

We are pleased to present your *2008 Retirement Progress Report*. To help you plan your retirement, this report includes your annual statement of your CalSTRS Defined Benefit and Defined Benefit Supplement accounts as of June 30, 2008.

Contact your employer immediately to report errors. Correcting errors now will help ensure you receive accurate and timely CalSTRS benefits in the future.

CalSTRS Retirement Benefit Formula

We calculate a basic retirement benefit, also called a **Member-Only Benefit**, using a three-part formula:

$$\text{Service Credit} \times \text{Age Factor} \times \text{Final Compensation} = \text{Member-Only Benefit}$$

You are eligible for a retirement benefit at either:

- Age 55 with five years of service credit.
- Age 50 with 30 years of service credit.

DEFINED BENEFIT PROGRAM

- **Service Credit** is the accumulated time, in years and partial years, that you earned creditable compensation for CalSTRS-covered service.

SERVICE CREDIT ACTIVITY	SERVICE CREDIT
DB Beginning Balance as of July 1, 2007	6.000
Current Year Service Credit	1.000
DB Ending Balance as of June 30, 2008	7.000

- **Defined Benefit Account Activity** shows your account contributions and interest for fiscal year 2007-08. Your account earned interest at 5.25 percent per annum, compounded daily. Remember that your retirement benefit is based on a three-part formula; it is not based on your account total.

DEFINED BENEFIT ACCOUNT ACTIVITY	MEMBER		INTEREST (\$)	TOTAL (\$)
	TAXED	TAX DEFERRED		
DB Beginning Balance as of July 1, 2007	0.00	15,474.39	1,395.42	16,869.81
Interest Credited for 2007-2008			956.43	956.43
Current Year Contributions		3,347.06		3,347.06
Prior Year Contribution Adjustments		41.45		41.45
DB Ending Balance Accrued as of June 30, 2008	0.00	18,862.90	2,351.85	21,214.75

DEFINED BENEFIT RETIREMENT ESTIMATES

Your Retirement Estimates are based on your account information as of June 30, 2008, and the following:

- You are currently age 45 or older.
- You will have at least five years of service credit at the ages listed below.

We calculate your projected estimates with the assumption that you earn service credit at the same rate as last year. Your information is then inserted into each part of the formula to calculate two projected benefits. Age X is the first age at which we calculate you will be eligible to retire. Age Y is an alternate age.

MONTHLY MEMBER-ONLY BENEFIT ESTIMATES	AGE X	AGE Y
	55	60
Projected retirement date	06/30/2017	06/30/2022
Service credit as of 06/30/2008	7.000	7.000
Service credit to projected retirement date +	9.000	14.000
Total service credit =	16.000	21.000
Age factor x	0.01420	0.02000
Final compensation* x	\$4,218.55	\$4,648.50
Monthly Member-Only Benefit =	\$958.45	\$1,952.37
Longevity bonus +	N/A	N/A
Total Monthly Member-Only Benefit =	\$958.45	\$1,952.37

*Your final compensation is based on information from the following school year(s):
2005-2006, 2006-2007, 2007-2008.

Electing an Option

You can provide a lifetime monthly benefit to one or more beneficiaries upon your death by electing an option at retirement or when eligible to retire. However, your **Member-Only Benefit** will be reduced by an option factor. The option factor is determined by which option you elect and the age of you and your beneficiary(ies) at the time of election. The reduced benefit formula is:

$$\text{Monthly Member-Only Benefit} \times \text{Option Factor} = \text{Monthly Reduced Benefit}$$

MONTHLY REDUCED BENEFIT ESTIMATES	AGE X	AGE Y
	55	60
Option beneficiary name	NOT YET ELIGIBLE	
Option beneficiary birth date		
Option as of 06/30/2008		
Monthly Member-Only Benefit	\$958.45	\$1,952.37
Cancellation reduction -	N/A	N/A
Estimated monthly benefit =	\$958.45	\$1,952.37

- **Your One-Time Death Benefit** recipient(s) is listed below. You are eligible to select one or more recipients when you have one year of service credit and meet eligibility requirements. Please note that we cannot print the name of a trust or estate.

You have COVERAGE B, which may provide a one-time death benefit to your named death benefit recipient(s). The amount depends on whether you die before or after retirement. This year the payments are \$24,652 before retirement and \$6,163 after retirement.

Your primary recipient for your one-time death benefit is:

JOHN B. GREENE

- **Your Survivor and Disability Benefit Coverage** and basic information about your coverage is provided below.

You have COVERAGE B. If you meet the eligibility, service credit and legal requirements for disability, you may be eligible for a Disability Retirement, which provides a monthly benefit for you and your dependent children under age 21. This benefit continues for life, as long as you continue to meet the eligibility, service credit and legal requirements for disability. If you die before retirement, your dependent children may be eligible to receive a monthly benefit and your surviving spouse or registered domestic partner may be eligible to receive a monthly benefit or the contributions and interest in your account. If you die after retirement and have elected an option and named an option beneficiary(ies), your option beneficiary(ies) will receive a monthly benefit payable upon your death. If you have filed a valid form naming a one-time death benefit recipient(s), your named recipient(s) may be eligible to receive a one-time death benefit and may also receive any contributions and interest in your account.

- **Special Messages**

None

DEFINED BENEFIT SUPPLEMENT PROGRAM

Your Defined Benefit Supplement Account can provide additional retirement income. Your DBS account consists of up to three contribution sources. Interest was credited at 5.25 percent per annum, compounded daily. Read the enclosed flyer on the Defined Benefit Supplement Program for more information.

DBS ACCOUNT ACTIVITY	CONTRIBUTIONS			INTEREST (\$)	TOTAL (\$)
	MEMBER		EMPLOYER		
	TAXED	TAX DEFERRED	TAX DEFERRED		
DBS Beginning Balance as of July 1, 2007	0.00	5,720.52	562.47	838.04	7,121.03
Interest Credited for 2007-2008				397.46	397.46
Current Year Contribution Allocation to DBS		1,162.43			1,162.43
Prior Year Contribution Allocation Adjustments		13.82			13.82
Current Year Excess Service and Enhancements		140.41	187.17		327.58
DBS Ending Balance Accrued as of June 30, 2008	0.00	7,037.18	749.64	1,235.50	9,022.32

- **Your Defined Benefit Supplement Estimates** use your account information as of June 30, 2008. For your DBS account and annuity estimates, we use your fiscal year 2007-08 contributions credited to your DBS account.

DBS ACCOUNT ESTIMATES	AGE X	AGE Y
	55	60
Projected retirement date	06/30/2017	06/30/2022
Balance as of 06/30/2008 +	\$9,022.32	\$9,022.32
Projected Additional Contributions and Interest =	<u>\$9,882.85</u>	<u>\$15,394.61</u>
Total Projected DBS balance	\$18,905.17	\$24,416.93

DBS ANNUITY ESTIMATES	AGE X	AGE Y
	55	60
Member-Only Annuity	\$138.37	\$187.90
Period Certain Annuity 3 years	\$586.21	\$757.12
5 years	\$378.37	\$488.68
10 years	\$225.14	\$290.78

Additional Information

CalSTRS Retirement Formula

You are eligible for a retirement benefit when you are either:

- Age 55 and have five years of service credit.
- Age 50 and have 30 years of service credit.

We calculate a basic retirement benefit, also known as a Member-Only Benefit, by using a three-part formula:

$$\text{Service Credit} \times \text{Age Factor} \times \text{Final Compensation} = \text{Member-Only Benefit}$$

Service Credit is the amount of time you receive credit-able compensation for CalSTRS-covered employment.

Age Factor is a percentage determined by your age on the last day of the month in which your retirement becomes effective.

Final Compensation is the highest average annual salary during a specified period of CalSTRS-covered employment, either 12 or 36 consecutive months.

Work Longer - Add to Your Retirement Benefit

CalSTRS has three benefit enhancements designed to reward educators who stay in their teaching career:

Career Factor - If you retire with 30+ years of service credit, we add 0.2 percent to your age factor up to a maximum 2.4 percent.

One-Year Final Compensation - If you retire with at least 25 years of service credit, we base your final compensation on your highest average salary for 12 consecutive months instead of 36 consecutive months.

Longevity Bonus - A longevity bonus is added to your Member-Only Benefit if you earn 30+ years of service credit by January 1, 2011.

Service Credit	Longevity Bonus
30 years	\$200
31 years	\$300
32 or more years	\$400

Purchasing Service Credit Helps

As a CalSTRS member, you can purchase different types of service credit to increase your retirement benefit. The more service credit you have, the larger your monthly retirement benefit.

Redeposit - If you terminate CalSTRS-covered employment and withdraw your CalSTRS contributions and interest, you can make a redeposit if:

- You return to CalSTRS membership.
- You are a member of certain other California public retirement systems.
- You are a CalSTRS member and your former spouse or registered domestic partner obtained a refund of part of your contributions as part of a community property court order.

If you decide to restore the service credit represented by your refund, you will have to pay the interest your account would have earned had the funds remained in your CalSTRS account.

Permissive Service Credit - You can purchase service credit for certain other, non-CalSTRS activities, called permissive service credit. Go to www.CalSTRS.com for more information on permissive service credit.

Nonqualified Service Credit - If you have at least five years of service credit, you may purchase up to five years of nonqualified service credit, also known as air time. However, nonqualified service credit cannot be used to qualify for the career factor, one-year final compensation or longevity bonus.

Additional Earnings Credit

The Teachers' Retirement Board approved an additional earnings credit for DBS accounts for 2006-07 at a rate of 4.41 percent. This is not reflected in your account balance on this year's Retirement Progress Report, nor is the prior year's additional earnings credit of 2.49 percent.

Additional Information

myCalSTRS – Secure Member Web Site

By using myCalSTRS, our secure member Web site, you can get information about your CalSTRS account anytime, day or night. Go to www.CalSTRS.com and follow the instructions to register for myCalSTRS.

With basic Level 1 access, you can:

- Ask questions about your account and receive prompt, confidential answers.
- View your *Retirement Progress Report* online.
- See your beneficiary information.
- Change your e-mail address.

With Level 2 access, you can do even more:

- Update your mailing address and telephone number.

Already have Level 1 access?

Move up to Level 2 access by clicking on the green Level 2 Access icon and following the step-by-step instructions. Make sure we have your current mailing address so we can mail you your PIN. You can then update your personal information at your convenience.

CalSTRS Pension2®

CALSTRS

pension 2
personal wealth plan

Your plans for the future are important to us at CalSTRS. That's why we have developed this

supplemental savings program that can help you achieve the retirement lifestyle you want.

CalSTRS Pension2® is a personal wealth plan designed for all California school employees, whether certified or classified, for a more comfortable and rewarding financial future. CalSTRS Pension2® complements your defined benefit pension by allowing you to set aside savings in low-cost, flexible funds selected by CalSTRS investment professionals.

The Pension2 program includes:

- 403(b)
- 403(b) Roth
- 457
- Roth IRA

Go to www.CalSTRS.com/Pension2 or call 888-394-2060 for more detailed information about CalSTRS Pension2®.

403bCompare Web Site



At www.403bcompare.com you can view a bank of free unbiased information about 403(b) vendors and the products they offer.

A 403(b) is a tax-deferred investment plan that public schools offer to their employees. It's named after the 403(b) section of the Internal Revenue Code. The CalSTRS Pension2® is a 403(b). The contribution is deducted from your pay check before it is taxed so you see a savings right away.

This site was created to help employees of California's local school districts, community college districts or county offices of education make better-informed investment decisions by offering information about:

- 403(b) plans, available investment options, fees involved and product performance information.
- Registered 403(b) vendors' experience and services for the products supplied.
- General retirement planning information and educational materials.

Act GREEN



View your *Retirement Progress Report* online

Help us conserve resources and reduce costs. Choose to stop receiving your annual *Retirement Progress Report* in the mail and view it online at myCalSTRS. We'll send you an e-mail when it's ready.

Here's How:

Log in to your myCalSTRS account at www.CalSTRS.com. Go to *Settings*, then *Preferences*.

OR

Talk to a customer service representative at 800-228-5453.

Prepared especially for:

BEA EARTH-FRIENDLY
2 DOLLAR AVENUE
ROCK SOLID, CA 02008

Confidential Information

Keep this with your other valuable documents.

DA2 2008
DA2

Photo: ©iStockphoto.com/Jacom Stephens

CalSTRS Resources



Web

www.CalSTRS.com

Send a secure inquiry at *Contact Us* or log in to *myCalSTRS* Online Messaging and send and receive confidential information.

www.403bCompare.com

Online information bank of 403(b) products



Call

800-228-5453

TTY 916-229-3541

Monday - Friday

7:00 a.m. - 6:00 p.m. (Pacific Time)

Home Loan Program

866-384-4457

CalSTRS Pension2

888-394-2060



Write

CalSTRS

P.O. Box 15275

Sacramento, CA 95851-0275



Visit

Member Services

7919 Folsom Blvd.

Sacramento, CA 95826



Fax

916-229-3879

Please carefully review all personal and account data contained in this statement. Contact your employer's human resources office to correct an error or report a discrepancy.

Defined Benefit Supplement Program

Since January 1, 2001, each active Defined Benefit member has had established for them a Defined Benefit Supplement account. Your DBS account receives funds from three sources:

- From January 1, 2001, to December 31, 2010, 2 percent of your creditable compensation, or one-fourth of your contributions to CalSTRS, is put into your DBS account.
- If you earn more than one year of service credit in a school year, your contributions and most of your employer's contributions for the excess service credit are put into your DBS account.
- If you receive special limited-term payments or compensation intended to enhance your retirement benefit, member and employer contributions are put into your DBS account.

DBS DISTRIBUTION CHOICES

Beneficiary Annuities

You can elect a DBS annuity at retirement or when eligible to retire. Your annuity beneficiary must be the same person you named as your option beneficiary. If you elect a 100%, 75% or 50% Beneficiary Annuity and your beneficiary dies before you, your benefit will rise to the Member-Only Annuity amount

If you have less than \$3,500 in your DBS account, you must take a lump-sum payment. If you have at least \$3,500 in your DBS account when you retire, you have the following choices:

100% Beneficiary Annuity – One hundred percent of your monthly annuity would continue to be paid to your beneficiary(ies) upon your death.

75% Beneficiary Annuity – Seventy-five percent of your monthly annuity would continue to be paid to your beneficiary(ies) upon your death.

50% Beneficiary Annuity – Fifty percent of your monthly annuity would continue to be paid to your beneficiary(ies) upon your death.

Period-Certain Annuity – Provides a monthly payment from three to 10 years. The amount you receive is based on the number of years over which the annuity is paid. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient(s).

Combination of Lump-Sum Payment and Annuity – If your Defined Benefit Supplement account is at least \$3,500, less your lump-sum amount, you can also choose one of the above annuities.

Member-Only Payment Choices

Member-Only payment choices are only available to members who retire without electing an option beneficiary.

Member-Only Annuity – A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipient(s).

Period-Certain Annuity – This provides a monthly payment for three to 10 years. The amount you receive is based on the number of years over which the annuity is paid. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient(s).

Lump-Sum Payment – A one-time payment of the total amount in your DBS account, either as a direct payment or as a rollover to a qualified plan.

Combination of Lump-Sum Payment and Annuity – If your account, less the lump-sum amount you select, is at least \$3,500, you can choose a lump-sum payment and either the Member-Only or Period-Certain Annuity.

Electing A Retirement Option

You can provide a lifetime monthly benefit to one or more beneficiaries upon your death by electing a retirement option. An option is a plan feature that allows you to distribute your retirement benefit over your life and the life of your option beneficiary. When you retire, your option election is irrevocable, except under limited circumstances.

You can elect an option at retirement or make a preretirement election of an option when eligible to retire. You are eligible to retire at age 55 with five years of service credit or at age 50 with 30 years of service credit.

While electing an option provides a lifetime monthly benefit to one or more beneficiaries, it also reduces your Member-Only Benefit. In addition, changing or cancelling your option election can permanently reduce your retirement benefit. Please make an appointment with a benefits counselor to determine the impact of electing an option on your retirement benefit.

Preretirement Election of An Option - You can elect an option if you are eligible to retire, but not yet ready to retire. Making a preretirement election of an option provides a lifetime monthly benefit to one or more beneficiaries if you die before retirement.

Member-Only Benefit - This is the highest monthly benefit payable to a member retired for service or disability prior to any reduction for election of an option. This benefit does not provide a lifetime monthly benefit to anyone if you die after retirement.

Reduced Benefit - If you elect a retirement option, your Member-Only Benefit will be reduced. The amount of the reduction depends on the option elected and the age of you and your beneficiary(ies) at the time of election.

Option Choices

Please note: If you elect a 100%, 75% or 50% Beneficiary Option, if your beneficiary dies before you, your benefit will rise to the Member-Only Benefit level.

100% Beneficiary Option - Provides your option beneficiary with 100 percent of the amount you were receiving upon your death.

75% Beneficiary Option - Provides your option beneficiary with 75 percent of the amount you were receiving upon your death.

50% Beneficiary Option - Provides your option beneficiary with 50 percent of the amount you were receiving upon your death.

Compound Option - Allows various choices. You may:

- Name one option beneficiary if you retain a portion of your benefit as a Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each and retain a portion of your benefit as a Member-Only Benefit.
- Name two or more option beneficiaries, with an option choice for each and not retain any of your benefit as a Member-Only Benefit.

Your Checklist for a Secure Financial Future

Less than One Year of Service Credit:

- Consider saving in a tax-deferred 403(b) account, such as CalSTRS Pension2.
- Submit a *One-Time Death Benefit Recipient* form.

One to Five Years of Service Credit

You are now eligible for the CalSTRS one-time death benefit and monthly survivor benefit if you die while an active member.

- Review your *Retirement Progress Report* every year for the accuracy of your service credit.
- Start a file to save your *Retirement Progress Reports* and other CalSTRS information.
- Attend a *Demystifying CalSTRS* workshop.
- Submit or update your *One-Time Death Benefit Recipient* form.

Five Years of Service Credit

You are now vested and are eligible at age 55 to receive a lifetime monthly retirement benefit.

- Attend a *CalSTRS Fundamentals* workshop.
- Use the online *Retirement Benefits Calculator* at www.CalSTRS.com/Calculators to estimate your retirement benefit.
- Consider increasing your contributions to your tax-deferred 403(b) or other savings.
- Develop a financial plan.
- Review your *Retirement Progress Report* for accuracy and file it with other important CalSTRS information.
- Submit or update your *One-Time Death Benefit Recipient* form.
- Consider purchasing up to five years of nonqualified service credit.

Ten Years of Service Credit

It is time to plan the financial details of your career and retirement.

- Attend a *CalSTRS Fundamentals* workshop if you have not already done so.
- Meet with a CalSTRS benefits counselor in person or by telephone.
- Review or update the one-time death benefit recipient designation and your service credit shown on your *Retirement Progress Report*.
- Update your financial plan.
- Consider increasing your contributions to your tax-deferred 403(b) or other savings.

Between Ages 50 and 55 with at Least 30 Years of Service Credit or Age 55 with at Least Five Years of Service Credit

You are eligible to retire.

- Attend a *CalSTRS Retirement Check-up* workshop and a *CalSTRS Retirement Income Management* workshop.
- Get an estimate of your retirement benefit by scheduling an in-person or telephone appointment with a CalSTRS benefits counselor.
- Submit a *Pre-Retirement Election of an Option* form to provide a lifetime monthly benefit to someone if you die before retirement, if applicable.
- Submit or update your *One-Time Death Benefit Recipient* form.

Workshops and Benefits Counseling

WHERE TO START – CalSTRS WORKSHOPS

CalSTRS is here to help you with your retirement planning. Attend a CalSTRS workshop to learn more about the benefits and services available to you. We offer different workshops tailored to where you are in your career.

For more details or registration information, visit www.CalSTRS.com/workshops or call us at 800-228-5453.

Early Career (1-5 years)

Demystifying CalSTRS – This 1½-hour workshop explains the CalSTRS benefits and programs available to you and shows you how your benefits are calculated. *Demystifying CalSTRS* lays the foundation to help you plan a more secure future. If you have never attended a CalSTRS workshop, this is the place to start.

Mid-Career (5-20 years)

CalSTRS Fundamentals – Beginning your retirement planning in earnest? This workshop gives you the essentials of CalSTRS membership and helps you learn about your retirement benefit as the foundation of a personal financial plan. You'll learn about:

- What it means to have a defined benefit.
- The three parts of the CalSTRS retirement formula.
- Increasing your retirement benefit.
- What your disability and survivor benefits provide.
- Determining your retirement income goals.
- Bridging gaps in your plan.

Near Retirement (20 years or age 55)

CalSTRS Retirement Check-up – If you're getting close to retirement and have at least five years of service credit, the *CalSTRS Retirement Check-up* workshop is for you. This 1½-hour workshop goes into detail on:

- How your retirement benefit is calculated.
- How to provide a lifetime benefit for another person.
- Your disability and survivor benefits.
- Working after retirement.
- Resources for prospective retirees.

Ready to Retire

CalSTRS Retirement Income Management – If you are about to retire or you just started your retirement, consider attending this helpful three-hour workshop that covers the necessary steps to building retirement security. You'll learn about:

- Putting a retirement plan in place.
- Four potential sources of retirement risk.
- Identifying your retirement expenses.
- Five steps to managing your retirement income and making it last.
- Tips for selecting a financial advisor.

NEXT STEPS – BENEFITS COUNSELING

As you progress in your career, consider attending workshops more than once to build on your benefits knowledge. Also, give yourself time to understand how CalSTRS fits in your plans for your future and what decisions you will need to make. As you near retirement, it is a good time to review your plans with a CalSTRS benefits counselor.

The benefits counselor can explore your retirement alternatives, answer questions you might have and provide you with additional estimates so that you come away with detailed information you need to finalize your retirement plans. Educating yourself about your benefits will help you make the most of the time you spend with a counselor.

For more information, visit www.CalSTRS.com/counseling or call us at 800-228-5453.