



CALSTRS®

LEARN AND DISCOVER

THE BENEFIT OF A LIFETIME

Midcareer



Dear CalSTRS member,

CalSTRS is your retirement plan, and we're dedicated to helping you achieve a secure financial future. As a vested member, you're eligible to receive a lifetime monthly benefit from us when you retire, regardless of how well the CalSTRS Investment Portfolio performs.

This *Learn and Discover: Midcareer* publication is a helpful resource. It provides information about your defined benefit pension, your survivor and disability benefits, Social Security, and the decisions you need to start thinking about at this stage of your career. I invite you to attend the webinars we offer to help you learn more at [CalSTRS.com/webinars](https://www.calstrs.com/webinars).

Your CalSTRS retirement benefit will generally replace 50% to 60% of your final salary—yet you'll likely need more income in retirement. Consider starting an additional savings account to supplement your pension. Learn about CalSTRS Pension2® 403(b) and 457(b) plans on pages 10–11.

Thank you for choosing education as your career. Your valuable work helps create a brighter future for the next generation.

Sincerely,



Cassandra Lichnock
Chief Executive Officer

Our mission

Securing the financial future and sustaining the trust of California's educators

Why are we sending you this publication?

The mission of the California State Teachers' Retirement System—securing the financial future and sustaining the trust of California's educators—drives everything we do.

It's important to understand the value and security of the CalSTRS defined benefit pension you're earning. Yet when asked, most midcareer educators report they have a limited understanding of their CalSTRS benefits.

This *Learn and Discover: Midcareer* resource explains your CalSTRS benefits and answers common questions from midcareer California educators. For more than 10 years, we've refined this publication based on your feedback. This is part of the career stage retirement resource series that places essential information at your fingertips during key times in your career—right when you need it.

We're here for you

You work tirelessly for your students and passionately prepare them for the next stage of their lives. We're here to help you prepare for one of your important life stages—retirement.

Your CalSTRS defined benefit pension may be your greatest asset. Use the "9 things to do now" checklist on the next page and look through this booklet to learn more about your CalSTRS benefits.



9 things to do now

- Open this *Learn and Discover: Midcareer* resource
- Your CalSTRS retirement at a glance **2**
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You're helping students build their futures—remember to plan for yours.

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CalSTRS is governed by the Teachers' Retirement Law, available at CalSTRS.com, and other governing laws. If there is a conflict between the law and this booklet, the law prevails. We make reasonable effort to provide accurate information in our publications, but such information is not meant to replace the law or provide legal or financial advice. 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. We can provide you with information on your benefit choices, but we do not provide legal, financial, tax or other advice. For such advice, consider consulting a professional in the relevant field.



Your CalSTRS retirement at a glance

As a vested member of CalSTRS, you're entitled to a guaranteed, lifetime monthly benefit when you retire.

Your CalSTRS retirement benefit is a strong foundation, but you'll likely need more to meet your retirement income goal.

If you're like most educators, your retirement income will come from four main sources:

- Your CalSTRS monthly retirement benefit.
- Your CalSTRS Defined Benefit Supplement account funds.
- Your investment savings, such as CalSTRS Pension2 403(b) and 457(b) plans.
- Other personal savings.

Traditional defined benefit plan

A traditional defined benefit provides retirement, survivor and disability benefits. Your Defined Benefit retirement benefit is based on a formula set by law using your age, service credit and final compensation.

CalSTRS Defined Benefit Program

- You contribute a percentage of your earnings to the Defined Benefit Program.
- Once you retire, you'll receive a guaranteed lifetime monthly benefit.
- Your benefit will be a fixed percentage of your final compensation based on the age you retire and your years of service credit.
- Your benefit is determined by this formula:
age factor × service credit × final compensation
- Your benefit is not based on how much you contributed or your account balance.
- Your benefit is not dependent on how the CalSTRS Investment Portfolio performs.

Go to pages 4–5 to learn more.

Cash balance plans

A cash balance plan is a hybrid retirement plan that accumulates funds based on employee and employer contributions on eligible earnings, a guaranteed interest rate and, when the Teachers' Retirement Board declares, additional earnings credits. Benefits are payable as a lump sum or annuity.

CalSTRS Defined Benefit Supplement Program

- The funds in your Defined Benefit Supplement account generally come from outgrowth, or extra-pay assignments, such as club adviser, athletic coach or band director.
- A portion of your and your employer's contributions are credited to your Defined Benefit Supplement account based on your eligible earnings.
- Your account earns guaranteed interest and, when the Teachers' Retirement Board declares, additional earnings credits.
- At retirement, you're eligible to receive a lump-sum or annuity benefit based on your total account balance.

Go to pages 6–7 to learn more.

CalSTRS Cash Balance Benefit Program

- If you're a part-time educator, you may belong to this retirement plan designed specifically for your unique financial needs.
- ➔ Refer to the *Cash Balance Benefit Program* booklet at [CalSTRS.com/publications](https://www.calstrs.com/publications) to learn more.

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

Defined contribution plan

A defined contribution plan is a tax-advantaged, optional retirement savings program, which complements traditional pension benefits. It allows eligible California public school educators to contribute to individual accounts, with retirement income dependent on contributions and investment performance.

CalSTRS Pension2

- This voluntary additional savings account helps you save more for retirement.
- You can choose from 403(b), 457(b), Roth 403(b) and Roth 457(b) plans.
- You make contributions through paycheck deductions.
- The amount you have at retirement depends on your contributions, investment gains or losses, and expenses.

Go to pages 10–11 to learn more.

Additional earnings credits

Additional earnings credits are similar to interest you earn on your personal retirement savings. We add these credits to your Defined Benefit Supplement or Cash Balance Benefit account balance when CalSTRS investments perform well.

The credit amount is calculated as a percentage of your account balance. Typically, when combined with the guaranteed minimum interest rate, additional earnings credits are expected to average 7% annually over the long term.

Keep your address current

Make sure we have your current mailing and email addresses, so you don't miss important communications from us. There are three ways to update your contact information:


1. Log in to *myCalSTRS* and update your information in your account.

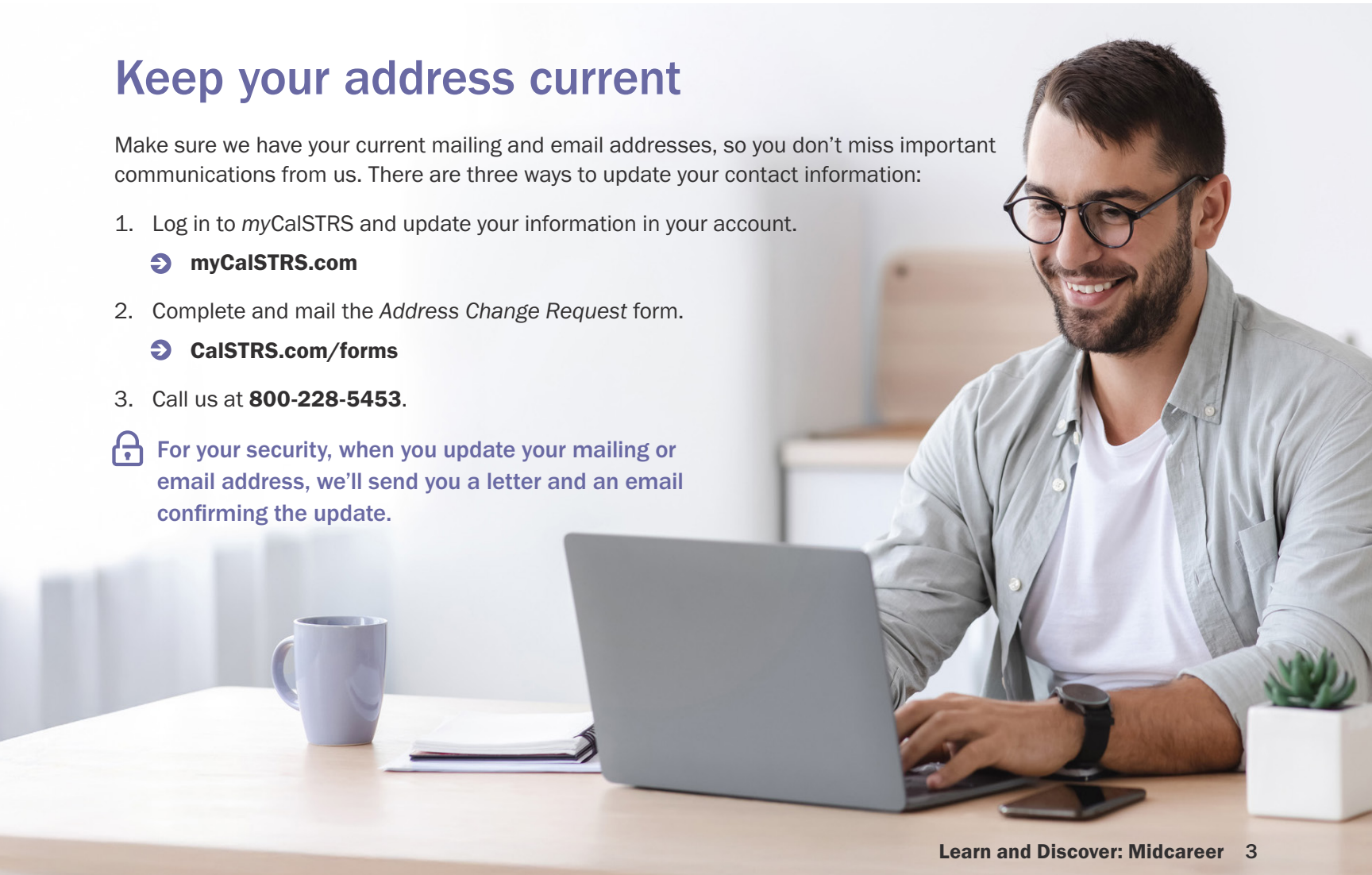
➔ [myCalSTRS.com](https://mycalstrs.com)

2. Complete and mail the *Address Change Request* form.

➔ [CalSTRS.com/forms](https://calstrs.com/forms)

3. Call us at **800-228-5453**.

 For your security, when you update your mailing or email address, we'll send you a letter and an email confirming the update.





Understand how your retirement benefit is calculated

Your Defined Benefit Program monthly retirement benefit is based on a formula set by law:

$$\text{age factor} \times \text{service credit} \times \text{final compensation} = \text{your retirement benefit}$$

As a result of the California Public Employees' Pension Reform Act of 2013, CalSTRS has two benefit structures.

CalSTRS 2% at 60: Members first hired to perform service that could be credited to the Defined Benefit Program on or before December 31, 2012, in addition to certain other members.

CalSTRS 2% at 62: Members first hired to perform service that could be credited to the Defined Benefit Program on or after January 1, 2013.

The 2% refers to the percentage of your final compensation you'll receive as a retirement benefit for every year of service credit, also known as the age factor. Other differences between the two benefit structures include final compensation, normal retirement ages, creditable compensation caps and contribution rates.

Age factor

Your age factor is the percentage that's multiplied by your service credit and final compensation to determine your benefit amount. The age factor is less if you retire at an earlier age and more if you retire at a later age.

CalSTRS 2% at 60 | Retirement age

55	56	57	58	59	60
1.40%	1.52%	1.64%	1.76%	1.88%	2.00%
61	62	63+			
2.13%	2.27%	2.40%			

CalSTRS 2% at 62 | Retirement age

55	56	57	58	59	60
1.16%	1.28%	1.40%	1.52%	1.64%	1.76%
61	62	63	64	65+	
1.88%	2.00%	2.13%	2.27%	2.40%	

➔ For more detailed age factor tables, refer to the *Member Handbook*.

Service credit

Service credit is the total number of years, including partial years, during which you receive creditable compensation and make contributions to the Defined Benefit Program.

If you earn more than one year of service credit in a school year by performing service, such as outgrowth assignments or working in multiple positions, most of your and your employer's contributions from the additional service will go into your Defined Benefit Supplement Program account. Refer to pages 6–7 to learn more.

Final compensation

Final compensation is your highest average annual compensation earnable for 36 consecutive months, or 12 consecutive months if you're a CalSTRS 2% at 60 member and have 25 or more years of qualified service credit.

➔ Go to the "Your retirement benefit" section in the *CalSTRS Member Handbook* at CalSTRS.com/publications.

▶ Find the *Understanding the Formula* videos at CalSTRS.com/videos.

Estimate your projected retirement benefit using the calculator at CalSTRS.com/calculators.

Your retirement formula: How it works

Let's look at Faye:

Faye, a CalSTRS 2% at 60 member, is a first-grade teacher with 29 years of service credit. She just turned 58, and though not in a hurry to retire, she's been thinking more about retirement lately. Her gross monthly salary is \$5,708.

Below are three examples for her Member-Only retirement benefit calculation, not including any unused sick leave she may have that will be converted to service credit at retirement. The examples assume she works full time, earns one full year of service credit every year, does not elect an option to provide a lifetime benefit to someone upon her death, and her pay stays the same.

If Faye retires with at least 30 years of service credit, a 0.2% career factor will be added to her age factor—up to a maximum age factor of 2.4%.

$$\text{age factor} \times \text{service credit} \times \text{final compensation} = \text{your retirement benefit}$$

Example 1

If Faye were to retire today, her monthly retirement benefit would be calculated as:

1.76%	×	29	×	\$5,708	=	\$2,913
age factor		service credit		monthly final compensation		monthly retirement benefit

Example 2

If she continues working until her 60th birthday, she would qualify for the career factor. Her monthly retirement benefit would be calculated as:

2.2%	×	31	×	\$5,708	=	\$3,893
age factor + career factor		service credit		monthly final compensation		monthly retirement benefit

Example 3

If she continues working until her 62nd birthday, she would be eligible for the maximum combined age factor and career factor of 2.4%. Her monthly retirement benefit would be calculated as:

2.4%	×	33	×	\$5,708	=	\$4,521
age factor + career factor		service credit		monthly final compensation		monthly retirement benefit

CalSTRS 2% at 62 members: There is no career factor benefit enhancement to the age factor.

➔ Find the career factor and age factor tables in the *Member Handbook* at [CalSTRS.com/publications](https://www.calstrs.com/publications).

Contributions to your CalSTRS retirement

When you retire, your benefits are paid using a combination of your contributions, employer and state contributions, and CalSTRS investment income.

Your Defined Benefit account

Your contributions for up to one year of service per school year are credited to your Defined Benefit Program account—your primary CalSTRS account. Your contribution rate depends on whether you're a CalSTRS 2% at 60 member or a CalSTRS 2% at 62 member. Go to **CalSTRS.com/contributions** for your current contribution rate.

Your Defined Benefit Supplement account

Your contributions for up to one year of service performed in a school year go into your Defined Benefit Program account. Contributions on your earnings for service in excess of one year of service credit in a school year are credited to your Defined Benefit Supplement account. If you're a CalSTRS 2% at 60 member, your contributions on limited-term payments are also credited to your Defined Benefit Supplement account. For current contribution rates, go to **CalSTRS.com/contributions**.

Your Defined Benefit Supplement account balance earns a guaranteed interest rate. When you retire, you'll receive the funds in this account as either a lump sum or an annuity equal to the total balance of your account. You can find the current Defined Benefit Supplement interest rate in the *Member Handbook* at **CalSTRS.com/publications**.

Contributions to your Defined Benefit Supplement account do not affect your ability to make contributions to 403(b), 457(b) or similar tax-advantaged accounts.

➔ Find your account balance on your *Retirement Progress Report* in your myCalSTRS account at **myCalSTRS.com**.

Employer and state contributions

Employer and state contribution rates can vary year to year and are deposited in the Teachers' Retirement Fund to help pay benefits for all members and their beneficiaries. If you stop teaching and take a refund, you are not entitled to these contributions.

If you're among the more than 80% of CalSTRS members who have performed additional service beyond their regular full-time assignment, you're already building additional savings for your retirement in your Defined Benefit Supplement account.

Excess contributions

If you make contributions on earnings for service in excess of one year of service credit in a school year, you're eligible for a return of your contributions that exceed the contribution rate for compensation creditable to your Defined Benefit Supplement account. Refer to [CalSTRS.com/contributions](https://www.calstrs.com/contributions) for current contribution rates.

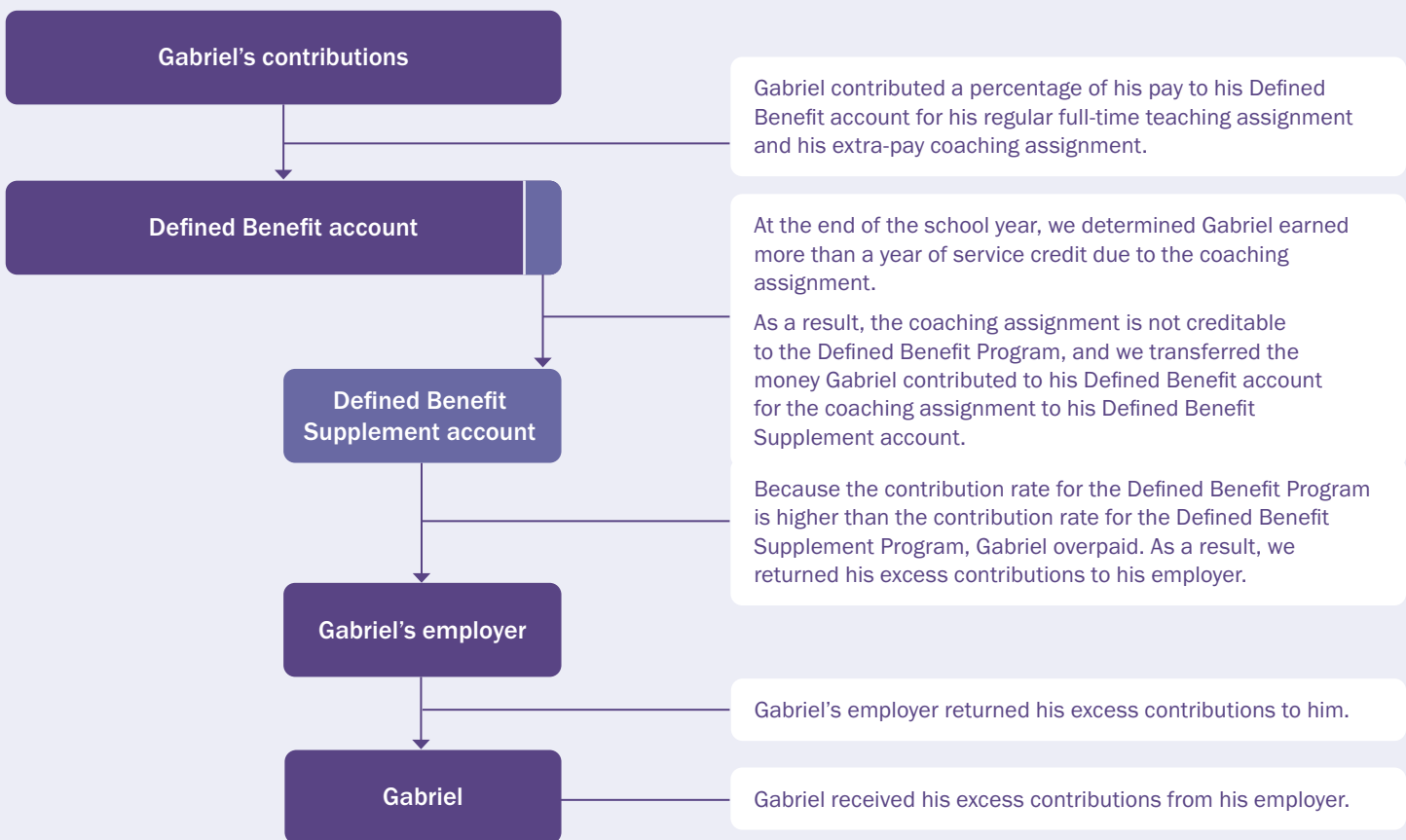
The dollar value of those excess contributions is reported each year on your *Retirement Progress Report*. Your *myCalSTRS* account shows a breakdown of excess contributions by employer.

Your employer is responsible for returning your excess member contributions to you, less any authorized adjustments or tax withholding. If you have questions regarding the return of your excess contributions, contact your employer.

▶ Find the **Defined Benefit Supplement Program video series** at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Example

Gabriel is a CalSTRS 2% at 60 member who earned \$60,000 in his regular full-time assignment and an additional \$5,000 coaching an after-school program.



Note: Employers and the State of California also contribute to the Defined Benefit Program. Those contributions are deposited in the Teachers' Retirement Fund and are not shown in this example.

Securing your financial future

Your CalSTRS defined benefit plan is likely the cornerstone of your retirement savings. Since it's set by a formula—not by the amount of contributions you make—it's structured to shield you from the risks of investment. Your plan offers monthly income for life, disability coverage while you work, and survivor benefits for your loved ones.

On average, the CalSTRS retirement benefit replaces 50% to 60% of a career educator's salary. You'll need to close any gap between your retirement income goal and your retirement benefit with savings and investments, such as CalSTRS Pension2. Go to pages 10–11 to learn more.



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

▶ Find the *How to Fill the Gap* video at CalSTRS.com/videos.

Are you saving enough?

According to the 24th Annual Transamerica Retirement Survey:

62%

of U.S. workers agree they're currently building a large enough retirement nest egg, yet 28% do not have a retirement strategy.

Use the worksheets on pages 22 and 24 to estimate your expenses and income in retirement.

➔ Estimate your projected retirement benefit using the calculator at CalSTRS.com/calculators.



Increase your retirement benefit

You can increase your benefit by increasing one or more components of the retirement benefit formula:

$$\text{age factor} \times \text{service credit} \times \text{final compensation}$$

Purchase additional service credit

The more service credit you have at retirement, the greater your retirement benefit. You can:

- Buy service credit, if you're eligible, for:
 - » Employer-approved maternity, paternity, sabbatical or Fulbright leave and leave approved under the federal Family and Medical Leave Act or California Family Rights Act.
 - » Service in certain out-of-state or foreign public schools, schools for the deaf or blind, child care centers and Native American schools.
 - » Peace Corps, Job Corps and certain active U.S. military service.
- Redeposit previously refunded contributions and restore service credit if you return to CalSTRS membership or work in a position covered by another eligible California public retirement system.
- Purchase nonmember service, such as part-time or substitute service in the California public school system, performed before you were a CalSTRS member or after taking a refund and before becoming a member again.

➔ Find the *Purchase Service Credit Now* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications).

▶ Check out the *How to Purchase Service Credit* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Work a while longer

The longer you work, the more service credit you'll have—and if you're under the CalSTRS 2% at 60 benefit structure, you may qualify for the one-year final compensation and career factor benefit enhancements.

The older you are, the higher your age factor—the percentage of your final compensation you'll receive as a retirement benefit for every year of service credit you earn. The age factor is less if you retire early and more if you retire at a later age.

Also, if you postpone your retirement, you can still make tax-advantaged contributions to your 403(b), 457(b) or IRA account. Take advantage of catch-up contributions, starting at age 50.

Convert unused sick leave to service credit at retirement

We'll convert your unused sick leave to service credit when you retire. If you change employers during your career, coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

It costs less to buy service credit now rather than later. You can estimate the cost to purchase service credit by logging into your *myCalSTRS* account at [myCalSTRS.com](https://www.calstrs.com) or by using the *Redeposit or Purchase Permissive Service Credit* form at [CalSTRS.com/forms](https://www.calstrs.com/forms).

Refer to the "Your retirement benefit" section in the *Member Handbook* for more information about increasing your benefit.



Learn the advantages of CalSTRS Pension2 403(b) and 457(b) plans

According to financial professionals, you may need 80% to 90% of your final salary to retire comfortably.

Your CalSTRS defined benefit pension is a great start. Your pension may take you about halfway toward your retirement income goal, depending on your years of service and age at retirement. The rest is likely to depend on personal savings and investments.

Ask your school district if they offer 403(b) and 457(b) voluntary supplemental savings plans. Pension2 plans have:

- Lower costs.
- Investment choices to match your investing style.

Pension2 is open to all school employees.

Help with your choices

Pension2 gives you access to personal support and financial learning resources to help you manage your account.

Meet with one of our experienced Pension2 specialists in a confidential, one-on-one setting virtually, over the telephone or in person. We can help you define

your retirement goals and integrate them with your CalSTRS retirement benefit. If you have a plan with another vendor, we're happy to help you compare fees to understand if you'd benefit from consolidating your savings into Pension2.

To schedule an appointment, call **888-394-2060** or email **Pension2@CalSTRS.com**.

Have funds in your CalSTRS Defined Benefit Supplement account? You can roll them over to your Pension2 account when you retire.

Start today

Enrolling in Pension2 now puts time on your side. The earlier you start, the longer your savings and any earnings will accumulate in your account, increasing your account's growth potential.



Enroll today or learn more at Pension2.com.

CALSTRS

pension 2
personal wealth plan



Increase your 403(b) or 457(b) contribution

Are you saving enough? One way to save is to invest in a 403(b) or 457(b) tax-advantaged account.

Find the right 403(b) for you

403bCompare is your resource for information on the 403(b) plans offered by your school district. You'll find everything you need to compare, select and start building your personal retirement savings.

Visit 403bCompare to:

- Learn the advantages of a 403(b) account.
- Find your district's approved list of 403(b) vendors.
- Compare 403(b) plans side by side, including fees, services and performance.
- Get information about how to enroll and start easy paycheck contributions.

➔ Check out [403bCompare.com](https://www.403bcompare.com) today.



403bCompare™

It's never too late to start

Power of time and money. With compound interest, you earn interest on your total balance—your original contribution plus all interest earned and any additional contributions—so your money can grow faster.

Tax advantages. When you contribute to your 403(b) or 457(b) account directly out of your paycheck, you defer taxes on the money you invest each month. Your earnings grow tax-deferred, and your monthly taxable income is lower.

Contribute to a Roth 403(b) or Roth 457(b) account through your paycheck and you will not get a tax break up front, but your contributions and earnings will be tax-free at retirement when you withdraw your funds.

Investing involves risk, including risk of loss of principal.

To learn more about your options, attend the *Fundamentals of 403(b) and 457(b) Plans* webinar at [CalSTRS.com/webinars](https://www.calstrs.com/webinars).

To help keep your savings on track, use the savings calculator at [CalSTRS.com/calculators](https://www.calstrs.com/calculators). Learn how much more you could have at retirement if you increased your monthly contribution by \$100.

Get the facts on Social Security

As a California public school educator, you do not contribute to Social Security, so you will not receive a Social Security benefit for your CalSTRS-covered employment when you retire.

You may still be eligible for Social Security benefits through other employment or your spouse. Consider contributing the 6.2% you would have contributed to Social Security to a supplemental savings account, such as a 403(b) or 457(b).

The Social Security Fairness Act eliminated the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act for Social Security benefits payable after December 2023. Social Security is a federal program, and neither CalSTRS nor the State of California has control over eligibility requirements or Social Security benefit calculations.



POP QUIZ

When are you eligible to retire?

You can retire at age 55 with five years of service credit—or fewer if you service retire concurrently from one or more eligible California public retirement systems. If you're a CalSTRS 2% at 60 member, you can retire as early as age 50 if you have at least 30 years of service credit.

➔ Refer to page 16 to learn more.



Review your *Retirement Progress Report*

Keep tabs on your CalSTRS information by reviewing your *Retirement Progress Report* each year. Your report is posted online in your *myCalSTRS* account.

Your *Retirement Progress Report* summarizes:

- Your service credit.
- Your benefit structure—whether you're a CalSTRS 2% at 60 member or a CalSTRS 2% at 62 member.
- Your one-time death benefit recipient.
- Accumulated contributions and interest in your Defined Benefit and Defined Benefit Supplement accounts.
- Any excess contributions returned to your employer.
- Information about your disability and survivor benefit coverage.

➔ Access your information. Be sure to review your *Retirement Progress Report* in your *myCalSTRS* account at **myCalSTRS.com**.

If you believe there's a discrepancy in your report, correct errors by contacting your employer immediately.

Also, be sure to verify your paycheck information, including deductions, each pay period.





Learn about your disability and survivor benefits

Your disability benefits

You may be eligible for disability benefits if you meet the eligibility requirements, including age, service credit, timelines for application and medical documentation. This means that you have a medically determined physical or mental impairment that is permanent, or expected to last at least 12 consecutive months, and prevents you from performing:

- Your usual duties with or without reasonable accommodation.

OR

- Duties in a comparable level position.

In general, the basic disability benefit is 50% of your final earned compensation. The maximum benefit, including benefits for eligible dependent children, is 90% of your final earned compensation.

You may apply for disability benefits while you're:

- Still working.
- Receiving sick leave or differential pay.

In addition, if you're eligible to service retire, you can apply for service retirement during the evaluation of your application. However, if your disability benefits application is not approved, you'll remain in service retirement and will not be eligible to apply for disability again.

Your disability benefit does not require your disability to be work related, unlike worker's compensation benefits.

➔ **Find Your Disability Benefits Guide and the "Your disability benefits" section in the *Member Handbook* at [CalSTRS.com/publications](https://www.calstrs.com/publications).**

A disability benefit is calculated differently from a service retirement benefit. In some situations, a service retirement benefit may be a more appropriate choice.

Your survivor benefits

Your spouse, children and other loved ones may be eligible for survivor benefits after your death. The type and amount of benefits depend on:

- Your years of service credit.
- Your membership status.
- Your type of coverage: A or B.
- If you elect an option.

Find your disability and survivor benefit coverage in your *Retirement Progress Report*.

Depending on your member status at the time of your death, your beneficiaries may be eligible for three types of benefits:

- One-time death benefit.
- Defined Benefit Program monthly benefit.
- Defined Benefit Supplement account distribution.

Note: All survivor benefits are considered taxable income.

One-time death benefit recipient

You may designate one or more recipients to receive a one-time death benefit—a person, trust, estate, charitable organization, corporation or public entity. Refer to the *Member Handbook* for the current benefit amounts. To name your one-time death benefit recipient, use your *myCalSTRS* account and be sure to keep your recipient information current at [myCalSTRS.com](https://www.myCalSTRS.com).

You can change your one-time death benefit recipient anytime, with no financial penalty.

Defined Benefit Program monthly benefit

If you die before retirement, your survivors—including your spouse or registered domestic partner and dependent children—may be eligible for a monthly survivor benefit.

You may choose to elect an option to provide a lifetime monthly benefit to one or more beneficiaries, instead of a monthly survivor benefit, when you're eligible to retire. You can also elect an option at retirement, or under the Coverage B disability retirement, based on your earned income.

Schedule a benefits planning session and ask for a customized benefit estimate to help you make your decision. Call us at **800-228-5453**.

Defined Benefit Supplement distribution

Your membership status when you die determines how the balance in your Defined Benefit Supplement account will be distributed.

If you die before retirement, your Defined Benefit Supplement account balance will be distributed to your one-time death benefit recipient. If you did not name a recipient, we'll pay the balance to your estate.

If you die after retirement, your account balance will be distributed to your one-time death benefit recipient or option beneficiary, depending on the distribution you elected at retirement.

- ➔ Refer to the *Survivor Benefits* booklet at **CalSTRS.com/publications**.
- ▶ Check out the *Survivor Benefits* video at **CalSTRS.com/videos**.



Attend a webinar

Learn more about your benefits and how to prepare for your future with a variety of retirement webinars and the *Financial Basics* e-learning series.

Retirement webinars

The interactive webinars show you how to make the most of your CalSTRS membership, such as:

My Retirement System: Introduces your retirement, survivor and disability benefits, how to calculate your retirement benefit, and why it pays to start a supplemental savings plan early.

My Retirement Benefits: Provides in-depth information about your benefits, earned and purchased service credit, and ways to bridge the gap between your CalSTRS benefit and your retirement income goal.

My Retirement Decisions: Covers decisions you'll make when you retire, including whether to elect a beneficiary option, how to complete the application and what to know for after retirement.

- ➔ Register today for these webinars and others at **CalSTRS.com/webinars** or call **800-228-5453**.

Financial Basics e-learning

You also have access to self-guided *Financial Basics* e-learning courses. Boost your financial confidence by brushing up on topics such as your credit score, budgeting, emergency fund, saving, investing, taxes and debt management.

- ➔ Learn valuable tips you can use right away with these foundational courses that you can access anytime at **CalSTRS.com/financial-basics**.



Understand your retirement decisions

It's never too early to start planning for your retirement. Attend a CalSTRS webinar or benefits planning session to help you with your retirement decisions.

Are you eligible to retire?

If you're under the CalSTRS 2% at 60 benefit structure, you're eligible to retire as early as:

- Age 50 with at least 30 years of service credit.
- Age 55 with at least five years of service credit.
- Under the special circumstances of concurrent retirement.

If you're under the CalSTRS 2% at 62 benefit structure, you're eligible to retire at age 55 with at least five years of service credit or under the special circumstances of concurrent retirement.

Do you want to provide a lifetime monthly retirement benefit to someone after your death?

Member-Only Benefit

The Member-Only Benefit provides the highest monthly benefit. It does not provide a monthly lifetime benefit for someone after your death. After your death, any remaining balance in your account will be paid to your one-time death benefit recipient.

Modified Benefit

You can choose to distribute your retirement benefit over your life and the life of one or more people. You'll receive a reduced monthly lifetime benefit, known as a Modified Benefit, based on the option you choose, your age and your beneficiary's age at election. When you die, your option beneficiary will receive a lifetime monthly benefit.

You can provide your beneficiary with 100%, 75% or 50% of your modified Member-Only Benefit. Or you can choose the Compound Option that lets you provide a lifetime monthly benefit for one or more individuals and keep a portion of your benefit as a Member-Only Benefit. After you retire, you can change your option beneficiary only under limited circumstances.

To find out how each option would affect your retirement benefit, use the *Retirement Benefits Calculator* at **CalSTRS.com/calculators** or schedule a benefits planning session by calling **800-228-5453**.

Electing an option beneficiary before retirement

You can elect an option beneficiary when you're eligible but not yet ready to retire. This is called a preretirement election of an option.

Advantages include:

- The benefit begins immediately after your death.
- If you die before you retire, your option beneficiary will receive a monthly lifetime benefit. If you do not preelect an option beneficiary and you die before retirement, your survivors may receive a smaller benefit or none at all.
- In most cases, the Modified Benefit you'll receive in retirement will be higher if you preelect an option rather than elect an option at the time of retirement.

Disadvantages include:

- If you cancel or change your option before retiring, your retirement benefit may be subject to an assessment. The assessment may reduce your retirement benefit for life.
- If your option beneficiary dies before you retire, the election will be canceled automatically. Your retirement benefit will be subject to an assessment that may reduce your benefit for life.

If you choose to elect an option before retirement, complete and submit the *Preretirement Election of an Option* form in your *myCalSTRS* account at **myCalSTRS.com**.

➔ Refer to the "Protecting your loved ones before you retire" and "Protecting your survivors with a lifetime benefit" sections in the *Member Handbook*.

▶ Check out the videos about beneficiary options at **CalSTRS.com/videos**.

How do you want to receive the funds in your Defined Benefit Supplement account?

The amount in your account determines how you can receive your Defined Benefit Supplement funds at retirement:

- If you have less than \$3,500 in your account, you'll receive your account balance as a lump-sum payment. You may receive your funds directly or roll them into a qualified retirement plan, such as CalSTRS Pension2.
- If you have \$3,500 or more in your account, your choice depends on whether you elect a Member-Only Benefit or a Modified Benefit. You can choose a lump-sum payment, annuity payments or both.

Review your most recent *Retirement Progress Report* for the total amount in your Defined Benefit Supplement account at the end of the last school year.

- ➔ Find the “Your Defined Benefit Supplement account distribution” section in the *Member Handbook*.
- ▶ Check out the three-part Defined Benefit Supplement Program video series at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Do you want to reduce the number of hours you work prior to retirement?

If you're not ready to retire but want to cut back on the number of hours you work, consider the Reduced Workload Program (also known as the Willie Brown Act). This program allows you to work less than full time but continue to earn service credit as if you were working full time. You and your employer continue to pay CalSTRS contributions based on your full-time annualized pay rate.

To participate, you must be at least age 55, have at least 10 years of service credit and have been employed full time in a CalSTRS-covered position for the last five years. Talk to your employer to find out whether the program is offered. Availability and participation are at your employer's discretion.

- ➔ Refer to the “Reduced Workload Program” section in the *Member Handbook*.

Have you contributed to another public retirement system?

If you're also a member of another public retirement system in California, you'll need to file for service retirement separately with each system.

When calculating your service retirement benefit, we may be able to use your compensation for service performed under the other eligible retirement system if you did not work for both systems at the same time.

- ➔ Refer to the *Concurrent Retirement* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications) for more information.

Health insurance in retirement

We do not provide health benefits. Your health benefits depend on your district's agreement with your employee bargaining unit. 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% of your wages toward Medicare, the federal health insurance program for people age 65 and older.

Working after retirement

As you plan for retirement, consider how you'll spend your time and how much money you'll need. If you think you may return to work, here's what you need to know:

- You can work in any job outside the California public school system with no restrictions on your earnings. This includes working for private schools, state colleges and universities, and the private sector.
- Under the separation-from-service requirement, your CalSTRS benefit will be reduced by the amount you earn performing retired member activities during the first 180 calendar days following your most recent retirement date—up to your benefit amount payable during that period. This includes performing retired member activities in the California public school system, including substitute teaching, as an employee, an independent contractor or an employee of a third party.
- If you perform retired member activities in the California public school system, including substitute teaching, as an employee, an independent contractor, or an employee of a third party, there's a limit to the amount of money you can earn in a year without affecting your retirement benefit. Go to [CalSTRS.com/limits](https://www.calstrs.com/limits) for the current postretirement earnings limit.
- If you retired under the Retirement Incentive Program, you'll lose the ongoing increase in your benefit from the incentive if you return to work within five years of retirement in any job, including as an employee, independent contractor or an employee of a third party, with the employer that granted the incentive.

Your responsibility

If you return to work in the California public school system, you'll need to keep track of your gross earnings—your income before any taxes are deducted—so you do not exceed the postretirement earnings limit. We'll also monitor your earnings, but it usually takes three to four months to receive, review and post your earnings to your account.

If you earn more than the limit, your monthly retirement benefit will be reduced by the excess amount, up to the amount of your total annual benefit. For example, if you earn \$3,000 above the limit in a school year (July 1 to June 30), we'll reduce your retirement benefit by \$3,000, unless your retirement benefit payable is less than \$3,000, in which case CalSTRS will collect back your entire annual benefit payable.

Note: If you volunteer, be aware that an employment arrangement that involves volunteering in a position to perform service that would otherwise be creditable to CalSTRS may be in violation of the postretirement earnings limitations.

- ➔ Refer to the *Working After Retirement* fact sheet and the "Reinstating to active member status" section in the *Member Handbook*, both found at [CalSTRS.com/publications](https://www.calstrs.com/publications).

Top three things recent retirees wish they knew before retirement

Recent CalSTRS retirees who completed our Service Retirement Experience Survey listed three things they wish they knew more about before retirement—Social Security, tax implications and health insurance. While you're still working, determine how these topics may impact you and research your options so you're ready when it's your turn to retire.

1

Social Security

As a California public educator who contributes to CalSTRS, you do not pay into Social Security. This means you will not receive a Social Security benefit for your CalSTRS-covered employment. You may still be eligible for Social Security benefits through other employment or your spouse. Consider contributing the 6.2% you would have contributed to Social Security to a supplemental savings account, such as a 403(b) or 457(b).

The Social Security Fairness Act eliminated the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act for Social Security benefits payable after December 2023. Social Security is a federal program, and neither CalSTRS nor the State of California has control over eligibility requirements or Social Security benefit calculations.

2

Tax implications

When you retire, federal and California state income tax will be withheld from your benefit unless you choose otherwise. Your options depend on how you apply for retirement:

Via myCalSTRS: If you're eligible, you can complete your *Service Retirement Application* and choose your tax withholdings through your *myCalSTRS* account at **myCalSTRS.com**.

Via paper form: The paper *Service Retirement Application* (SR0059) only allows a "yes" or "no" choice for withholding. You'll need to update your preferences. You can find the *Income Tax Withholding Preference Certificate* form (AD0908) at **CalSTRS.com/forms**.

After you retire, you can change your preferences in your *myCalSTRS* account.

If you do not have taxes withheld, or if you do not withhold enough taxes, you may need to make estimated tax payments. We do not provide tax advice, so you'll need to consult with a tax professional regarding tax questions related to your CalSTRS retirement benefits.

3

Health insurance

We do not provide health benefits. When you retire, your health insurance coverage depends on your school district's agreement with your employee bargaining unit. You'll need to contact your employer to determine if your district contributes to your health benefits in retirement.

Many educators have to pay their own health insurance costs or make contributions for their coverage. Consider setting aside extra money now to help cover any health care costs in retirement.

Stay informed and connected

Benefits planning sessions

Attend a benefits planning session for help with the decisions you'll need to make when you retire.

➔ CalSTRS.com/benefits-planning-services

Member services

Contact us online, in person, by mail or by telephone. We're here to help. We'll ask for your Client ID or Social Security number and your date of birth. For all your contact options, refer to:

➔ CalSTRS.com/contact-us

➔ **800-228-5453**

Pension Sense blog

Subscribe to our blog for the latest information about your benefits, our member services, our investment portfolio and our company engagement activities.

➔ CalSTRS.com/pension-sense

Newsletters

Stay up to date on CalSTRS information by reading our *Connections* newsletter for active members.

➔ CalSTRS.com/newsletters

Social media

Connect with us to keep up on the latest CalSTRS news, plus share ideas and interact with other educators.

➔ CalSTRS.com/contact-us



Retirement will be here before you know it

Find out what you'll need to be aware of as you get closer to retirement by reading our *Learn and Discover: Near Retirement* resource at CalSTRS.com/publications.



Your retirement picture



Would you like to start a new business? Volunteer? Travel? Spend more time with family? Pursue new hobbies?
Check all the activities you imagine doing when you retire.

Work

- Start a new career or business
- Work part time or consult
- Volunteer
- Be a mentor

Family

- Visit family
- Care for grandchildren
- Care for a parent
- Care for a spouse

Education

- Take classes
- Learn a language
- Read more
- Focus on staying healthy

Travel

- Travel often
- Take one trip per year
- Buy an RV

Fun

- Spend more time on hobbies
- Dine out often
- Attend special events
- Plant a garden

Transportation

- Reduce the number of cars I own
- Use public transportation

Housing

- Stay in my current home
- Downsize my living space
- Pay off a home mortgage
- Remodel
- Do maintenance projects
- Rent
- Buy a second or vacation home
- Move to an active adult community
- Live with family
- Look into assisted living

Location

- Live near friends or family
- Live in a different climate
- Live closer to my interests
- Move somewhere with a lower cost of living

Other

Your estimated monthly retirement expenses

Fill in the second column with the amount you're now spending monthly. Next, calculate the inflation factor by following the steps listed on the inflation factor table on the following page, then place the inflation factor in the third column. Multiply the second column by the third column to get an idea of the income you'll need during your first year of retirement. Mortgage, rent, loan and credit card payments are set under specific terms and rates, so no inflation applies.

Expense	Current monthly cost	Inflation factor	Monthly cost at retirement (current cost × inflation factor)
Mortgage/Rent (excluding property taxes and insurance)	\$	N/A	\$
Property taxes	\$		\$
Homeowner's insurance	\$		\$
Homeowner's association dues	\$		\$
Utilities (gas, electric, water, sewage, trash)	\$		\$
Internet, streaming services, cable television	\$		\$
Home maintenance	\$		\$
Automobile/Transportation (gas, maintenance, insurance)	\$		\$
Food (groceries, eating out)	\$		\$
Clothing	\$		\$
Personal care	\$		\$
Dependent care	\$		\$
Health care/Medicare	\$		\$
Loan payments (car, home equity, credit line)	\$	N/A	\$
Credit cards (minimum payment)	\$	N/A	\$
Entertainment	\$		\$
Travel	\$		\$
Charitable donations or gifts	\$		\$
Other	\$		\$
MONTHLY TOTAL	\$		\$

Inflation factor

Inflation is defined as a sustained increase in the general level of prices for goods and services. It's measured as an annual percentage. As inflation rises, every dollar buys a smaller percentage of goods and services. While inflation affects everyone, those on a fixed income may feel the effect more than others.

The steps to calculate the inflation factor for the worksheet on the previous page are:

1. Choose the number of years until your retirement starts from the far left column in the table below.
2. Select an estimated annual inflation rate from the row across the top. Inflation cannot be predicted from year to year. California inflation averaged 3.1% in 2024, 3.9% in 2023 and 7.4% in 2022. From 2010 to 2019, California inflation averaged 2.25%; from 2000 to 2009, inflation averaged 2.99%; from 1990 to 1999, inflation averaged 2.73%; and from 1980 to 1989, inflation averaged 6.17%. You'll have to make an educated guess.
3. Read across and down to find the appropriate inflation factor corresponding to your predicted rate of inflation. For example, if your retirement is five years out and you guess a 5% annual inflation rate, your inflation factor will be 1.28. List your inflation factor in the inflation factor column of your worksheet.
4. Finally, multiply your current monthly cost from the second column by the inflation factor in the third column to get an idea of the monthly cost of expenses in retirement and the minimum amount you'll need to maintain your current lifestyle.

	Annual inflation rate			
Years to retirement	3%	5%	7%	10%
1	1.03	1.05	1.07	1.10
5	1.16	1.28	1.40	1.61
10	1.34	1.63	1.97	2.59
15	1.56	2.08	2.76	4.18
20	1.81	2.65	3.87	6.73
25	2.09	3.39	5.43	10.83
30	2.43	4.32	7.61	17.45

Inflation protection

Your retirement benefit is protected against rising prices in two ways:

1. Starting September 1 after the first anniversary of your retirement date, your benefit increases automatically each year by 2% of your initial benefit.
2. If inflation reduces the purchasing power of your retirement benefit below a certain level, you'll receive an additional quarterly payment, subject to the availability of funds set aside for purchasing power protection. Go to [CalSTRS.com/inflation-protection](https://www.calstrs.com/inflation-protection) for the current purchasing power protection level.

Your retirement income worksheet

Enter your monthly income amounts before taxes to understand what your income in retirement will look like.

Guaranteed income	
Defined Benefit Program pension	
My benefit	\$
Other benefit	\$
Defined Benefit Supplement payment	
Lifetime monthly annuity	\$
Social Security	
My benefit from other work	\$
Other benefit	\$
Veteran's benefit	
My benefit	\$
Other benefit	\$
Annuities	
My annuity income	\$
Other annuity income	\$
Other guaranteed income	
Other income	\$
Total guaranteed monthly income	\$

Guaranteed income checklist

- Have I received estimates of my monthly benefits from all sources?
- Do these income sources adjust with inflation?
- What are the tax considerations of these income sources?
- What happens to these income sources if I or my significant other dies?

Nonguaranteed income	
403(b), 457(b), 401(k), IRA	
Monthly distributions	\$
Roth 403(b), Roth 457(b), Roth 401(k), Roth IRA	
Monthly distributions	\$
Brokerage and savings accounts	
Monthly distributions	\$
Full-time and part-time work	
Income	\$
Income outside of work	
Real estate rental income	\$
Other annuity income	\$
Other	\$
Total nonguaranteed monthly income	\$

Nonguaranteed income checklist

- Do I have a strategy for taking distributions from each account?
- Have I looked into converting these accounts to guaranteed income, if needed?
- How do the IRS required minimum distribution rules affect these accounts?
- What are the tax considerations of these income sources?

TOTAL MONTHLY INCOME	\$
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Which CalSTRS career stage are you in?



CalSTRS resources



WEB

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

[myCalSTRS.com](https://www.myCalSTRS.com)

[403bCompare.com](https://www.403bCompare.com)

[Pension2.com](https://www.Pension2.com)

STAY CONNECTED



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800-228-5453

Calls from within the U.S.

+1 916-414-1099

Calls from outside the U.S.

888-394-2060

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CalSTRS Compliance and Ethics Hotline
[CalSTRShotline.ethicspoint.com](https://www.CalSTRShotline.ethicspoint.com)



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Sacramento, CA
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100 Waterfront Place
West Sacramento, CA
95605



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Find your nearest
CalSTRS office at
[CalSTRS.com/local-offices](https://www.CalSTRS.com/local-offices).

Call ahead to find out the
hours and services of
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FAX

916-414-5040

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