



Welcome to CalSTRS

Benefits and services
for new educators



Dear CalSTRS member,

Welcome to CalSTRS! As your retirement plan, we're dedicated to your secure financial future and helping you get there.

This booklet provides an overview of your benefits as a CalSTRS member. Once vested, you'll be eligible to receive a lifetime monthly benefit upon retirement. You also have access to survivor and disability benefits. To support you, there are resources that explain your benefits in greater detail.

Your income in retirement is a shared responsibility between CalSTRS and you. On average, the CalSTRS retirement benefit replaces approximately 50% of a career educator's salary. Need more for your future? Pension2[®], the CalSTRS voluntary supplemental savings plan, can help fill the gap.

Go to **CalSTRS.com** to manage your CalSTRS accounts and personal information. You can also sign up for webinars and in-person workshops, view member education videos, and download publications and forms.

Thank you for choosing education for your career.

Sincerely,

A handwritten signature in black ink that reads "C. Lichnock". The signature is fluid and cursive, with the first name "Cassandra" and last name "Lichnock" clearly visible.

Cassandra Lichnock
Chief Executive Officer

Contents

- Welcome to CalSTRS 4
- Your income in retirement is a shared responsibility between CalSTRS and you 5
- Your CalSTRS retirement at a glance 6
- CalSTRS Defined Benefit Program 8
- Your Defined Benefit Supplement account 12
- CalSTRS Cash Balance Benefit Program 15
- Part-time educators 16
- Your *Retirement Progress Report* 18

CalSTRS is here for you

The California State Teachers’ Retirement System is your retirement plan. For more than 100 years, we’ve strategically managed the defined benefit pension funds of California’s public school educators. Today, we represent more than 1 million dedicated educators and their beneficiaries as the largest educator-only pension fund in the world.

As a public school educator, you have unique financial planning needs. Your CalSTRS defined benefit pension may be your greatest asset. Go through this booklet to learn more.

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 do not provide any legal, financial, tax or other advice. For such advice, consider consulting a professional in the relevant field.

Welcome to CalSTRS

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

Pension2—the CalSTRS voluntary supplemental savings program—offers low-cost 403(b), 457(b), Roth 403(b) and Roth 457(b) investment plans for additional retirement income.

We're here for you

At every stage of your career, you'll find services and information to support you, such as:

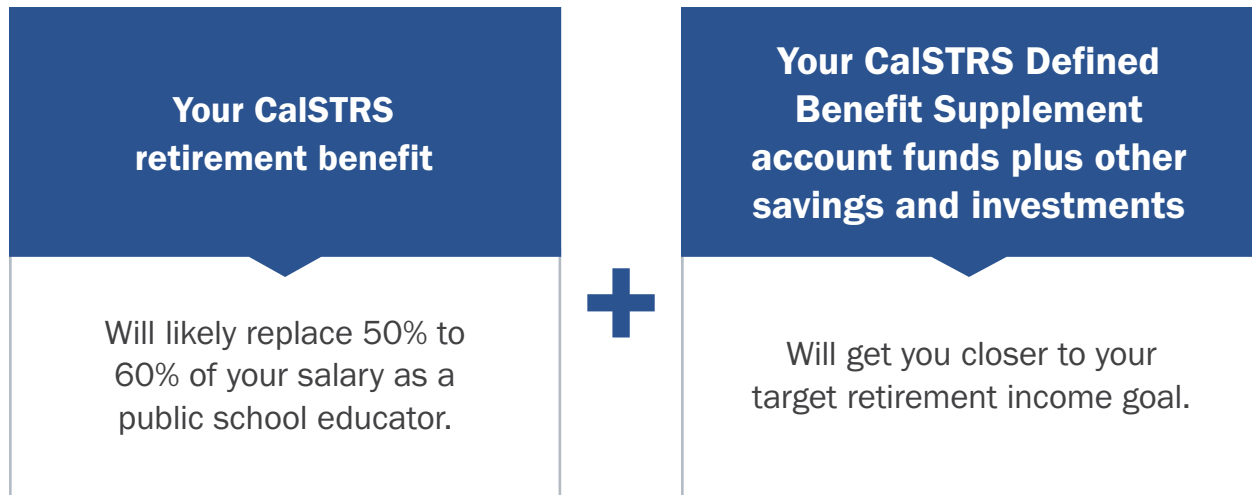
- Your annual *Retirement Progress Report*, which provides a summary of your CalSTRS accounts and service credit.
- Convenient, secure online services and access to your account information with *myCalSTRS*.
- Customer service by secure online messages, phone or letter.
- Benefits specialists to help you understand your benefits and answer your questions.
- Member education videos and publications.
- Benefit and retirement planning in-person workshops and webinars.
- CalSTRS Pension2 investment plans with low costs and flexible investment options.
- Side-by-side comparisons of your district's 403(b) plans at **403bCompare.com**.



Find the CalSTRS *Member Handbook* at **CalSTRS.com/member-handbook**.

Your income in retirement is a shared responsibility between CalSTRS and you

On average, the CalSTRS defined benefit pension replaces approximately 50% of a career educator's salary. Consider closing any gap between your target retirement income goal and your retirement benefit with savings and investments, such as Pension2 403(b), Roth 403(b), 457(b) and Roth 457(b) plans.



Invest sooner rather than later

When we polled California educators aged 40 to 49, they said their top retirement advice to younger colleagues would be to start saving sooner rather than later.



Learn more about Pension2 and the importance of saving early on pages 19–20.

Your CalSTRS retirement at a glance

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

Traditional defined benefit plan

As a member of the Defined Benefit Program, you're entitled to a guaranteed lifetime monthly retirement benefit. This benefit is based on a percentage of your final pay. Your percentage is determined by your age and the length of your career—not on how much you contribute or how well CalSTRS investments perform.

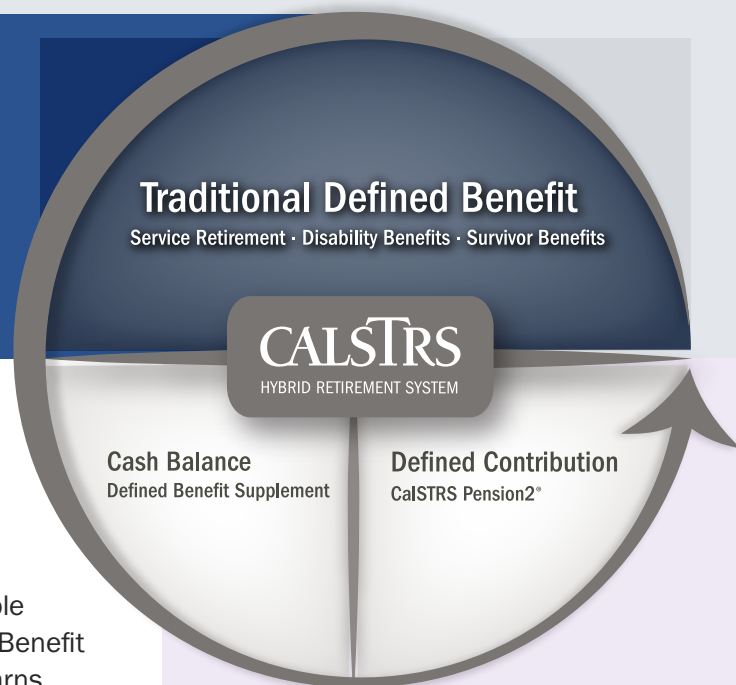
Your benefit is calculated using the following formula:

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

Cash balance plan

The CalSTRS Defined Benefit Supplement Program is a cash balance plan. Your contributions and your employer's contributions on eligible earnings are credited to your Defined Benefit Supplement account. Your account earns guaranteed interest and—when the Teachers' Retirement Board declares—additional earnings credits. At retirement, you're eligible to receive a lump-sum payment or an annuity based on your total account balance.

The Cash Balance Benefit Program—our retirement plan for part-time educators—is also a cash balance plan.



Defined contribution plan

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

Not sure which retirement plan you belong to?

Are you a full-time educator?

You're already a member of the CalSTRS Defined Benefit Program.

Do you work part time?

You have a choice between the CalSTRS Defined Benefit Program or an alternative retirement plan, such as the CalSTRS Cash Balance Benefit Program, if offered by your employer.



To learn more about mandatory membership in the Defined Benefit Program for certain part-time employees, and Cash Balance Benefit Program eligibility, refer to the *Member Handbook* at [CalSTRS.com/member-handbook](https://www.calstrs.com/member-handbook).

CalSTRS Defined Benefit Program

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

There are two benefit structures:

CalSTRS 2% at 62

Members first hired on or after January 1, 2013, to perform service that could be credited to the Defined Benefit Program and who never before performed service that could be credited to the Defined Benefit Program under a different retirement system, including Social Security.

CalSTRS 2% at 60

Members first hired on or before December 31, 2012, to perform service that could be credited to the Defined Benefit Program, even if they were subject to coverage under a different retirement system, including Social Security.



As a CalSTRS member, you do not contribute to Social Security, so you will not receive Social Security benefits for your CalSTRS-covered employment. Consider investing the 6.2% of your salary that would have gone to Social Security into a CalSTRS Pension2 tax-deferred 403(b) or 457(b) account for additional income in retirement.



The information in this booklet is for CalSTRS 2% at 62 members. If you're a CalSTRS 2% at 60 member, refer to the *Member Handbook* at [CalSTRS.com/member-handbook](https://www.calstrs.com/member-handbook).

Your retirement benefit

When you have five years of service credit, you're entitled to a lifetime monthly benefit when you retire. Your CalSTRS monthly retirement benefit is a defined benefit pension calculated by using a formula that provides a fixed percentage of your final compensation based on your age at retirement and years of service.

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

Age factor

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

Service credit

Service credit is the number of years, including partial years, you have worked and contributed to CalSTRS. You:

- Earn service credit every day you perform creditable service or are on a paid leave of absence.
- Can earn up to one year of service credit in a school year.

If you earn more than one year of service in a school year, a portion of the contributions made by you and your employer on earnings from the additional service will be credited to your Defined Benefit Supplement account each fall after the school year.

Final compensation

As a CalSTRS 2% at 62 member, your final compensation is calculated using your highest average annual compensation earnable for 36 consecutive months, up to the compensation cap. Learn more at [CalSTRS.com/limits](https://www.calstrs.com/limits).



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



Check out our videos to help you better understand the formula based on your benefit structure at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Contributions to your CalSTRS retirement

We pay retirement benefits using a combination of investment income and contributions.

Member contributions

As a CalSTRS 2% at 62 member, your contribution rate is connected with the normal cost of your retirement benefits. When changes in the normal cost meet certain thresholds defined by law, your contribution rate is adjusted. The normal cost is determined based on the actuarial valuation, the snapshot of CalSTRS' financial status presented to the Teachers' Retirement Board each spring.

Employer and state contributions

Your employer and the State of California also contribute to the Defined Benefit Program based on a percentage of your earnings. The amount is set each spring by the Teachers' Retirement Board.

In addition, the state contributes approximately 2.5% of member earnings each year to support inflation protection for retirees.

Eligibility to retire

As a CalSTRS 2% at 62 member, you can retire as early as age 55 with at least five years of service credit. You can retire with less than five years of service credit if you retire under the special circumstances of concurrent retirement with one or more other eligible California public retirement systems. Check out the *Member Handbook* at [CalSTRS.com/member-handbook](https://www.calstrs.com/member-handbook) for more information.

Inflation protection

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

- Starting September 1 after the first anniversary of your retirement date, your benefit automatically increases each year by an amount equal to 2% of your initial benefit. The increase is not compounded or tied to changes in the cost of living.
- If inflation erodes the purchasing power of your retirement benefit, you'll receive an additional quarterly payment, subject to the availability of funds set aside for purchasing power protection. Currently, supplemental benefits protect 85% of the purchasing power of retirees' initial monthly benefits.



Learn more about member contributions at [CalSTRS.com/contributions](https://www.calstrs.com/contributions).

Your survivor and disability benefits

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

The basic disability benefit is 50% of your final compensation earned, plus 10% of your final compensation earned for each eligible child under age 21. The maximum disability benefit you can receive, including benefits for eligible dependent children, is 90% of your final compensation earned.

Moved or planning a move soon?

Make sure we have your current address by completing the *Address Change Request* form and mailing it to us. You can find the form at [CalSTRS.com/forms](https://www.calstrs.com/forms). You can also change your address in your *myCalSTRS* account at [myCalSTRS.com](https://www.calstrs.com) by clicking “My Information” on the homepage.

For your security, when you update your mailing or email address, we’ll send you a letter and an email confirming the update. Make sure we have your personal email address, not your work email address, so we’ll be able to reach you if you change employers.



Check out the survivor and disability benefit videos at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Your Defined Benefit Supplement account provides additional savings for retirement

If you have earnings for service in excess of one year of service credit but below the compensation cap, contributions on those earnings will be credited to your Defined Benefit Supplement account. When you retire, you'll receive your CalSTRS retirement benefit and your Defined Benefit Supplement funds.

Excess contributions

The Defined Benefit Supplement member contribution rate, currently 9% for CalSTRS 2% at 62 members, is less than the contribution rate for compensation creditable to the Defined Benefit Program. If you earn compensation for service in excess of one year in a school year, contributions in excess of 9% for this service will be returned to you by your employer.

We'll return any excess contributions to your employer in late September. Your employer is responsible for returning your excess member contributions to you, less any authorized adjustments or tax withholding. Any excess member contributions you made during the school year are reported on your *Retirement Progress Report*.

Your *myCalSTRS* account shows a breakdown of excess contributions by employer. If you have questions regarding the return of your excess contributions, contact your employer.

Health insurance in retirement

We do not provide health benefits. Your health benefits depend on your district's agreement with your employee bargaining unit. Ask your employer if you'll have health benefits in retirement. Many retired educators have to contribute to or pay their own health insurance costs. Consider setting aside extra money now for those potential costs.

You and your employer each pay 1.45% of your wages toward earning coverage under Medicare, the federal health insurance program for people age 65 and older.



Check out the Defined Benefit Supplement Program video series at [CalSTRS.com/videos](https://www.calstrs.com/videos) for more information.



What if you leave education?

You can keep your money with CalSTRS if you leave education, or you can request a refund. A refund includes the total balance of your Defined Benefit Program contributions and interest, as well as distribution of the total balance of your Defined Benefit Supplement account. You cannot withdraw employer or state contributions that were made to the Defined Benefit Program. Even if you think you may not return to public education, taking a refund may not make financial sense.

Benefits of leaving your contributions with CalSTRS

If you leave education and keep your contributions and interest with CalSTRS:

- You'll keep your service credit.
- Your accounts will continue to accrue interest.
- You'll be eligible for a monthly retirement benefit when you're age 55 if you have at least five years of service credit—or if you're under the special circumstances of concurrent retirement with one or more other eligible California public retirement systems.

Consequences of cashing out

If you leave education and request a refund of your contributions and interest:

- You'll no longer be a member of CalSTRS. Unless you return to CalSTRS-covered employment, you'll give up all rights to your retirement benefit as well as survivor and disability benefits.
- Your refund may be subject to additional federal and state taxes if you take your refund before age 59½ and do not roll over your funds to a qualified retirement plan.
- If you take a refund and later return to public education, it will be costly to purchase or redeposit your service credit.



Check out the *Refund: Consider the Consequences* video at [CalSTRS.com/videos](https://www.calstrs.com/videos) and the fact sheet at [CalSTRS.com/refund-consider-the-consequences](https://www.calstrs.com/refund-consider-the-consequences).

Ways to increase service credit

The more service credit you have at retirement, the greater your CalSTRS benefit. You may purchase service credit for:

- Eligible service in out-of-state or foreign public schools, the military, Peace Corps or Job Corps; and eligible leave, including maternity, paternity, sabbatical, and leave approved under the federal Family and Medical Leave Act and the California Family Rights Act.
- Nonmember service for part-time or substitute work performed before you were a CalSTRS member.
- Redeposits of previously refunded contributions, plus interest, after returning to CalSTRS-covered employment.



Transfer unused sick leave if you change districts

At service retirement, we'll convert your unused sick leave to additional service credit based on what's reported to us by your employers during the last year you earned creditable compensation. If you change employers during your career, be sure to coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.



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



Check out the *How to Purchase Service Credit* video at [CalSTRS.com/videos](https://www.calstrs.com/videos) and the *Purchase Service Credit Now* fact sheet at [CalSTRS.com/member-publications](https://www.calstrs.com/member-publications).

CalSTRS Cash Balance Benefit Program

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

Your retirement benefit

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

Your retirement benefit is the amount of money in your Cash Balance Benefit account. If you have less than \$3,500, you must take a lump-sum payment. If your account balance is \$3,500 or more, you can choose to receive a lump sum or a monthly benefit over a specific period of time or over your lifetime and, if you elect to do so, the lifetime of your beneficiary. If you elect to receive your retirement benefit as a lump-sum payment, your benefit will be payable 180 calendar days after the date you terminated employment.

Your contributions

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

Disability and death benefits

As a Cash Balance Benefit Program participant, you also have disability and death benefits. Visit [CalSTRS.com/cash-balance-benefit-program](https://www.calstrs.com/cash-balance-benefit-program) to learn more.

What if you leave public education?

You have two options:

- Leave your contributions with CalSTRS where they'll continue to earn interest.
- Withdraw your funds or roll them over to another qualified retirement plan. If you choose to withdraw your funds, your benefit will be payable 180 calendar days following the date you terminated employment. If you return to CalSTRS-covered employment, you will not be able to withdraw funds again for five years. You cannot redeposit any Cash Balance funds you withdraw.



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



Need to save more for your future? CalSTRS Pension2 offers flexible, low-cost 403(b) and 457(b) plans. Refer to pages 19–20 to learn more.

Part-time educators

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

In most cases, you can continue as a Cash Balance Benefit Program participant if you move to another school district that offers the program and you continue to work less than 50% of full time; on a substitute, part-time hourly or part-time daily basis; or on a temporary basis, depending on the employer. If you become a member of the Defined Benefit Program and are no longer contributing to the Cash Balance Benefit Program, you may be eligible to transfer your Cash Balance Benefit funds into the Defined Benefit Program. You'll receive Defined Benefit service credit for your previous transferable Cash Balance Benefit service.

Find the plan that works best for you

Choose the CalSTRS Defined Benefit Program if you:

- Plan to work as a California educator long enough to become eligible for a CalSTRS retirement benefit, which is five years of service credit.
- Want a monthly benefit that is based on a percentage of your average full-time equivalent salary and any remuneration in addition to salary.
- Are comfortable contributing a percentage of your pay toward your retirement. Your contribution rate is 10.205% and is subject to change annually based on the normal cost of benefits.

Choose the CalSTRS Cash Balance Benefit Program if you:

- Want a program that provides immediate vesting of your benefit, including your contributions, your employer's contributions, guaranteed interest and any additional earnings credits.
- Want a lump-sum payment or lifetime monthly benefit based on the total balance credited to your account.
- Are comfortable with the contribution rate, which is typically 4% of your earnings. Your contribution and your employer's contribution must equal at least 8%. Employers must contribute at least 4%, and your contribution rate cannot be less than the employer contribution rate.



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



Refer to the *Cash Balance Benefit Program* publication and the *Considerations for Part-time Educators* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications).



Questions to ask

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

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

Your Retirement Progress Report

Keep up on your CalSTRS account and service credit balances by reviewing your report each year.

Your *Retirement Progress Report* is one of your most important CalSTRS records. Your report summarizes:

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

The report is provided through your *myCalSTRS* account. If you'd like to receive your report by mail, use your *myCalSTRS* account to request your preference by going to **myCalSTRS.com** and selecting "My Information."

Your resources

Our resources help you understand your benefits and plan for your secure future. In addition, CalSTRS representatives are available by email or phone to answer your questions.

- **Welcome to CalSTRS webpage:** Learn the basics about your benefits at CalSTRS.com/welcome-educators.
- **Webinars:** Find webinars tailored to each career stage at CalSTRS.com/webinars.
- **Member benefit videos:** Refer to videos that explain the retirement formula and your survivor and disability benefits, plus how to determine your retirement income gap at CalSTRS.com/videos.
- **Benefit calculators:** Estimate your retirement benefit by using the calculators at CalSTRS.com/calculators.
- **Connections newsletter:** Get information on planning, programs and services by reading *Connections* at CalSTRS.com/member-newsletters.
- **Pension Sense blog:** Learn about your benefits, the CalSTRS Investment Portfolio, our corporate engagement activities and more by subscribing to our blog at CalSTRS.com/pension-sense.
- **Social media:** Connect with us to get timely updates and useful information about CalSTRS.



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

CALSTRS

pension **2**
personal wealth plan

It's your future. Choose Pension2™.

Start saving now with CalSTRS Pension2

You're already off to a great start to a secure future with your CalSTRS retirement benefit. Next, you'll likely need personal savings and investments.

Pension2—the CalSTRS voluntary supplemental savings plan—offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans with:

- Lower costs.
- Several investment choices.
- Help with planning and investing.
- Tax-advantaged contributions.

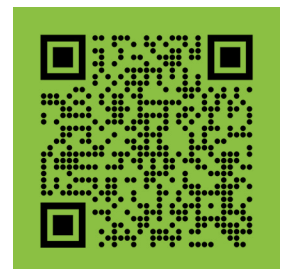
Three steps to enroll and contribute:

1. Visit **Pension2.com** and select “Enroll now.”
2. Complete a Pension2 enrollment form at **CalSTRS.com/forms**.
3. Submit your district salary reduction agreement from your payroll office or at **403bCompare.com/employers/browse**.

Need help?

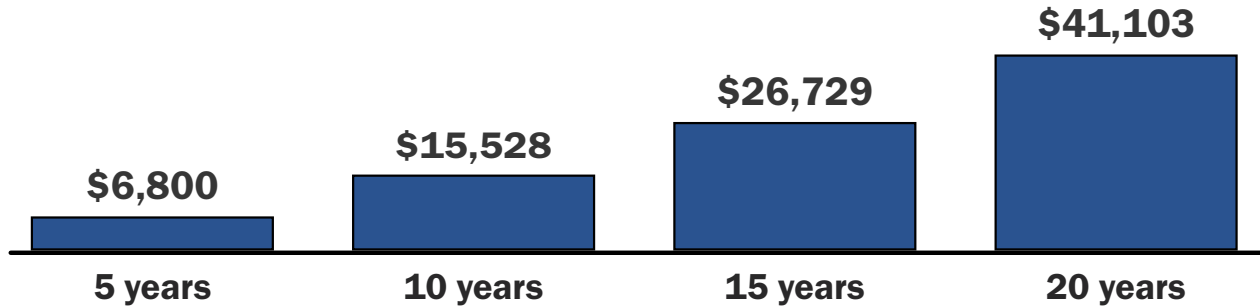
Schedule a virtual or phone appointment with a CalSTRS Pension2 representative.

Call **888-394-2060**, email **Pension2@CalSTRS.com** or scan the QR code.



A little now can really add up later

Let's say you contribute \$100 every month to your account. If your account averages a 5% rate of return annually, after 20 years you could have \$41,103.



This hypothetical illustration assumes a combined 37% state and federal tax rate. It's not meant to represent the performance of any investment product and should not be used to predict investment performance. Any taxes and expenses associated with an actual investment are not reflected. While taxes are paid when funds are withdrawn, investors are often in a lower tax bracket at retirement. CalSTRS Pension2 does not guarantee any rate of return on investments. Investing involves risk, including risk of loss of principal.

Learn more at Pension2.com, call 888-394-2060, or click or scan the QR code.



You can save a little or a lot—and you can change your contribution amount anytime

Check out 403bCompare to learn about the advantages of a 403(b) account, find your employer's approved list of 403(b) vendors, compare 403(b) products side by side—including fees, services and performance—and get information about how to start easy paycheck contributions.

Visit 403bCompare.com today to explore your options and easily compare hundreds of plans.

403bCompare

The road to retirement isn't always straight and isn't always easy, but we'll help you get there.



Early career

Midcareer

Near retirement

CalSTRS resources



WEB

[CalSTRS.com](https://www.calstrs.com)
[myCalSTRS.com](https://mycalstrs.com)
[403bCompare.com](https://403bcompare.com)
[Pension2.com](https://pension2.com)

STAY CONNECTED



CALL

800-228-5453
Calls from within the U.S.
+1 916-414-1099
Calls from outside the U.S.
888-394-2060
CalSTRS Pension2®
Personal wealth plan
844-896-9120
CalSTRS Compliance
and Ethics Hotline
[CalSTRShotline.ethicspoint.com](https://calstrshotline.ethicspoint.com)



WRITE

Postal mail
P.O. Box 15275
Sacramento, CA
95851-0275
**Overnight delivery to
CalSTRS Headquarters**
100 Waterfront Place
West Sacramento, CA
95605



VISIT

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 available
at your local office.



FAX

916-414-5040

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers' Retirement System
COM 1779 (5/26)

