



CALSTRS®

LEARN AND DISCOVER

THE BENEFIT OF A LIFETIME

Early Career



Dear CalSTRS member,

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

This *Learn and Discover* publication is a helpful resource for CalSTRS members like you who are early in their education career. It will help you gain a better understanding of your defined benefit pension, your survivor and disability benefits, and the services available to you.

Your CalSTRS retirement benefit is a good start. It will generally replace 50% to 60% of your final salary, but you'll likely need more income in retirement. Consider starting an additional savings account to supplement your pension. Read more to learn about financial strategies that can help set you up for the future.

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

Will you have enough?

Start now, invest regularly—
your money can work for you.

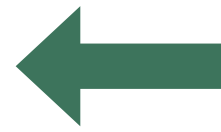
5 reasons to start a Pension2 403(b) or 457(b) account today

1. Close your retirement income gap.
 2. Give yourself a tax break.
 3. Take advantage of Easy Choice Portfolio investing.
 4. Have more time to benefit from the power of compound interest.
 5. Gain peace of mind for a more secure financial future.
- ➔ Find the **Pension2** e-book at **Pension2.com** to learn more.



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

While your CalSTRS lifetime monthly retirement benefit provides an excellent foundation, you'll likely need more to meet your retirement income goal. That's why we created CalSTRS Pension2—an additional savings plan. Learn about the advantages of Pension2's low-cost 403(b) and 457(b) plans on pages 10–11.



Pull out your savings calculator and see why it pays to start saving sooner rather than later

- 1 Flip to the “Why wait” calculator.
- 2 Find the age closest to yours in the current age column.
- 3 Choose your monthly contribution—\$100, \$250, \$500, \$1,000 or \$1,500.
- 4 Discover how much your account could be when you're 65 if you start today—then look across and see how much you could be missing out on if you wait for even one year.

CalSTRS Member Handbook

Know your benefits. Find the handbook online
at [CalSTRS.com/member-handbook](https://www.calstrs.com/member-handbook).



Check your money IQ

You know the cost of a cup of coffee, a movie ticket, and your monthly rent or mortgage, but how about your total monthly expenses?

Use the worksheets on pages 22 and 23 to help you find more money for your future goals.

8 things to do now

- Open this *Learn and Discover: Early Career* resource
- Understand how your retirement benefit is calculated **5**
- Learn the advantages of CalSTRS Pension2 403(b) and 457(b) plans **10**
- Start your 403(b) or 457(b) account today **12**
- Review your *Retirement Progress Report* **15**
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You're helping students build their futures—remember to plan for yours.

Also inside

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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.

CalSTRS is here for you

The California State Teachers' Retirement System is your retirement plan. For more than 100 years, we've been strategically managing the defined benefit pension funds of California's public school educators. CalSTRS is the largest educator-only pension fund in the world.

We provide you with retirement, disability and survivor benefits, plus resources specific to your career stage, such as:

- Member publications that help you understand your benefits, such as *Welcome to CalSTRS* and the *CalSTRS Member Handbook*.
- The *Financial Basics* e-learning series and benefits planning webinars.
- Your annual *Retirement Progress Report*, available in your *myCalSTRS* account at [myCalSTRS.com](https://mycalstrs.com), which provides a summary of your accounts and service credit.
- CalSTRS Pension2 low-cost traditional and Roth 403(b) and 457(b) plans for additional retirement savings.

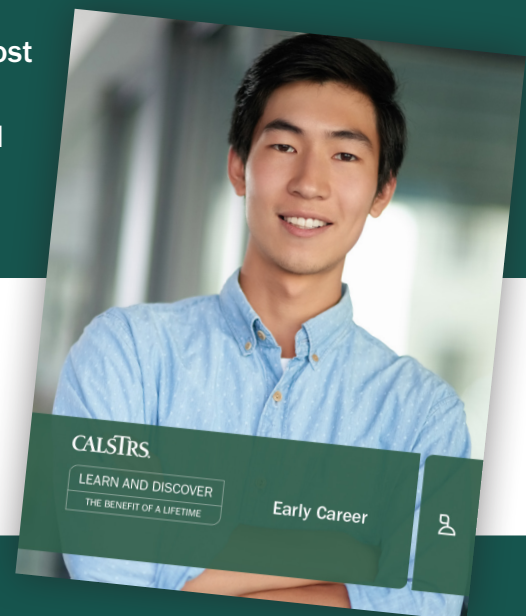
Why are we sending you this publication?

The mission of CalSTRS—securing the financial future and sustaining the trust of California's educators—drives everything we do. *Learn and Discover: Early Career* explains your CalSTRS benefits and answers common questions from California educators early in their careers. *Learn and Discover: Early Career* is part of our career stage retirement resource series that places essential information at your fingertips during key times in your career—right when you need it.

Understanding the value and security of the CalSTRS defined benefit pension you're earning is important. Yet when asked, most early career educators report they have a limited understanding of their CalSTRS benefits. For more than 10 years, we've refined this publication based on your feedback to better answer your questions.

THE BENEFIT OF A LIFETIME

Your CalSTRS defined benefit pension may be your greatest asset. Explore this booklet to learn more.



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.

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

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.

Refer to pages 5–6 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 advisor, 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.

Refer 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.
- ➔ Read the *Cash Balance Benefit Program* booklet at [CalSTRS.com/publications](https://www.calstrs.com/publications) to learn more.

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 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.

Refer 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.

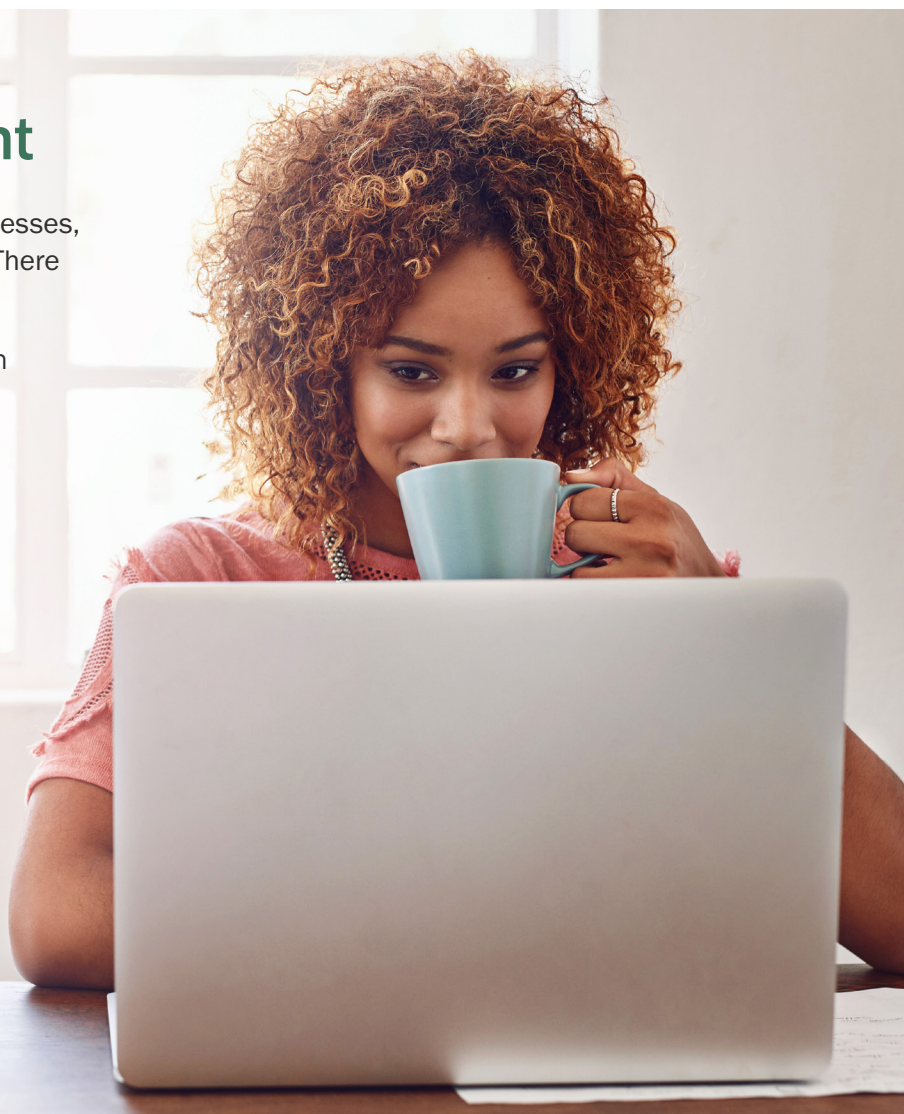
➔ [myCalSTRS.com](https://mycalstrs.com)

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

➔ [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. It's important to know which benefit structure you belong to.

CalSTRS 2% at 60: If you were first hired on or before December 31, 2012, in a position in which service could be credited to the Defined Benefit Program, you belong to the CalSTRS 2% at 60 benefit structure. Some other members are also part of this benefit structure.

CalSTRS 2% at 62: If you were first hired on or after January 1, 2013, in a position in which service could be credited to the Defined Benefit Program, you belong to the CalSTRS 2% at 62 benefit structure.

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 is 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%	

➔ Go to page 24 for more age factor information and the *Member Handbook* for more detailed age factor tables.

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 contributions 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.

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

▶ Refer to the *Understanding the Formula* videos at CalSTRS.com/videos.

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. Refer to **CalSTRS.com/contributions** to find 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, see **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. 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* at **myCalSTRS.com**.
- ➔ For information on Defined Benefit Supplement contribution rates, visit **CalSTRS.com/contributions**.

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 perform excess service, we'll return excess contributions to your employer in the fall. Your employer is responsible for returning those funds to you, as explained on page 7.



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** for current contribution rates.

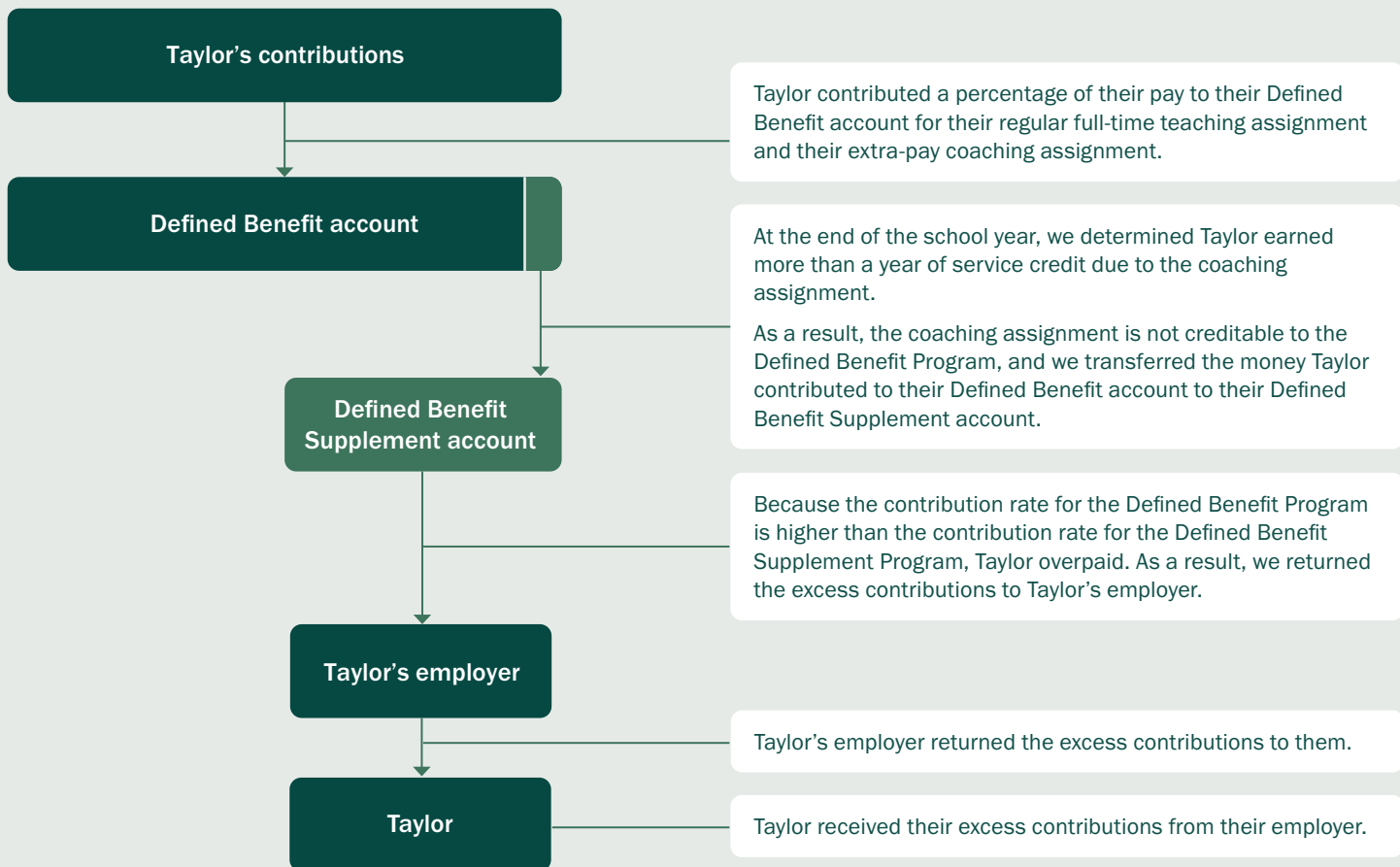
The dollar value of those excess contributions is reported each year on your *Retirement Progress Report*.

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.

▶ Refer to the **Defined Benefit Supplement Program video series** at **CalSTRS.com/videos**.

Example

Taylor is a CalSTRS 2% at 60 member who earned \$60,000 in their 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.

Ways to increase your service credit

The more service credit you have at retirement, the greater your CalSTRS monthly benefit.

You may buy service credit for:

- Eligible leave, including employer-approved maternity, paternity, sabbatical and Fulbright leave and leave approved under the federal Family and Medical Leave Act and the California Family Rights Act.
 - Eligible service in an out-of-state or foreign public school, child care center, Native American school, school for the deaf or blind, the military, Peace Corps or Job Corps.
 - Nonmember service for part-time or substitute work performed before you were a CalSTRS member or service covered under the Cash Balance Benefit Program.
 - Redeposits of previously refunded contributions, plus interest, after returning to CalSTRS-covered employment or if you're a member of another eligible California public retirement system.
- ➔ Refer to the *How to Purchase Service Credit* video at CalSTRS.com/videos or the *Purchase Service Credit Now* fact sheet at CalSTRS.com/publications.

Transfer unused sick leave if you change districts

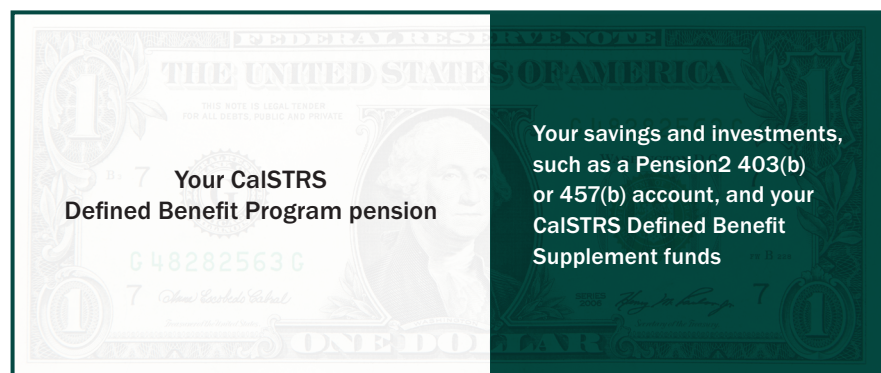
When you service retire, we'll convert your unused sick leave to additional service credit using the information your employer provides.

If you change employers during your career, be sure to coordinate with your former employer to arrange for the transfer of your accumulated unused sick leave to your new employer.

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

Your CalSTRS retirement benefit is a healthy start—will it be enough?

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. The CalSTRS Pension2 personal wealth plan is a good place to start. Refer 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.

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

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. 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.



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 CalSTRS Pension2® 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 CalSTRS 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 earnings will accumulate in your account, increasing your account's growth potential.



➔ Enroll today or learn more at **Pension2.com**.



CALSTRS

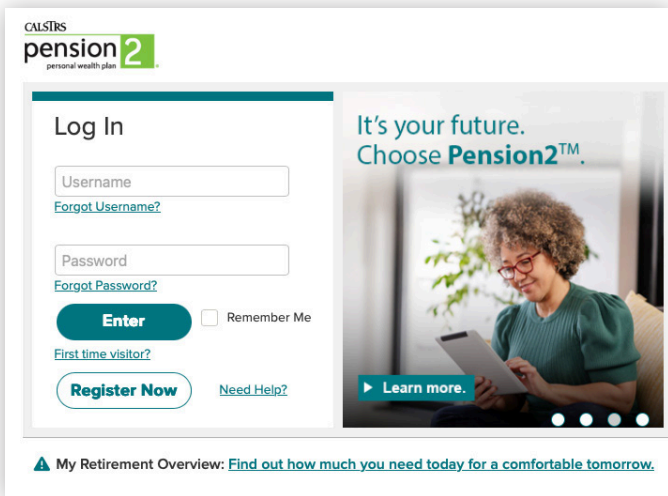
pension

2

personal wealth plan

A little now can really add up later

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



Start your Pension2 account today

Once you've done your research and selected your plan, it's time to:

- 1 Enroll online at **Pension2.com** or call **888-394-2060**.
- 2 Determine how much you want to invest.
- 3 Fill out your district's salary reduction agreement form, available from your payroll office or online at **403bCompare.com** by selecting "Find Employer."



Start your 403(b) or 457(b) account today

We get it. Retirement may not be top of mind. And since you're busy, we're making it easy to start saving now.

Find the right 403(b) or 457(b) for you

Most likely, your school district offers dozens of supplemental savings products and hundreds of investment options. It can be somewhat overwhelming to decide which plan to choose.

403bCompare helps you find the 403(b) or 457(b) account that fits your needs. You can easily compare fees, services and performance of all the plans your district offers. Once you select the plan you want, your personal retirement savings will start growing with easy paycheck contributions.

➔ Check out **403bCompare.com** today.



403bCompareTM

Did you know you can start a 403(b) or 457(b) account with as little as \$25 a month?

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.

More time to take risks. The earlier you start, the longer you'll be able to weather financial downturns and reap the benefits of strong economic times—and the longer you can take advantage of compound interest.

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**.

Use the savings calculator at **CalSTRS.com/calculators** to determine how much you could have at retirement, depending on how much you contribute monthly.

Five questions to ask before investing

Whether you're opening an account to invest for the long term or save for the short term, it's important to make sure the opportunity is right for you.

1 What is my tolerance for risk?

All investments have risk. Before you invest, know your risk profile. CalSTRS Pension2 Easy Choice Portfolios provide a ready-made mix of the Pension2 core investments for specific time horizons and risk tolerances.

2 What is my timeline?

Your timeline is made up of the years that represent your financial life. You'll spend most of your timeline building savings, and the remainder withdrawing and living off that money.

3 Do I understand it?

If you don't understand how an investment works, you can't properly assess whether it matches your overall goals, risk tolerance and timeline. Take the time to find the investment that best meets your needs.

4 What are the fees, expenses and commissions?

Most investments charge fees and expenses. Returns are never guaranteed, but fees, expenses and commissions are guaranteed. Check the investment prospectus and ask financial professionals how they are paid. Compare costs of 403(b) plans offered by your district at **403bCompare.com**.

5 How easily can I pull my money out?

Some 403(b) annuity investments require you to stay invested for a set period of time and charge penalties if you pull your money out early. Know your options before you decide.

Want to learn more? Our team can help you determine your investment timeline and risk tolerance. Call Pension2 at 888 394 2060.

Your retirement income gap

How much money will you have to enjoy the future you want?

1. My retirement goal

My goal is to retire with _____ % of my working income.

According to financial professionals, you may need 80% to 90% of your salary to maintain your current standard of living in retirement.

2. Calculate my gap

$$\frac{\text{age factor}}{\text{age factor}} \times \frac{\text{service credit}}{\text{service credit}} = \frac{\text{\% of final compensation}}{\text{\% of final compensation}}$$

$$\frac{\text{\%}}{\text{my goal}} - \frac{\text{\%}}{\text{\% of final compensation}} = \frac{\text{\%}}{\text{my gap}}$$

➡ The percentage of your final compensation will be less if you choose to elect an option benefit.

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.

- ➔ Are you a member of another California public retirement system? Check out the *Concurrent Retirement* fact sheet at [CalSTRS.com/concurrent-retirement](https://www.calstrs.com/concurrent-retirement) 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 on *myCalSTRS* annually in the fall.

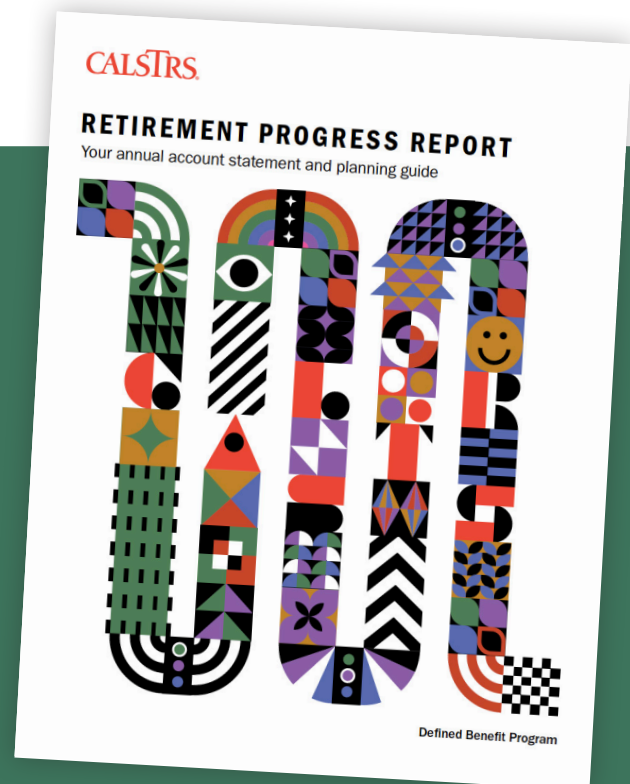
Your *Retirement Progress Report* summarizes:

- 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.

➔ Find 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.

➔ For more information, refer to *Your Disability Benefits Guide* and the "Your disability benefits" section in the *Member Handbook*, both found 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.

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

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.

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.

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

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**.

You can change your one time death benefit recipient any time, 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.

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.

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

Your retirement benefit options

The highest retirement benefit you can receive is the Member-Only Benefit. The Member-Only Benefit stops with your death. Or you can choose to provide a lifetime monthly benefit to someone upon your death by electing an option beneficiary. If you choose to do so, your benefit will be reduced based on your age and your beneficiary's age at the time of election, along with the option percentage you select.

- ▶ Find videos on beneficiary options 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 following interactive webinars show you how to make the most of your CalSTRS membership:

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.



Are you a part-time educator?

Whether you're planning on becoming a full-time career educator or are teaching for supplemental income, you have unique financial planning needs.

Read the *Cash Balance Benefit Program* booklet to find out more about this program designed specifically for part-time educators and the *Considerations for Part time Educators* fact sheet to find out how working in multiple positions can affect your benefit at CalSTRS.com/publications.

What if you leave education?

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

Benefits of leaving your contributions with CalSTRS:

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

Consequences of cashing out include:

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

▶ Find the *Refund: Consider the Consequences* video at [CalSTRS.com/videos](https://www.calstrs.com/videos) or the fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications).

What if you're a member of another retirement system?

If you're a member of CalSTRS and certain other eligible California public retirement systems, you may be able to service retire concurrently and:

- Qualify for a CalSTRS service retirement benefit at age 55 or older with less than five years of CalSTRS service credit.
- Increase your CalSTRS service retirement by using higher salaries from another public retirement system for your final compensation.

➔ Check out the *Concurrent Retirement* fact sheet at [CalSTRS.com/publications](https://www.calstrs.com/publications).

Your CalSTRS resources

Publications

Read about your CalSTRS benefits in our publications, such as:

Member Handbook

Refund: Consider the Consequences

Understanding the Formula

Welcome to CalSTRS

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

You can order a printed copy using the forms and publications ordering system at [CalSTRS.com/ordering](https://www.calstrs.com/ordering).

Videos

Watch these short videos to learn more about your benefits:

Beneficiary Options

Disability Benefits

Get to Know Your Defined Benefit Supplement

How to Fill the Gap

Understanding Your CalSTRS Retirement Progress Report

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

Calculators

Use these calculators to estimate your retirement benefit and how much extra to save in a voluntary defined contribution plan, such as Pension2:

Retirement Benefits

Your Savings

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

Benefits planning sessions

Register for an interactive benefits planning session with a benefits specialist. You'll learn about your benefits and the decisions you'll need to make when you retire.

➔ [CalSTRS.com/benefits-planning-services](https://www.calstrs.com/benefits-planning-services)

Forms

Find the forms you need to designate your one-time death benefit recipient, update your address and more.

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

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](https://www.calstrs.com/pension-sense)

Newsletters

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

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

Member services

We're here to help. Contact us online, by mail, in person or by telephone. 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](https://www.calstrs.com/contact-us)

➔ **800-228-5453**

Social media

Stay connected with us to keep up on the latest CalSTRS news.





Create your monthly spending plan

Start by writing down all your purchases every day for two weeks to understand your spending habits. You'll get a good idea of how many times you eat out and how many coffees and other items you buy. Be sure to include them along with your regular household expenses, including rent or mortgage, utilities and groceries.

Give it a try!

Complete your monthly spending plan worksheet on the next page. Then, take a look at your results each month.

Do you still have money left after all your expenses and regular savings? If so, consider putting some or all of that extra money into your 403(b) or 457(b) account. If you have credit card debt or a student loan, consider increasing your monthly payments to pay down your debt faster.

Are you spending more than you take in?

Consider adjusting your expenses. Look first at your discretionary spending—the items you'd like to have but don't necessarily need—and find small ways to save. Think about adjusting your expectations and consider supplementing your income by taking on an extra-pay assignment.

What are your savings goals? Start with your short-term goals—saving for a vacation, new car or wedding? How about your long-term goals like saving for retirement or a down payment for a home? Write down your goals, prioritize them and then keep track of your progress.

Make sure you cover all expenses. If your expenses vary from month to month, track your spending over three months.

Try a budget app to manage your spending habits.

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.

➔ Visit [CalSTRS.com/](https://www.calstrs.com/) **inflation-protection for the current purchasing power protection level.**

Your monthly spending plan worksheet

Use this worksheet to track your household income and expenses for one month. For each expense, jot down what you estimate you spend in the Estimate column, then write down what you actually spent in the Actual column. Next, calculate the difference between your estimated and actual expenses in the Difference column. Finally, determine if the expense is a necessity or want.

Monthly income

Actual

Monthly pay (after taxes)	\$
Child support or alimony	\$
Interest	\$
Other	\$
Other	\$
Total monthly income	\$

Monthly expenses

Estimate

Actual

Difference

Necessity or want

Monthly expenses	Estimate	Actual	Difference	Necessity or want
Home				
Mortgage/Rent	\$	\$	\$	
Second mortgage	\$	\$	\$	
Property taxes	\$	\$	\$	
Homeowner's or renter's insurance	\$	\$	\$	
Association dues	\$	\$	\$	
Repairs/Maintenance	\$	\$	\$	
Other	\$	\$	\$	
Total home expenses	\$	\$	\$	
Utilities				
Electric/Gas	\$	\$	\$	
Water/Sewer	\$	\$	\$	
Phone	\$	\$	\$	
Other	\$	\$	\$	
Total utilities expenses	\$	\$	\$	
Food and household items				
Groceries and household items	\$	\$	\$	
Dining out	\$	\$	\$	
Coffee	\$	\$	\$	
Other	\$	\$	\$	
Total food and household expenses	\$	\$	\$	
Transportation				
Car payment 1	\$	\$	\$	
Car payment 2	\$	\$	\$	
Gas/Public transportation	\$	\$	\$	
Car insurance	\$	\$	\$	
Repairs/Maintenance	\$	\$	\$	
Other	\$	\$	\$	
Total transportation expenses	\$	\$	\$	
Health and grooming				
Health insurance	\$	\$	\$	
Prescription medication	\$	\$	\$	
Gym/Health club	\$	\$	\$	
Grooming (hair, nails)	\$	\$	\$	
Other	\$	\$	\$	
Total health and grooming expenses	\$	\$	\$	

Monthly expenses	Estimate	Actual	Difference	Necessity or want
Family and pets				
Childcare and babysitting	\$	\$	\$	
Child support or alimony	\$	\$	\$	
Allowances	\$	\$	\$	
Tuition and fees	\$	\$	\$	
Pet food, supplies, veterinarian	\$	\$	\$	
Other	\$	\$	\$	
Total family and pet expenses	\$	\$	\$	
Entertainment and recreation				
Internet, streaming services, cable TV	\$	\$	\$	
Movies, concerts, other events	\$	\$	\$	
Magazines, books, newspapers	\$	\$	\$	
Clubs, sports, hobbies	\$	\$	\$	
Vacations	\$	\$	\$	
Other	\$	\$	\$	
Total entertainment and recreation expenses	\$	\$	\$	
Debt				
Credit card 1	\$	\$	\$	
Credit card 2	\$	\$	\$	
Credit card 3	\$	\$	\$	
Student loan 1	\$	\$	\$	
Student loan 2	\$	\$	\$	
Personal loan	\$	\$	\$	
Other	\$	\$	\$	
Other	\$	\$	\$	
Other	\$	\$	\$	
Other	\$	\$	\$	
Total debt expenses	\$	\$	\$	
Savings and investing				
Emergency savings	\$	\$	\$	
Education savings	\$	\$	\$	
Retirement [403(b), 457(b), IRA]	\$	\$	\$	
Short-term goal 1	\$	\$	\$	
Short-term goal 2	\$	\$	\$	
Short-term goal 3	\$	\$	\$	
Long-term goal 1	\$	\$	\$	
Long-term goal 2	\$	\$	\$	
Long-term goal 3	\$	\$	\$	
Other	\$	\$	\$	
Total savings and investing expenses	\$	\$	\$	
Miscellaneous				
Gifts (family, friends)	\$	\$	\$	
Donations (church, charities)	\$	\$	\$	
Other	\$	\$	\$	
Total miscellaneous expenses	\$	\$	\$	

Now that you have a spending plan, you have a realistic idea of your monthly income and expenses. To figure out your net income, simply subtract your monthly expenses from your monthly income.

$$\begin{array}{ccccc}
 \$ & & \$ & = & \$ \\
 \text{monthly income} & - & \text{monthly expenses} & & \text{net income}
 \end{array}$$

Terms

Active member

You're an active member if you've been credited with service in the Defined Benefit Program and have not received a refund for that service.

Age factor

The percentage of your final compensation you'll receive as a retirement benefit for every year of service credit. The age factor is based on your age on the last day of the month in which your retirement is effective.

For CalSTRS 2% at 60 members, the age factor at age 60 is 2%. The age factor decreases the earlier you retire, decreasing to 1.1% at age 50 and gradually increasing the closer to age 60 you retire. If you retire after age 60, the age factor gradually increases to a maximum of 2.4% at age 63. For example, if you retire at age 60 and have 20 years of service credit, you'll receive 2% (your age factor at age 60) of your final compensation multiplied by the 20 years of service credit, or 40% of your final compensation ($2\% \times 20$).

For CalSTRS 2% at 62 members, the age factor at age 62 is 2%. The age factor decreases the earlier you retire, decreasing to 1.16% at age 55 and gradually increasing the closer to age 62 you retire. If you retire after age 62, the age factor gradually increases to a maximum of 2.4% at age 65.

Beneficiary

Any person or entity receiving or entitled to receive payments due to the death or disability of a member. Only a person or special needs trust—not an estate, another type of trust or corporation—may be designated to receive an option benefit through the Defined Benefit Program upon your death.

Client ID

A CalSTRS randomly generated number used to identify members. We use your Client ID instead of your Social Security number to secure your identity. You can find your Client ID on your *Retirement Progress Report*.

Creditable compensation

Salary and remuneration in addition to salary that are paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position, up to the compensation cap and subject to certain exceptions.

One-time death benefit

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

Option

A Defined Benefit Program feature that allows you to distribute your retirement benefit over your lifetime and the lifetimes of one or more persons or a special needs trust after your death.

Option beneficiary

The person or persons or special needs trust you name to receive a lifetime monthly benefit after your death through the Defined Benefit Program.

School year

Period of time beginning on July 1 of one calendar year and ending on June 30 of the following calendar year.

Which CalSTRS career stage are you in?



CalSTRS resources



WEB

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

[myCalSTRS.com](https://my.calstrs.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 of
your local office.



FAX

916-414-5040

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