



CALSTRS®

LEARN AND DISCOVER • Early Career

THE BENEFIT OF A LIFETIME



Dear CalSTRS member,

As your retirement plan, CalSTRS is 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—you'll 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 about the CalSTRS Pension2® 403(b) and 457(b) plans on pages 9–10 to learn more.

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

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**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 why you should start a 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.
- See the Pension2 ebook at [Pension2.com](https://www.calstrs.com/pension2) to learn more.



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

Your CalSTRS lifetime monthly retirement benefit is an excellent start. 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 9–10.



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

- 1 Flip to the side with the photo.
- 2 Find the age closest to your current age in the current age column.
- 3 Choose your monthly contribution—\$100, \$250, \$500, \$750 or \$1,000.
- 4 See 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-publications](https://www.calstrs.com/member-publications).



## 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.

# 10 things to do now

- Open this Learn and Discover: Early Career resource
- Know your retirement benefit . . . . . 4
- Register for *myCalSTRS* . . . . . 5
- Learn the advantages of CalSTRS Pension2® 403(b) and 457(b) plans . . . . . 9
- Start your 403(b) or 457(b) account today . . . . . 11
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You're helping students build their futures—remember to plan for yours.

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# CalSTRS is here for you

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

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

- Publications, such as *Welcome to CalSTRS* and the *CalSTRS Member Handbook*.
- Financial awareness and benefits planning webinars.
- Your annual *Retirement Progress Report*, available on *myCalSTRS*, 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 issues fundamental to California educators, such as Social Security offsets and other policies that could affect your financial future. *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 have 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. Take a few minutes now 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

### 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 using this formula:  
**service credit × age factor × 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.

See pages 4–5 to learn more.

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

## Cash balance plans

### 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.

See 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.

## Defined contribution plan

### 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.

See pages 9–10 to learn more.



# Know your retirement benefit

Your Defined Benefit Program account is your primary CalSTRS retirement benefit account. This benefit is based on a formula set by law:

**service credit × age factor × final compensation = 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:** 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.

## Service credit

Service credit is the accumulated period of time, in years and 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 (see pages 6–7).

## 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.

➤ See the “Your retirement benefit” section in the *Member Handbook*.

▶ View the *Understanding the Formula* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

## Age factor

Your age factor is a percentage based on your age on the last day of the month in which you retire. 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

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

### CalSTRS 2% at 62 | Retirement age

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

➤ See page 24 for more age factor information and the *Member Handbook* for more detailed age factor tables.

## Contributions to your CalSTRS retirement

CalSTRS pays benefits using a combination of investment income and member, employer and state contributions.

### Your member contributions

Your contribution rate depends on whether you're a CalSTRS 2% at 60 member or a CalSTRS 2% at 62 member. See [CalSTRS.com/contributions](https://www.calstrs.com/contributions) for your current contribution rate.

### Employer and state contributions

Employer and state contribution rates 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.

## 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 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.

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

## 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. If you choose to do so, your benefit will be reduced based on your age and your beneficiary's age at the time you elect an option, and the option you elect.

- ▶ View the *Beneficiary Options* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).



## Register for *myCalSTRS*

*myCalSTRS* offers easy, secure and convenient access to your accounts and CalSTRS forms—anytime, anywhere.

### With *myCalSTRS*, you can:

- Update your contact information.
  - Access your annual *Retirement Progress Report* and view information reported by your employer.
  - Name and update your one-time death benefit recipient.
  - View your account balances.
  - Exchange secure messages with CalSTRS representatives.
  - Complete and submit forms.
- Register at [myCalSTRS.com](https://www.calstrs.com).



# Additional money for retirement

As a Defined Benefit Program member, you have a Defined Benefit Supplement account that can provide additional savings for your retirement.

## 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 in excess of one year of service 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](https://www.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 don't affect your ability to make contributions to 403(b), 457(b) or similar tax-advantaged accounts.

- Find your current Defined Benefit Supplement account balance on your *Retirement Progress Report*, available online in your myCalSTRS account.

## Excess contributions

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

The dollar value of those excess contributions is reported 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.

See the example on the next page to better understand your Defined Benefit Supplement account and excess contributions.

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

**If you perform excess service, CalSTRS will return excess contributions to your employer in the fall. Your employer is responsible for returning those funds to you.**





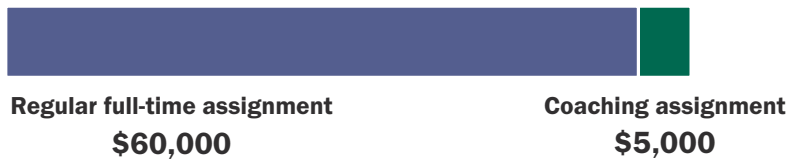
## Defined Benefit Supplement account: Excess contributions

### Example

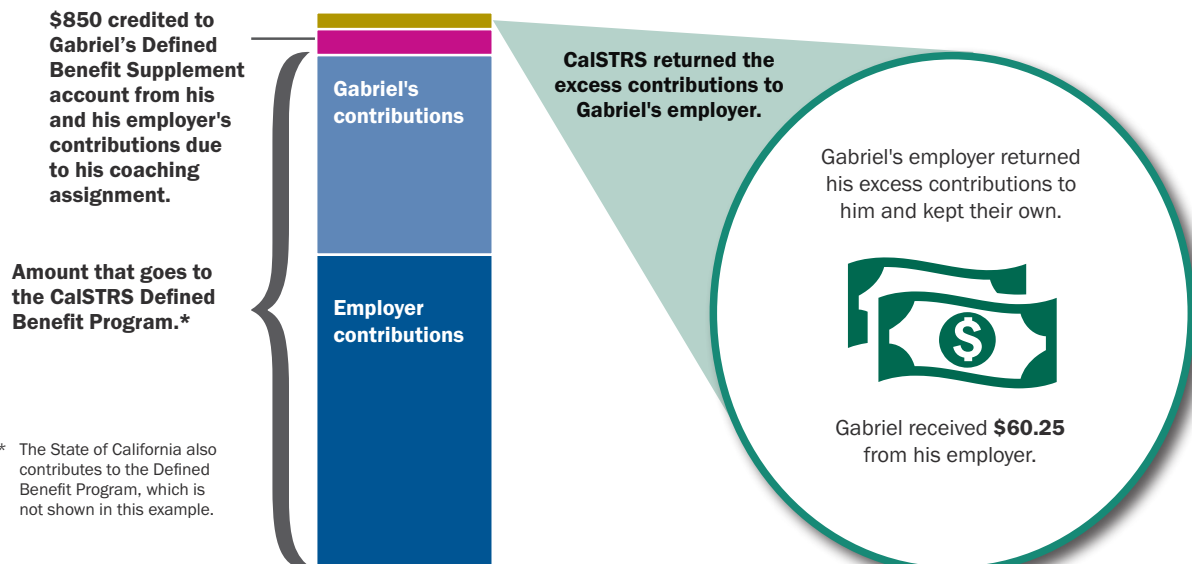
Gabriel is a CalSTRS 2% at 62 member who earned \$60,000 last year in his regular full-time assignment and an additional \$5,000 coaching an after-school program. During the school year, he paid a 10.205% contribution rate on all his earnings. In the fall, CalSTRS credited 17% of his after-school coaching pay to his Defined Benefit Supplement account (9% from Gabriel and 8% from his employer), and his employer returned \$60.25 to him ( **$\$5,000 \times 10.205\%$** ) - ( **$\$5,000 \times 9\%$** ) = **\$60.25**.

#### Gabriel's total earnings last year

Gabriel and his employer both remitted contributions to CalSTRS for all the service he performed.



At the end of the school year, CalSTRS determined Gabriel had earned more than a year of service credit. His coaching assignment is not creditable to the Defined Benefit Program, but it is creditable to his Defined Benefit Supplement account.



# 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 maternity, paternity and sabbatical leave and leave approved under the federal Family and Medical Leave Act and the California Family Rights Act.
  - Eligible service in out-of-state or foreign public schools, the military, Peace Corps or Job Corps.
  - 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 or if you're a member of another eligible California public retirement system.
- View the *Purchasing Service Credit* video at [CalSTRS.com/videos](https://CalSTRS.com/videos) or see the fact sheet and booklet at [CalSTRS.com/member-publications](https://CalSTRS.com/member-publications).

## Transfer unused sick leave if you change districts

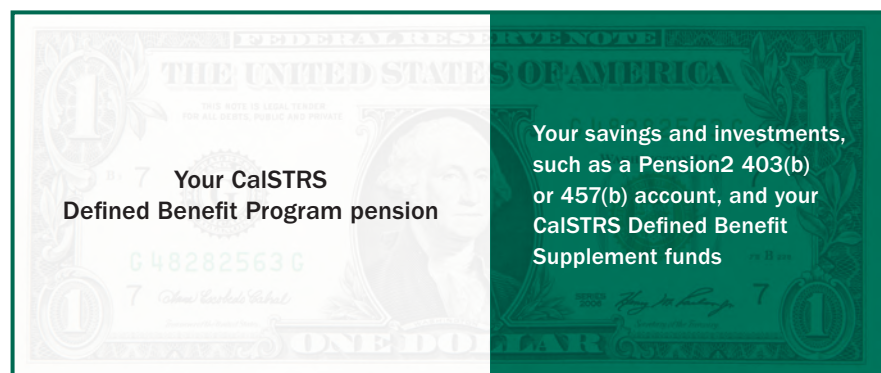
When you service retire, we will convert your unused sick leave to additional service credit using the information your employer provides.

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. See pages 9–10 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.

▶ View *The Gap* video at [CalSTRS.com/videos](https://CalSTRS.com/videos).



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

You're already off to a great start with your CalSTRS retirement benefit. Next, you'll likely need personal savings. Pension2, the CalSTRS voluntary supplemental savings plan, offers low-cost, flexible 403(b), 457(b), Roth 403(b) and Roth 457(b) plans.

Pension2 is designed to fill the gap between your CalSTRS retirement benefit and your retirement income goal. Check with your school district to see if Pension2 is an option for you.

### Designed with your interests in mind

With Pension2, you'll belong to a plan with:

- Transparent costs—no commissions, no load fees and no surrender charges.
- Flexible investment choices that match all levels of investment ability:
  - » **Easy Choice Portfolios**—Consider your risk tolerance and retirement date, with a mix of the core investment options.
  - » **Core Investment Options**—Build your own portfolio from a list of more than 20 funds.
  - » **Self-Directed Brokerage Account**—Access a greatly expanded range of mutual funds.
- Professional advice, services and retirement income planning tools.

CALSTRS

**pension** 2  
personal wealth plan

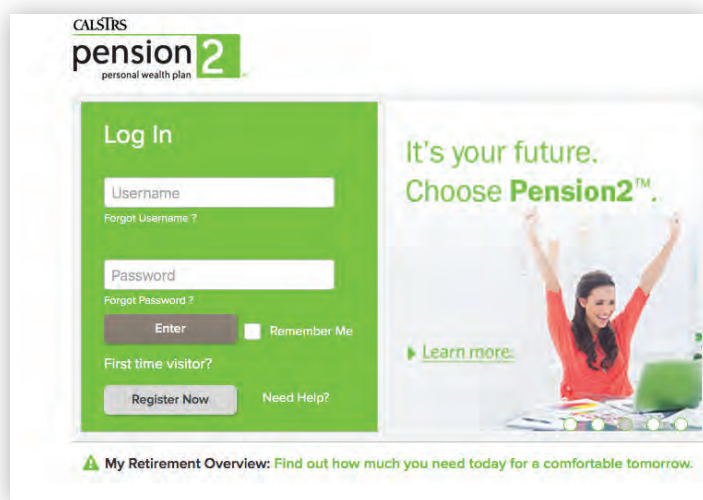
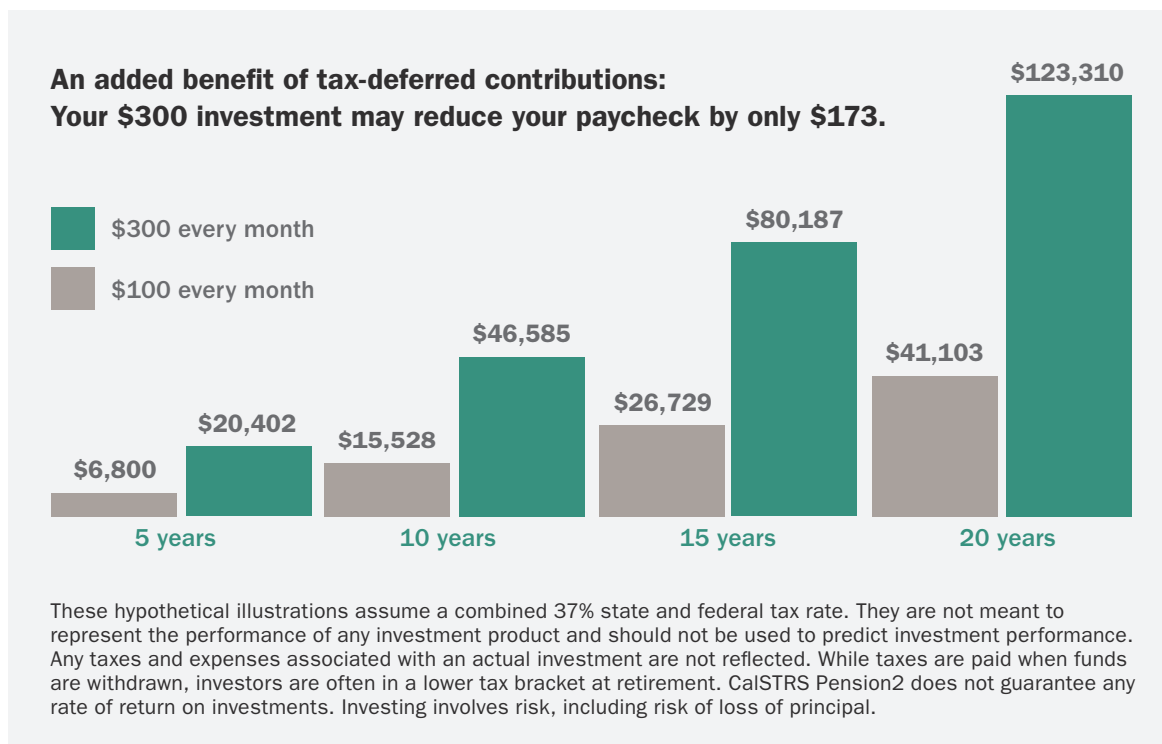
*Pension2 can take you  
where you want to go*

You can save a little or a lot—and you can change your contribution amount any time.

- > See the Pension2 ebook and enroll online at [Pension2.com](https://Pension2.com) or call toll free 888-394-2060.

## 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, after 20 years you could have \$41,103. If you increase your monthly contribution to \$300 a month, your savings could grow to \$123,310.



## Start your Pension2 account today

Now that 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** (select *Find Employer*).



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

**We get it.** Retirement is probably one of the last things on your mind. And since you're busy, we're making it easy to start saving now.

### 403bCompare™

#### 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 to choose from. 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](https://www.403bcompare.com) today.



#### 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 won't 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.

# 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. Most of your timeline will be spent building your savings, and the last part 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. Check the investment prospectus and ask financial professionals how they are paid. Compare costs of 403(b) plans offered in your district at [403bCompare.com](http://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?

<b>1. My retirement goal</b>	<p><b>My goal is to retire with _____ % of my working income.</b></p> <p>According to financial professionals, you may need 80–90% of your salary to maintain your current standard of living in retirement.</p>
<b>2. Calculate my gap</b>	$\frac{\text{service credit}}{\text{age factor}} \times \frac{\text{\% of final compensation}}{\text{\% of final compensation}} = \frac{\text{\%}}{\text{\%}}$ $\frac{\text{\%}}{\text{my goal}} - \frac{\text{\%}}{\text{\% of final compensation}} = \frac{\text{\%}}{\text{my gap}}$

➤ Your percentage of final compensation will be less if you choose to elect an option benefit.



# Review your Retirement Progress Report

Keep tabs on your CalSTRS account and service credit balances by reviewing your *Retirement Progress Report* each year. Your report is posted online on *myCalSTRS* annually in mid-September.

Your *Retirement Progress Report* summarizes:

- Your service credit.
- The name of your one-time death benefit recipient.
- Accumulated contributions and interest in your Defined Benefit and Defined Benefit Supplement accounts.
- Information about your disability and survivor benefit coverage.

Be sure to:

- Verify your paycheck information, including your deductions, each pay period.
- Keep your mailing and email addresses current with your employer and CalSTRS. Visit [myCalSTRS.com](https://myCalSTRS.com) to update your CalSTRS information.



**A personal report for: DEFINED BENEFIT MEMBER** Birth year: 1964  
Client ID: 20352XXXX Initial membership date: 01/01/2007

**Service Credit Activity**

DATE	MEMBER	INTEREST	TOTAL
08 beginning balance as of July 1, 2020	0.00	\$1,192.70	\$1,192.70
08 ending balance as of June 30, 2021	0.00	7,658.42	8,851.12

**Additional information**

**Defined Benefit Supplement account**

**Excess contributions**

**Additional earnings credit**

**Social Security—What to know**

**CalSTRS benefits planning webinars**

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

➔ View your *Retirement Progress Report* at [myCalSTRS.com](https://myCalSTRS.com).

# 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 system. 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? See the *Concurrent Retirement* fact sheet at [CalSTRS.com/concurrent-retirement](https://www.calstrs.com/concurrent-retirement) to learn more.



## 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.

If you or a spouse paid into Social Security through non-CalSTRS-covered employment, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—may be used in the calculation of your Social Security benefit. The application of these offsets may leave you with a smaller Social Security benefit or possibly no Social Security benefit at all.

Your CalSTRS retirement benefit will not be reduced by these rules. Social Security is a federal program, and neither CalSTRS nor the State of California has control over eligibility requirements or benefit calculations.

- ▶ See the *Social Security, CalSTRS and You* fact sheet at [CalSTRS.com/social-security-calstrs-and-you](https://www.calstrs.com/social-security-calstrs-and-you).
- ▶ View the *Introduction to Social Security* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).

Consider investing the percentage of your salary that would have gone to Social Security into a tax-advantaged 403(b) or 457(b) account, such as CalSTRS Pension2.

**Social Security, CalSTRS and You**  
Get the facts on two federal rules that may affect you

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.

If you or a spouse paid into Social Security through non-CalSTRS covered employment, two federal rules, the Windfall Elimination Provision and the Government Pension Offset, may be used in the calculation of your Social Security benefit. Social Security is a federal program, and neither CalSTRS nor the State of California has control over eligibility requirements or benefit calculations. These rules affect only your Social Security benefit. Your CalSTRS retirement benefit will not change.

**Windfall Elimination Provision**  
This federal rule affects your Social Security benefit that is based on your earnings from other employment.

- May reduce your Social Security benefit, but it will not eliminate it.
- Reduces the income replacement ratio covered under the first component of the Social Security benefit formula, known as a bend point, to as low as 40%. If you paid Social Security taxes on substantial earnings for:
  - 15 to 20 years—This provision reduces the 50% factor of the Social Security computation formula to 40%.
  - 21 to 29 years—The 40% factor increases incrementally from 45% to 55%.
  - 30 or more years—There is no reduction to your Social Security benefit.

The following example was created based on a member turning 62 in 2022 with average Social Security-covered earnings of \$2,000.

SOCIAL SECURITY COVERED MONTHLY EARNINGS	BASE BENEFIT (90% of first \$1,024)	SECOND BEND POINT (15% of next \$3,120)	THIRD BEND POINT (75% of next \$5,104)	TOTAL MONTHLY BENEFIT (with WEP applied)
\$0	\$0	\$0	\$0	\$0
\$1,024	\$922	\$0	\$0	\$922
\$4,144	\$922	\$430	\$0	\$1,352
\$9,248	\$922	\$430	\$722	\$2,074

**Social Security substantial earnings**  
Social Security substantial earnings are defined each year. Here is a sampling:

1980	\$5,100
1990	\$9,525
2000	\$14,175
2010	\$19,800
2021	\$28,550

**What does this mean for me?**  
Visit the Social Security Administration's website to learn how the formula will affect you. Go to [ssa.gov/gpo-wep](https://www.ssa.gov/gpo-wep) for more information, including links to calculators that can provide personalized estimates.



# 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 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 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.

▶ View the *Refund: Consider the Consequences* video at [CalSTRS.com/videos](https://CalSTRS.com/videos) or the fact sheet at [CalSTRS.com/member-publications](https://CalSTRS.com/member-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.

▶ See the *Concurrent Retirement* fact sheet at [CalSTRS.com/member-publications](https://CalSTRS.com/member-publications).





## Learn about 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 type of coverage: A or B.  
Find your coverage on your *Retirement Progress Report*.
- Your membership status.
- 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.

### 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. See 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.

### 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, CalSTRS will 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.

➤ See the *Survivor Benefits* brochure at [CalSTRS.com/member-publications](https://www.calstrs.com/member-publications).

▶ View the *Survivor Benefits* video at [CalSTRS.com/videos](https://www.calstrs.com/videos).





## Learn about your disability benefits

You may be eligible for disability benefits if 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 compensation. The maximum benefit, including benefits for eligible dependent children, is 90% of your final earned compensation.

In order to have income while your application for disability benefits is being evaluated, you may apply while:

- You're still working.
- You're 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 isn't approved, you'll remain in service retirement and won't be eligible to apply for disability again.

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

- See the "Your disability benefits" section in the *Member Handbook* and *Your Disability Benefits Guide* at [CalSTRS.com/member-publications](http://CalSTRS.com/member-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**, option 3.

## Keep your address current

### Moved or planning a move soon?

Three ways to update your contact information:



*myCalSTRS* makes it easy. From the homepage, select *Update Your Profile*, then follow the instructions. If you're not yet registered, complete the registration process today to activate your account.

- [myCalSTRS.com](http://myCalSTRS.com)



Complete the *Address Change Request* form, then sign, date and mail it to us.

- [CalSTRS.com/member-forms](http://CalSTRS.com/member-forms)



Call us at **800-228-5453**. To use this option, you must have a valid email address.

Be sure we have your current mailing and email addresses, so you receive all important communications from us.



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

# Your CalSTRS resources



## Publications

Read about your CalSTRS benefits in our publications and newsletters. You can order a printed copy using the forms and publications bulk ordering system at [CalSTRS.com/member-forms](https://www.calstrs.com/member-forms).

*Connections: Your Money Matters*

*Learn and Discover: Midcareer*

*Learn and Discover: Near Retirement*

*Learn and Discover: Newly Retired*

*Member Handbook*

*Refund: Consider the Consequences*

*Social Security, CalSTRS and You*

*Understanding the Formula*

*Welcome to CalSTRS*

[➤ CalSTRS.com/member-publications](https://www.calstrs.com/member-publications)



## Videos

Watch these short videos to learn more about your benefits.

*Beneficiary Options*

*Defined Benefit Supplement Program*

*Defined Benefits*

*Introduction to Social Security*

*myCalSTRS is...*

*The Gap*

*Your CalSTRS Retirement Progress Report*

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



## Calculators

Use these calculators to help you estimate your retirement benefit and how much extra money to set aside in a voluntary defined contribution plan such as Pension2.

*Retirement Benefits Calculator*

*Your Savings Calculator*

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



## Forms

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

[➤ CalSTRS.com/member-forms](https://www.calstrs.com/member-forms)



## Benefits planning sessions

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

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



## Pension Sense blog

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

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



## Be in touch

Contact us electronically or by telephone. You'll need to provide your Client ID or Social Security number, and your date of birth.

➤ [CalSTRS.com/contact-us](https://CalSTRS.com/contact-us)

➤ 800-228-5453

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



## Have insight

Read these reports to find out how CalSTRS continues to be a leader in diversity and sustainability.

*Diversity in the Management of Investments Report*

*Green Initiative Task Force Report*

*Sustainability Report*

➤ [CalSTRS.com/reports-and-studies](https://CalSTRS.com/reports-and-studies)

# 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* brochure 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/member-publications](https://CalSTRS.com/member-publications)**.





## Attend a webinar

Want to learn more about your benefits as a CalSTRS member and how to save, plan and protect your financial future? Take advantage of our retirement and financial awareness webinars.

### Retirement webinars

These 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 403(b) or 457(b) supplemental savings plan sooner rather than later.

**My Retirement Benefits**—Provides more in-depth information about your benefits, earned and purchased service credit, and the gap between your CalSTRS benefit and your retirement income goal and ways you can bridge it.

**My Retirement Decisions**—Covers the decisions you'll need to make before you retire, including if you want to elect a beneficiary option, how to complete the application and what you'll need to know after retirement.

### Financial awareness webinars

Learn how to make smart decisions today about your financial future. You'll take home a booklet of helpful checklists and worksheets after attending each of our three financial awareness webinars.

**Save for Your Future**—Discover ways to create a spending plan, understand your credit score and credit report, build and keep good credit, and manage debt.

**Plan for Your Future**—Create an action plan for your retirement, estimate your income and expenses in retirement and learn about Medicare basics and Social Security offsets.

**Protect Your Future**—Learn how to maximize and protect your income and reduce the risk of underestimating your expenses, and how to choose a financial professional.

Register for one or more of these webinars at [CalSTRS.com/webinars](https://www.calstrs.com/webinars) today. Or, you can speak with one of our representatives by telephone at **800-228-5453**, option 3.

Try a budget app to manage your spending habits.



## 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 would like to have but don't necessarily need—and

find small ways to save. You can also 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, 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.

# 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 must-have or want.

## Monthly income

Actual

Monthly pay (after taxes)	
Child support or alimony	
Interest	
Other	
Other	
<b>Total monthly income</b>	

## Monthly expenses

Estimate

Actual

Difference

Must-have or want

Monthly expenses	Estimate	Actual	Difference	Must-have or want
<b>Home</b>				
Mortgage/rent				
Second mortgage				
Property taxes				
Homeowner's or renter's insurance				
Association dues				
Repair/maintenance				
Other				
<b>Total home expenses</b>				
<b>Utilities</b>				
Electric/gas				
Water/sewer				
Phone				
Other				
<b>Total utilities expenses</b>				
<b>Food and household items</b>				
Groceries and household items				
Dining out				
Coffee				
Other				
<b>Total food and household expenses</b>				
<b>Transportation</b>				
Car payment 1				
Car payment 2				
Gas/public transportation				
Car insurance				
Repairs/maintenance				
Other				
<b>Total transportation expenses</b>				
<b>Health and grooming</b>				
Health insurance				
Prescription medication				
Gym/health club				
Grooming (hair, nails)				
Other				
<b>Total health and grooming expenses</b>				



<b>Monthly expenses</b>	Estimate	Actual	Difference	Must-have or want
<b>Family and pets</b>				
Childcare and babysitting				
Child support or alimony				
Allowances				
Tuition and fees				
Pet food, supplies, veterinarian				
Other				
<b>Total family and pet expenses</b>				
<b>Entertainment and recreation</b>				
Internet, streaming services, cable TV				
Movies, concerts, other events				
Magazines, books, newspapers				
Clubs, sports, hobbies				
Vacations				
Other				
<b>Total entertainment and recreation expenses</b>				
<b>Debt</b>				
Credit card 1				
Credit card 2				
Credit card 3				
Student loan 1				
Student loan 2				
Personal loan				
Other				
Other				
Other				
Other				
<b>Total debt expenses</b>				
<b>Savings and investing</b>				
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				
<b>Total savings and investing expenses</b>				
<b>Miscellaneous</b>				
Gifts (family, friends)				
Donations (church, charities)				
Other				
<b>Total miscellaneous expenses</b>				

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.

$$\begin{array}{r}
 \text{monthly income} \\
 \hline
 - \text{monthly expenses} \\
 \hline
 = \text{net income}
 \end{array}$$

# Terms

## Active member

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

## Age factor

The percentage of your final compensation that you will 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.

## 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.

## School year

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



# CalSTRS benefits planning offices

Hours and services vary at our member service centers and satellite offices. Visit [CalSTRS.com/local-offices](https://www.calstrs.com/local-offices) for more information.

## Member service centers

Fresno	Irvine	San Diego	West Sacramento
Glendale	Riverside	Santa Clara	

## Satellite offices

Bakersfield	Hanford	Ontario	Salinas	Santa Rosa
Ceres	Hayward	Oxnard	San Francisco	Visalia
Cordelia	Hesperia	Palm Desert	San Marcos	Walnut
Culver City	Lancaster	Palm Springs	San Mateo	
Downey	Los Alamitos	Pleasant Hill	Santa Barbara	
El Centro	Murrieta	Redding	Santa Maria	

## 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



### CALL

800-228-5453  
Calls from within the U.S.

916-414-1099  
Calls from outside the U.S.

888-394-2060  
CalSTRS Pension2®  
Personal wealth plan

844-896-9120 (toll free)  
CalSTRS Compliance  
and Ethics Hotline  
[CalSTRShotline.ethicspoint.com](https://www.calstrshotline.ethicspoint.com)



### WRITE

**Postal mail**  
CalSTRS  
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/localoffices](https://www.calstrs.com/localoffices).

Call ahead for the hours  
and services available  
at your local office.



### FAX

916-414-5040



California State Teachers' Retirement System

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