

Welcome to CalSTRS

Benefits and Services for Full-Time and Part-Time Educators

2008



CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

Welcome to CalSTRS

CalSTRS

The California State Teachers' Retirement System has nearly 600,000 active and inactive members and disburses monthly benefits to more than 215,000 retired or disabled members and their survivors.

Your retirement system, established in 1913 for California public school educators, has a long history of financial security. CalSTRS is administered by the 12-member Teachers' Retirement Board, which includes representatives from prekindergarten-12 and community college education, retired members and the public. The information here is correct as of January 2008. If differences appear between the law and this brochure, the law prevails.



Throughout your career in California's public school system and in the years to follow, you and your dependents will be eligible for valuable CalSTRS services and benefits.

Whether you are a full- or part-time educator, CalSTRS provides a number of benefits and services. This guide introduces the essential benefits of the CalSTRS Defined Benefit and Cash Balance Benefit programs.

Membership in the Defined Benefit Program is required for full-time educators.

For part-time educators, mandatory Defined Benefit Program membership requirements vary, depending on your employment status and whether your employer offers the CalSTRS Cash Balance Benefit Program.

As a part-time educator, you may choose to become a Defined Benefit Program member at any time in your career. Your employer must offer you the CalSTRS Defined Benefit Program and either Social Security or an alternative to Social Security. Districts may offer one or more alternative programs such as the CalSTRS Cash Balance Benefit Program.

For more information on the Defined Benefit and Cash Balance Benefit programs, see our most recent *Member Handbook*, which you can get from your employer. You may also view or order the handbook at www.CalSTRS.com or by calling 800-228-5453. In addition, visit our Web site for a wealth of information about our programs, benefits and services, as well as links to other resources.

CalSTRS Defined Benefit Program

My retirement is a “defined benefit” plan. What is that?

A defined benefit plan guarantees a lifetime benefit to you—and to your survivors, if you choose—regardless of the amount of funds you have contributed to your account.

Am I required to belong to the CalSTRS Defined Benefit Program?

If you are a full-time California public school prekindergarten-12 teacher or community college instructor, you are required to belong to the CalSTRS Defined Benefit Program. If you are a part-time or substitute educator, you may be required to belong to the Defined Benefit Program depending on your employment status and whether your employer offers the CalSTRS Cash Balance Benefit Program.

How much do I pay into the Defined Benefit Program?

Eight percent of your salary is automatically withheld from your paycheck. Your employer contributes an amount equal to 8.25 percent of your salary to help pay benefits.

What is a Defined Benefit Supplement account?

All members of the Defined Benefit Program also contribute to a Defined Benefit Supplement account. Your Defined Benefit Supplement account is an additional savings plan for your retirement. One-fourth of your CalSTRS payroll contributions will be allocated to your Defined Benefit Supplement account through 2010. In addition, if you earn more than one year of service credit in a school year, your contributions and most of your employer’s contributions from your earnings in excess of one year will be allocated to your Defined Benefit Supplement account.

When will I receive my Defined Benefit Supplement funds?

Your funds will earn interest and be available to you when you begin to take a Defined Benefit monthly benefit or six months after you terminate CalSTRS-covered employment and receive a refund of your Defined Benefit contributions.

You can receive your funds in a lump sum or in a monthly payment if you are receiving a monthly Defined Benefit payment and have \$3,500 or more in your Defined Benefit Supplement account.

When will I be eligible for retirement benefits?

This eligibility, known as vesting, occurs when you have five years of service credit. You can retire as early as age 50 if you have at least 30 years of service credit. You can retire at age 55 with five years of service credit.

How do I know how much I will receive when I retire?

Your Defined Benefit retirement benefit is determined by a formula set by law. It is based on your age at retirement, your highest average annual compensation and the amount of service credit you have earned. Your monthly Defined Benefit retirement benefit does not depend on your accumulated contributions. For example, a teacher who is 61 years old and has 29 years of service credit will receive 62 percent of his or her working salary in retirement.

Visit www.CalSTRS.com/calculators to estimate your benefit. You can also make an appointment to talk to a CalSTRS benefits counselor. In addition, starting at age 45, you will receive an annual estimate of your projected Defined Benefit and Defined Benefit Supplement retirement benefits in your *Retirement Progress Report*.

CalSTRS Defined Benefit Program
guarantees a lifetime benefit no matter
the amount in your account.





How will I know how much is in my retirement account?

Each December, we will send you your annual statement of accounts in a brochure called your *Retirement Progress Report*. The report summarizes your Defined Benefit contributions, accrued interest and total service credit. It also shows how much is in your Defined Benefit Supplement account. If you see a discrepancy between this statement and your records, contact your employer right away.

Are there other ways to add service credit?

Yes. You may buy service credit for some types of service in out-of-state or foreign public schools, the military, Peace Corps, Job Corps, maternity or paternity leave, sabbatical leave, leave approved under the Family and Medical Leave Act, and certain other teaching jobs. In addition, once you have at least five years of CalSTRS service credit, you may buy up to five years of nonqualified service credit.

Am I entitled to disability benefits?

Yes. In general, once you are vested and meet the eligibility requirements, your disability benefits will be half your highest average annual salary for life or as long as you are disabled, plus another 10 percent for each eligible dependent child, up to a total of 90 percent, until your child reaches age 21.

Will CalSTRS pay benefits to my survivors?

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

IMPORTANT

As soon as you are hired, complete the *One-Time Death Benefit Recipient* form provided by your employer. You can also print this form from www.CalSTRS.com or call us at 800-228-5453 to request a copy.

Can I change my recipient?

Yes. You can change your recipient at any time. Remember to update your recipient designation if your choice of recipient changes during your career. In addition to your recipient, you can select an option beneficiary when you are eligible to retire. Your option beneficiary will receive a lifetime monthly benefit when you die. Your recipient and your option beneficiary do not have to be the same person.

If I leave teaching, can I keep my contributions in CalSTRS?

Yes. This is especially valuable if you might return to teaching later or if you already have at least five years of service credit. If you return to teaching, it will be expensive to recover service credit if you took a refund of your CalSTRS account. Even if you do not return to teaching, if you have at least five years of service credit, you are eligible to receive a lifetime monthly benefit from CalSTRS when you retire.

If I leave teaching, can I withdraw my contributions?

If you leave teaching, you can withdraw your own contributions and interest (partial refunds are not allowed). However, if you withdraw your contributions, you terminate your CalSTRS membership and benefit eligibility. Please consider this carefully. It is expensive if you later resume teaching and want to recover this service credit. You cannot withdraw employer contributions. For more information on the Defined Benefit Program, see page 6.

CalSTRS Cash Balance Benefit Program

What is the Cash Balance Benefit Program?

It is CalSTRS alternative retirement program that employers may choose to offer their part-time educators.

When will I be vested?

You are vested immediately. You do not have to work any minimum length of time to become eligible for benefits.

How much must my employer and I contribute?

Your employer must contribute at least 4 percent of the salary you earn. You usually pay 4 percent. However, your contribution rate may be collectively bargained with your employer.

Is the interest rate my account earns guaranteed?

Yes. It is set by the Teachers' Retirement Board based on the 30-year Treasury rate. The interest rate for the 2008-2009 fiscal year is 5 percent.

How do I know how much I have in my account?

Each year you will receive your *Retirement Progress Report*, an annual statement showing the balances of your contributions and your employers' contributions and the interest credited to your account.

Am I entitled to disability benefits?

Yes. Normal distribution is a lump-sum benefit. This amount is the sum of your contributions, interest and additional earnings credits in your and your employers' accounts. If you have \$3,500 or more in your account, you may elect to receive a monthly benefit. To learn more about additional earnings credit, see our brochure, *Cash Balance: An Exceptional Plan for Your Future*.

Will CalSTRS pay benefits to my survivors?

Yes. Typical distribution is a lump-sum benefit, which consists of your and your employers' contributions, interest and additional earnings credits. This amount is paid to your named beneficiary. If you have \$3,500 or more in your account, your named beneficiary may choose to receive a monthly benefit.

Can I continue with the Cash Balance Benefit Program if I move to another district or become a member of the Defined Benefit Program?

In most cases, you can continue as a Cash Balance participant if you move to another district that offers the program and continue part-time employment. If you become a member of the Defined Benefit Program and are no longer contributing to the Cash Balance Benefit Program, you may transfer your Cash Balance funds into the Defined Benefit Program and receive Defined Benefit service credit for your previous Cash Balance service.

With Cash Balance, you do not have to wait to become eligible for benefits.



What are my options if I leave public school employment?

You have two options:

- Leave your contributions on deposit with CalSTRS. The contributions in your Cash Balance account will continue to accrue interest.
- Withdraw your funds or roll them over to another eligible retirement plan or IRA. If you decide to withdraw your funds, you will have to wait six months after you terminate employment. If you withdraw your funds and then return to CalSTRS-covered employment, you will not be able to withdraw funds again for five years.

What happens when I retire?

- If you have less than \$3,500 in your account, you must take your and your employers' contributions, plus interest, in a lump sum.
- If you have \$3,500 or more in your account, you can choose to receive a monthly benefit over a specific period of time or over your lifetime and, under some circumstances, the lifetime of a beneficiary.

Your CalSTRS Extras

CalSTRS on the Web

www.CalSTRS.com and *myCalSTRS*

Visit www.CalSTRS.com to find more information about CalSTRS, including details of programs and benefits, news on legislation that could affect CalSTRS and several benefits calculators. You can also e-mail us your questions through *Contact Us*.

By registering with *myCalSTRS* at www.CalSTRS.com, you can update your address and phone number and view your *Retirement Progress Report*, as well as view your beneficiary elections and tax withholding information. You can also send and receive confidential information about your account.

403bCompare.com

403bCompare is a valuable tool to help you choose a supplemental retirement savings plan. Created and managed by CalSTRS, the online information bank features detailed and objective information about experience, features and fees for vendors and products available from your employer.

CalSTRS Home Loan Program

If you are looking for a fixed-rate, first-mortgage home loan, you will want to check out this program. Several loan options are available for a conventional home purchase or loan refinance. See www.CalSTRS.com for current interest rates and approved lenders or call 866-384-4457.

CalSTRS Pension2® Personal Wealth Plan

With CalSTRS Pension2, you can set aside even more funds through tax-deferred savings. The Teachers' Retirement Board oversees Pension2's competitively priced investment options. For more information, visit www.CalSTRS.com/Pension2 or call 888-394-2060.

Benefits Counseling and Workshops

CalSTRS-trained benefits counselors can help you plan for retirement. They provide retirement and disability benefit estimates, as well as information about CalSTRS benefit programs. Benefits counselors are available throughout the state for one-on-one appointments. You can also schedule a telephone interview.

Counselors also conduct free workshops designed to help you plan for a successful retirement. To find a benefits counselor or workshop near you, visit www.CalSTRS.com (select *Members*, then *Counseling/Workshops*) or call 800-228-5453.

Toll-Free Call Center 800-228-5453

Representatives are available to answer your questions weekdays from 7 a.m. to 6 p.m.

More About CalSTRS Defined Benefit and Cash Balance Benefit Programs

What about Social Security payments?

You do not pay into Social Security on your public school employment earnings. However, if you or your spouse otherwise qualifies for Social Security, that monthly check may be reduced because of the federal Windfall Elimination Provision or Government Pension Offset. For more information, contact the Social Security Administration at www.ssa.gov or call 800-772-1213. Your CalSTRS benefit will not be reduced if you receive Social Security.

What about Medicare?

You and your employer each pay 1.45 percent of your wages toward Medicare coverage. By paying this tax, you earn eligibility for Medicare.

Does CalSTRS provide health benefits after retirement?

No. Health benefits depend on your district's agreement with your employee bargaining unit. Contact your employer to learn more.

Does CalSTRS assist me in retirement financial planning?

To help you develop a plan to build wealth for your future, CalSTRS offers free financial education workshops. For more information or to register for a workshop, visit www.CalSTRS.com or contact your local CalSTRS benefits counseling office.

Can I save in a tax-deferred plan through payroll deduction with CalSTRS?

Most employees are eligible to participate in CalSTRS Pension2, a supplemental retirement savings program that offers 14 diversified investment options and retirement financial planning advice for your 403(b) and 457 plans. To learn more, visit www.CalSTRS.com/Pension2 or call 888-394-2060.

Part-Time Educators — Choosing Between the CalSTRS Defined Benefit Program and an Alternative Retirement Program

As a part-time, adjunct or temporary employee, you have a choice of retirement programs. Employers must offer the CalSTRS Defined Benefit Program and either Social Security or an alternative to Social Security to all educators hired to work less than 50 percent of the full-time equivalent for a specific position.

Districts can offer one or more of the following programs:

- CalSTRS Cash Balance Benefit Program
- Social Security
- Another program chosen by the district

Full-time employees are automatically enrolled in the Defined Benefit Program. As a part-time employee, you may choose the Defined Benefit Program anytime during your career.

How can I choose the plan that works best for me?

You may want to choose the CalSTRS Defined Benefit Program if you:

- Plan to work as an educator in California long enough to earn a benefit. You will be vested when you have five years of service credit with CalSTRS. For some part-time educators, this could take up to 10 years of half-time employment.
- Want a monthly benefit that provides a specific dollar amount that you know in advance and is payable for life, with benefits based on a set formula and not on the contributions in your account.
- Are comfortable contributing 8 percent of your pay toward your retirement. Your employer contributes 8.25 percent.

You may want to select the Cash Balance Benefit Program if you:

- Want a program that provides immediate vesting.
- Want a lump-sum payment or a lifetime monthly benefit based on contributions credited to your account, with a guaranteed interest rate.
- Are comfortable with the contribution rate, which is typically 4 percent of your salary, depending on your local bargaining agreement. Your employer must contribute at least 4 percent of your salary.

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

- Does the plan offer a monthly benefit for life or is it a non-lifetime benefit based on contributions and interest?
- What is the contribution rate? Is it matched by my employer?
- Is there a vesting requirement?
- Does the program charge administrative fees? (Neither CalSTRS program charges administrative fees.)
- Is there a guaranteed annual interest rate?
- Does the plan have a record of sound investment experience?
- How long do I have to wait to receive my funds?

Where can I find more information?

The available alternative programs vary widely by district. To learn more, check with your employer or the Social Security Administration at www.ssa.gov or by calling 800-772-1213.

For more information about part-time educators and the CalSTRS Defined Benefit Program, see the *Member Handbook*. For information about the Cash Balance Benefit Program, see our brochure, *Cash Balance: An Exceptional Plan for Your Future*. There are versions for prekindergarten-12 teachers and adjunct faculty. Ask your district for a copy or view the brochure at www.CalSTRS.com. You can also request a copy by calling 800-228-5453.

As a part-time, temporary or adjunct employee,
you have a choice of retirement programs.

CalSTRS Resources

WEB SITES



www.CalSTRS.com
Click Contact Us to e-mail
www.403bCompare.com

CALL



800-228-5453
7 a.m. to 6 p.m.
Monday through Friday
TTY 916-229-3541

866-384-4457
Home Loan Program

888-394-2060
CalSTRS Pension2®
Personal Wealth Plan

WRITE



CalSTRS
P.O. Box 15275
Sacramento, CA 95851-0275

VISIT



Member Services
7919 Folsom Boulevard
Sacramento, CA 95826
(until June 19, 2009)

Member Services
100 Waterfront Place
West Sacramento, CA 95605
(starting June 22, 2009)

FAX



916-229-3879



Printed on recycled paper

Welcome to your retirement system

We are your
partner in
building your
secure financial
future.

Inside you will learn
about benefits and services
designed to support you
throughout your career
in education.

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?