that requires a special form.)*	To designate one or more option beneficiaries—must be a living person—with an option choice for each and, if you choose, retain a portion of your benefit as a Member-Only Benefit.	When you want to elect the Compound Option and are submitting a *Service Retirement Application* for the first time.
☐ ***Reduced Benefit Election***	To elect the Reduced Benefit Election—you must be at least 55 but under 60.	Receive one-half of your monthly benefit calculated as if you were 60 for the same number of months after age 60 that you received payments before 60. After that, receive your normal benefit.

Find current forms on *my*CalSTRS or CalSTRS.com.

Step 2:
Complete and Submit Your Forms

Complete and submit your *Service Retirement Application* online using *my*CalSTRS. It's easy, fast and secure.

When you complete your application online using *my*CalSTRS:

- 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.

Activate Your *my*CalSTRS Account

Get started now by activating your *my*CalSTRS account if you haven't already done so. If you have a spouse or registered domestic partner, he or she also needs to register for *my*CalSTRS. Simply go to CalSTRS.com, *my*CalSTRS, and click on the *New User? Sign Up!* icon. If you need help, call us at 800-228-5453.

Defined Benefit Supplement Rollovers

Rolling over your Defined Benefit Supplement funds? If you select CalSTRS Pension2 for your rollover, you can submit your application online since CalSTRS will obtain the required financial signatures on your behalf. If you do not plan to roll over your funds to Pension2, you can complete your application on *my*CalSTRS, but you'll need to print, sign and mail or hand deliver it to CalSTRS because a financial institution signature is required.

Instructions Overview for Paper Forms

Carefully read and follow the instructions for each form to avoid any processing delays. All the forms you may need to retire are listed on page 22. You can find them at *my*CalSTRS and CalSTRS.com. Paper forms can be mailed, faxed or returned to a benefits counselor or benefits counseling office. All paper applications are processed in the order they are received.

When completing the paper retirement application and other forms, be sure to:

- Carefully read the instructions.
- Make photocopies of the forms beforehand in case you need to start over. You can also download and print new forms from CalSTRS.com. If you need to make a correction, draw a line through the error and make your correction, then write your initials next to the change, or use a new form.
- Print clearly in blue or black ink or type all information requested. Do not use pencil, erasable ink or light-colored ink.
- Remember to sign and date your *Service Retirement Application* and other forms. For forms to be legally accepted by CalSTRS, you and your spouse or registered domestic partner must sign and date all forms where indicated. If your spouse or registered domestic partner cannot sign the forms, complete the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form. This form may require supporting documentation.
- Make a copy of each completed form you submit to CalSTRS for your records.

Service Retirement Application Checklist

This checklist will help you avoid common errors that result in applications being returned for correction.

Section 1: Member Information

- ☐ Did you complete *all* of the member information?

Section 2: Retirement Information

- ☐ Did you provide a retirement date?
- ☐ Did you provide the date of your last day of work, vacation or authorized leave?
- ☐ If you are applying for the Reduced Benefit Election, did you complete and attach the *Reduced Benefit Election* form?

Section 3: Your Defined Benefit

3.1 Defined Benefit Election

- ☐ Did you elect either the Member-Only or the Modified Benefit?

  If you elect the Modified Benefit and did not previously submit a *Preretirement Election of an Option* form:

  - ☐ Did you provide all the required option and beneficiary information?
  - ☐ Did you enclose birth date verification for your option beneficiaries?

3.2 Defined Benefit Tax Withholding Preferences

- ☐ Did you elect your California state and federal income tax withholding preferences?

Section 4: Your Defined Benefit Supplement

4.1 Defined Benefit Supplement Election

- ☐ Did you elect one choice for your Defined Benefit Supplement funds: either the Lump-Sum Payment, the Annuity Payment, or the Combination Lump Sum and Annuity?
  - ☐ If you elected the Annuity Payment, did you indicate either the Period-Certain Monthly Annuity of 3 to 10 Years or the Lifetime Monthly Annuity?
  - ☐ If you elected the Combination Lump Sum and Annuity, did you indicate the Lump-Sum amount and choose either the Period-Certain Monthly Annuity of 3 to 10 years or the Lifetime Monthly Annuity?

Service Retirement Application Checklist

4.2 Defined Benefit Supplement Payment Instructions

- ☐ If you chose the Lump-Sum Payment or the Period-Certain Annuity of 3 to 9 years, did you elect either Direct Payment *or* the Rollover?

  If you chose the Rollover, did you:

  - ☐ Choose one of the three plan types: qualified IRA, other eligible plan or Roth IRA?
  - ☐ Indicate the amount or percentage to transfer?
  - ☐ Provide the account number?
  - ☐ Complete the financial institution information?
  - ☐ Obtain the financial institution representative's signature if the rollover is not to CalSTRS Pension2?

4.3 Defined Benefit Supplement Tax Withholding Preferences

- ☐ If you elected the Direct Payment Lump Sum or the Period-Certain Annuity of 3 to 9 years, did you indicate if you want state tax withheld?
- ☐ If you elected the Lifetime Monthly Annuity or the Period-Certain Annuity of 10 years, did you choose your state and federal income tax withholding preferences?

Section 5: Required Signatures

- ☐ Did you indicate your marital status by checking all boxes that apply to you?
- ☐ Did you sign and date the form with today's date?
- ☐ Did your spouse or registered domestic partner sign and date the form with today's date?
  - ☐ If not, did you check the corresponding box and attach the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form?

Section 6: Special Tax Notice: Your Rollover Options

- ☐ Did you read and consider this notice when making decisions on rollover-eligible payments?

Before submitting your application:

- ☐ Are your name and Client ID or Social Security number on all pages?
- ☐ Did you complete all pages of the application?
- ☐ Did you make a copy of your application and supporting documents for your records?

Step 3:
CalSTRS Role in Your Retirement Process

The information below will help you understand what to expect after you submit your *Service Retirement Application*. If you submit your paper application between April 1 and July 31, processing times will be longer than during nonpeak months.

When you complete and submit your application online using *my*CalSTRS, your timeline typically will be much faster.

After you submit your *Service Retirement Application,* CalSTRS...	When
Reviews your packet for all necessary information.	Within 30 days of receiving your application packet.
Sends a letter to you, acknowledging receipt of your application.	Within three weeks of processing your application or instantly via email if you apply online.
May request additional information from you or your former employer, including any court-ordered community property documents. (The *Express Benefit Report* form can decrease the need to request additional information from you or your employer.)	Any time during the application process.
Sends an Award Letter that includes: • The amount of your monthly benefit. • How your monthly benefit was calculated. • The total amount of your contributions and interest as of your effective date of retirement.	Within 45 days of your retirement date, or the date we process your application, whichever is later. Submit your application using *my*CalSTRS for faster processing of your Award Letter.
Sends your *first* benefit payment based on the information on file at the time of retirement. If your retirement date is not the first of the month, your first benefit payment will be prorated.	Within 45 days of your retirement effective date or the date we process your retirement application and all applicable forms, whichever is later. Submit your application using *my*CalSTRS for faster processing of your Award Letter.
Sends your requested Defined Benefit Supplement payment based on the information on file at the time of your retirement.	Within 45 days of your retirement effective date or the date we process your retirement application and all applicable forms, whichever is later.
Sends adjustment letters. • Your benefit payment generally is adjusted over several months as additional employment information is received from your employer. • Reconciliation of underpayments or overpayments will be made during this period. • Save your most recent adjustment letter to determine your tax liability.	After your retirement date.
Provides an annual benefit adjustment equal to 2 percent of your initial benefit. These adjustments are not compounded or based on inflation.	September 1 of each year, beginning after the first anniversary of your retirement. The automatic adjustment will be reflected in your October 1 payment.

CalSTRS Pension2—Your Personal Wealth Plan

Roll Over Your Investments to Pension2 at Retirement

With retirement in sight, you may be thinking about what to do with the money in your Defined Benefit Supplement account. Consider a rollover to Pension2. CalSTRS Pension2 is CalSTRS' voluntary defined contribution plan. In partnership with TIAA-CREF, Pension2 offers 403(b) and 457 plans for additional retirement savings.

Have money in a 403(b) or 457 account administered by another company and don't like the higher fees and expenses? You may be able to roll over your money to Pension2.

CalSTRS Pension2:

- Complements your CalSTRS retirement benefit.
- Features low fees and expenses, so more of your money works for you.
- Offers a variety of investment plans.
- Provides objective advice and planning services at no additional cost.

Easy Choice Portfolios

Don't have time or the experience to research your plan options? One of the Pension2 Easy Choice portfolios may be right for you. The ready-made diversified portfolios combine risk tolerance and retirement target dates to simplify your investment decisions.

Build Your Own Portfolio

If you prefer to build your own portfolio, you can choose among investment plans that cover different asset classes. You can choose from more than 20 investment funds to develop a portfolio that matches your time horizon and tolerance for assuming risk.

yourplan.CalSTRS.com
Find complete information about the plans offered by your employer.

403bCompare.com
Compare fees charged by different mutual funds and insurance products.

CALSTRS pension2® personal wealth plan

Contact Pension2 to learn more.

Pension2.com
888-394-2060

Glossary

Age Factor
The percentage of your final compensation that you will receive as a retirement benefit for every year you work. The age factor is based on your age on the last day of the month in which your retirement is effective. The basic age factor at age 60, the normal retirement age, is 2 percent. The maximum age factor is 2.4 percent.

For example, if you retire at age 60 and have 20 years of service, you will receive 2 percent (your age factor at age 60) of your final compensation multiplied by the 20 years you worked, or 40 percent of your final compensation (2 percent x 20).

Annual Benefit Adjustment
An automatic annual increase to your monthly benefit. The increase is effective September 1 of each year after the first anniversary of your benefit effective date and appears on your October 1 payment. Annual benefit adjustments are calculated at 2 percent of your initial benefit. The increase is not compounded or linked to inflation.

Career Factor
If you retire with at least 30 years of earned service credit, a bonus of 0.2 percent (two-tenths of 1 percent) will be added to your age factor up to a maximum age factor of 2.4 percent, which is reached at age 61½. For example, at age 60 and 3 months, the normal age factor is 2.033. With the career factor added, the age factor would be 2.233.

The increased age factor does not apply if you die before retirement without a *Preretirement Election of an Option* form on file at CalSTRS.

Client ID
A CalSTRS randomly generated number used to identify members. CalSTRS uses it instead of your Social Security number to secure your identity. Your Client ID is on your *Retirement Progress Report*.

Concurrent Retirement
Retiring at the same time from CalSTRS and one of the following California public retirement systems: California Public Employees' Retirement System, San Francisco Employees' Retirement System, University of California Retirement System, Legislators' Retirement System, or those systems established under the County Employees' Retirement Law of 1937.

Creditable Service
Specific employment activities performed for a school district, community college district, county office of education or eligible charter school, including teaching, vocational or guidance counseling services related to school curriculum, and a variety of administrative duties.

Credited Service
Service credit for which required contributions have been paid.

Defined Benefit Program
A benefit program within the State Teachers' Retirement Plan that provides lifetime retirement benefits (based on a formula using age, service credit and final compensation) and ancillary benefits for California's public school educators who are members of the program.

Defined Benefit Supplement Program
A supplemental benefit program with benefits based on contributions and interest credited to your account. From January 1, 2001, to December 31, 2010, funds came from 25 percent of your monthly CalSTRS contribution. Your entire 8 percent contribution now goes into your Defined Benefit account. Compensation earned from service in one school year in excess of one year of service credit will continue to go into your Defined Benefit Supplement account.

Earnable Compensation
Compensation you could earn in a school year for full-time creditable service.

Excess Sick Leave Days
Sick leave granted by employers after June 30, 1986, that exceeds one day of sick leave per pay period of at least four weeks.

Final Compensation
The highest average annual earnable compensation during a specified period of CalSTRS-covered paid employment. The period is 12 consecutive months if you have at least 25 years of service credit or if it is included in a written collective bargaining agreement for classroom teachers. Otherwise, the period is three consecutive years if you have fewer than 25 years of service credit.

Hybrid Plan

As a CalSTRS member, you participate in a hybrid retirement system that includes a traditional defined benefit plan, a cash balance plan (called the Defined Benefit Supplement) and a voluntary defined contribution plan (CalSTRS Pension2).

Longevity Bonus

An increase to your monthly Member-Only Benefit, if you had at least 30 years of service credit on or before December 31, 2010. The bonus will be reduced by the option factor if you choose an option.

Member

You are a member if you have been credited with service in the Defined Benefit Program and have not received a refund for that service.

Member-Only Benefit

The highest monthly benefit you can receive when you retire for service or disability before any reduction to provide for an option beneficiary.

Modified Benefit

A reduction in your Member-Only Benefit to provide an ongoing lifetime benefit to your option beneficiary after your death. The reduction depends on which option you choose, your age and the age of your option beneficiary when the election is made.

One-Time Death Benefit

A one-time benefit paid to your designated recipients (may be an estate, trust, charity, corporation or other entity) after you die.

Option

Plan feature that allows you to distribute your retirement benefit over your lifetime and the lifetimes of other people.

Postretirement Earnings Limits

Annual Earnings Limit

If you return to work in a CalSTRS-covered position, including one for a third-party employer on behalf of a California public school, you can earn up to the annual postretirement earnings limit without affecting your benefit. Your CalSTRS benefit will be reduced dollar for dollar by the amount of creditable earnings from public school employment in excess of the earnings limit up to your annual retirement benefit, minus reductions due to the zero-dollar earnings limit.

The Teachers' Retirement Board adjusts the earnings limit annually. The earnings limit for the 2012-13 school year is $40,011.

If you return to CalSTRS-covered employment during the first 180 calendar days after retirement when you are subject to the zero-dollar earnings limit/separation-from-service requirement (see below), any pay you earn will also count against the annual earnings limit for the appropriate fiscal year.

Separation-From-Service Requirement

Zero-Dollar Earnings Limit

Recent legislation, AB 340, the California Public Employees' Pension Reform Act of 2013, expanded the separation-from-service requirement to all members who retire on or after January 1, 2013. If you return to CalSTRS-covered employment during the first 180 calendar days after retirement, your retirement benefit will be reduced dollar for dollar by the amount you earn up to your benefit payable during the 180 days. There are no exemptions if you are under normal retirement age or received a retirement incentive.

Following the 180-day period, you may return to work under the annual earnings limit. The separation-from-service requirement starts after your most recent retirement.

If you do not have a separation from service, you'll be subject to the annual earnings limit and the zero-dollar earning limit.

Reduced Benefit Election (Limited-Term Reduction Program)

A retirement alternative for Defined Benefit members. You will receive one-half the monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age 60. After that, you will receive the full retirement benefit. To be eligible, you must be at least age 55, but under age 60, and have at least five years of service credit for retirement.

Service Credit

Accumulated period in years, including partial years, for which you earned creditable compensation and made contributions under CalSTRS Defined Benefit Program. Your service credit is one of the factors used to determine your eligibility for benefits payable under the Defined Benefit Program. Service credit cannot exceed 1.000 in any given school year.

Vested Member

If you have five years of service credit in the CalSTRS Defined Benefit Program, you are considered a vested member and are eligible for retirement benefits at age 55—or age 50 with 30 years of service credit.

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