

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Demystifying CalSTRS

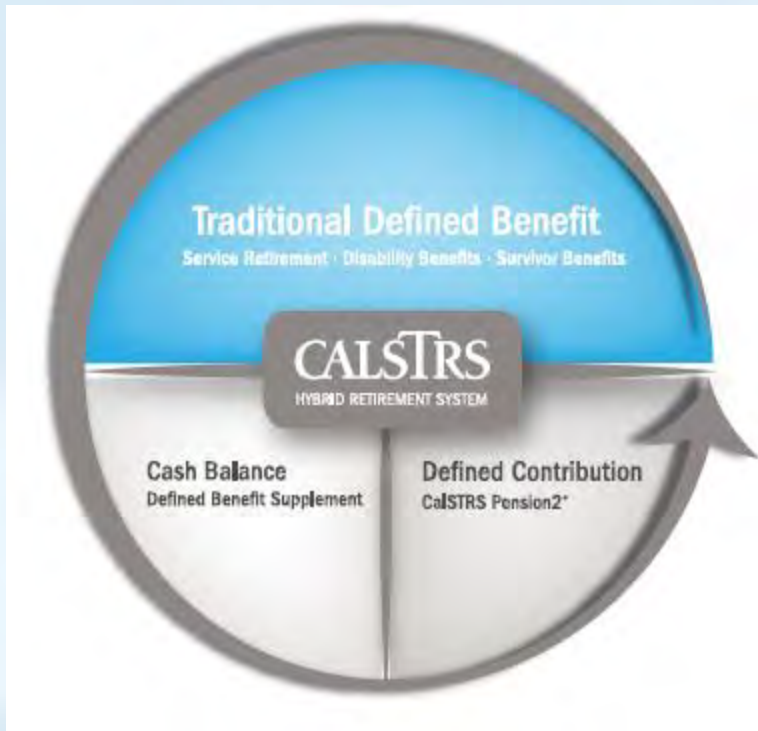
Welcome and please sign in

**CalSTRS is with you
throughout your career and
retirement.**

Discussion Topics

- CalSTRS hybrid
- The basics
- Your contributions
- Your benefits
- Next steps

Hybrid Retirement System



- Defined Benefit Program
- Defined Benefit Supplement Program
- CalSTRS Pension2[®]

Partners in Your Retirement

CalSTRS

- Defined benefit
- Defined Benefit Supplement
- Survivor benefits
- Disability benefits
- One-time death benefit
- CalSTRS Pension2®
- 403bCompare.com

Employer

- Determine salary & pay rate
- Health and employee benefits
- Retirement incentives
- Report contract and earnings to CalSTRS
- Resolve service credit issues
- Sick leave balance
- Reduced Workload Program

[Submit Retirement Application](#)

[Resign/retire from district](#)



Contributions

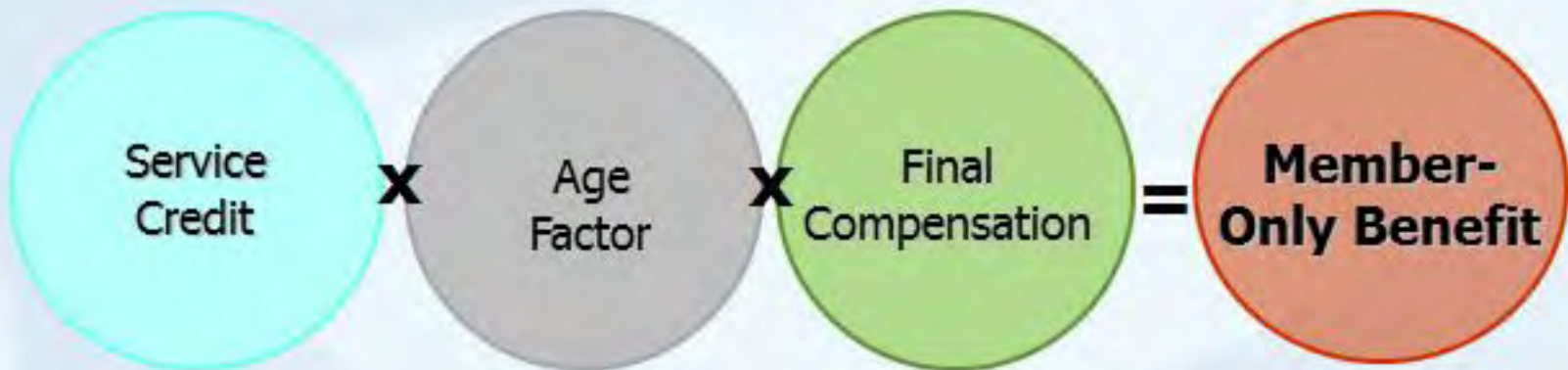
- Member contributions
 - 8.15 percent for fiscal year 2014-2015
 - Increasing to 10.25 percent for 2% at 60 members and 9.205 percent for 2% at 62 members by 2016-17
- Employer contributions
 - 8.88 percent for fiscal year 2014-2015
 - Increasing to 19.1% by 2020-21
- The state of California also contributes
 - Increasing to 6.328% by 2016-17, plus 2.5% for purchasing power protection

Defined Benefit Power

- Risk free
- Guaranteed for life
- Based on a formula not your contributions

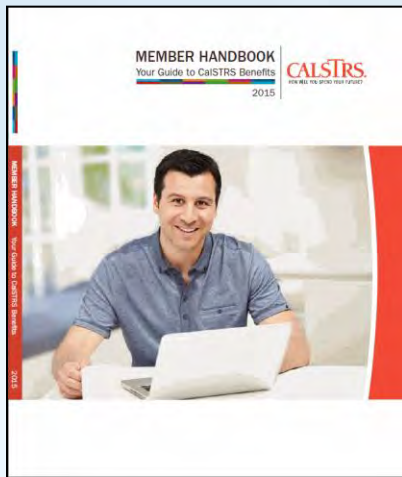
Defined Benefit Plans Public and corporate pensions	Defined Contribution Plans 403(b), 457, 401(K)
<p>Once vested, provides a secure, stable retirement income for life regardless of your contributions.</p>	<p>The amount contributed is fixed, but the benefit is not. Funds are finite.</p>

Defined Benefit Formula



- CalSTRS 2% at 60: hired on or before Dec 31, 2012
- CalSTRS 2% at 62: hired on or after Jan 1, 2013

Your Benefits – Retirement



- Must be vested to qualify
- May retire at 55, if vested
- May retire at 50, if you have 30 years of service credit*

*** Applies to CalSTRS 2% at 60 members only**

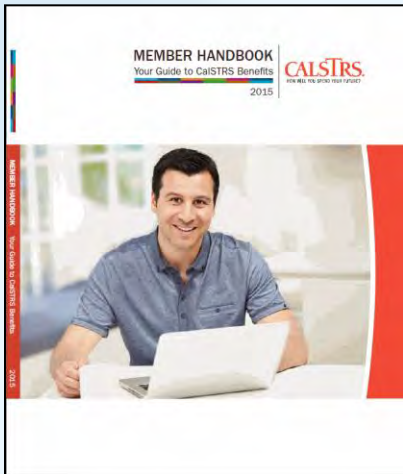
Attend a group counseling session for more detailed information



Service Credit

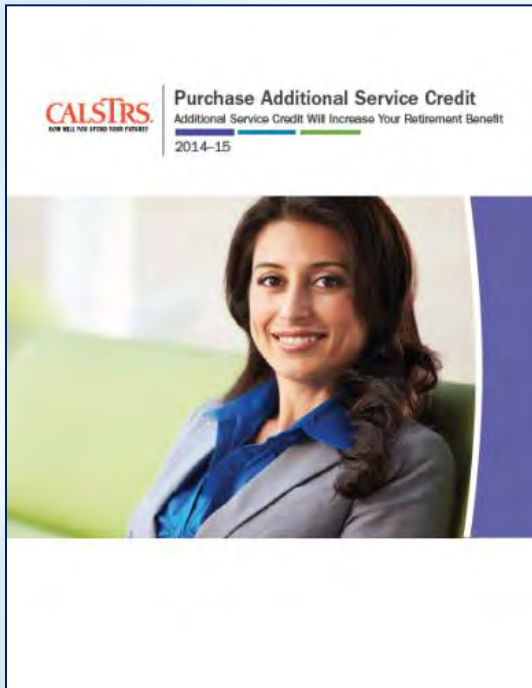
The number of full and partial years you paid into CalSTRS

- Maximum per school year is 1.000
- Total service credit in your *Retirement Progress Report*
- Unused sick leave converts to service credit
- Purchase additional service credit



Purchasing Service Credit

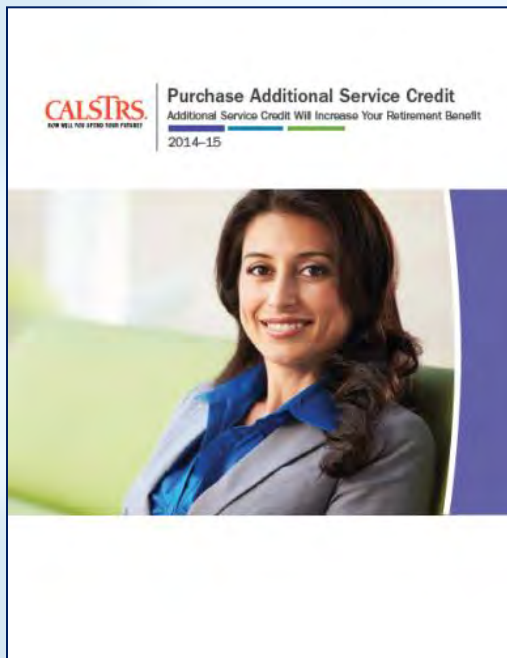
Types of service credit you may be able to purchase:



- Redeposit
- Permissive

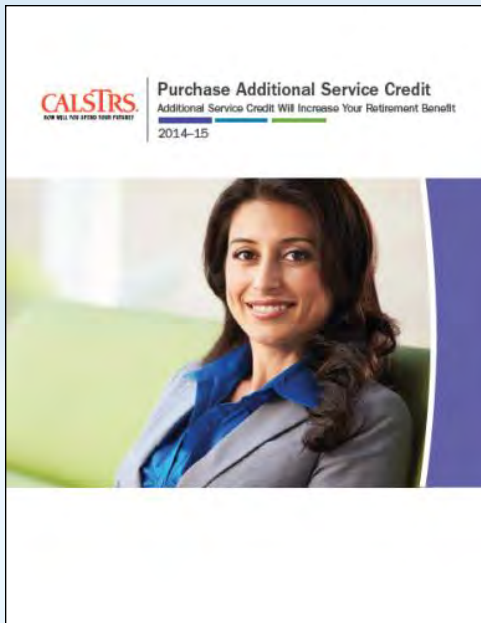
Purchasing Service Credit – Redeposit

Redepositing allows you to restore the service credit represented by refunded contributions



- Refunded contributions
- Dissolution of marriage

Purchasing Service Credit – Permissive

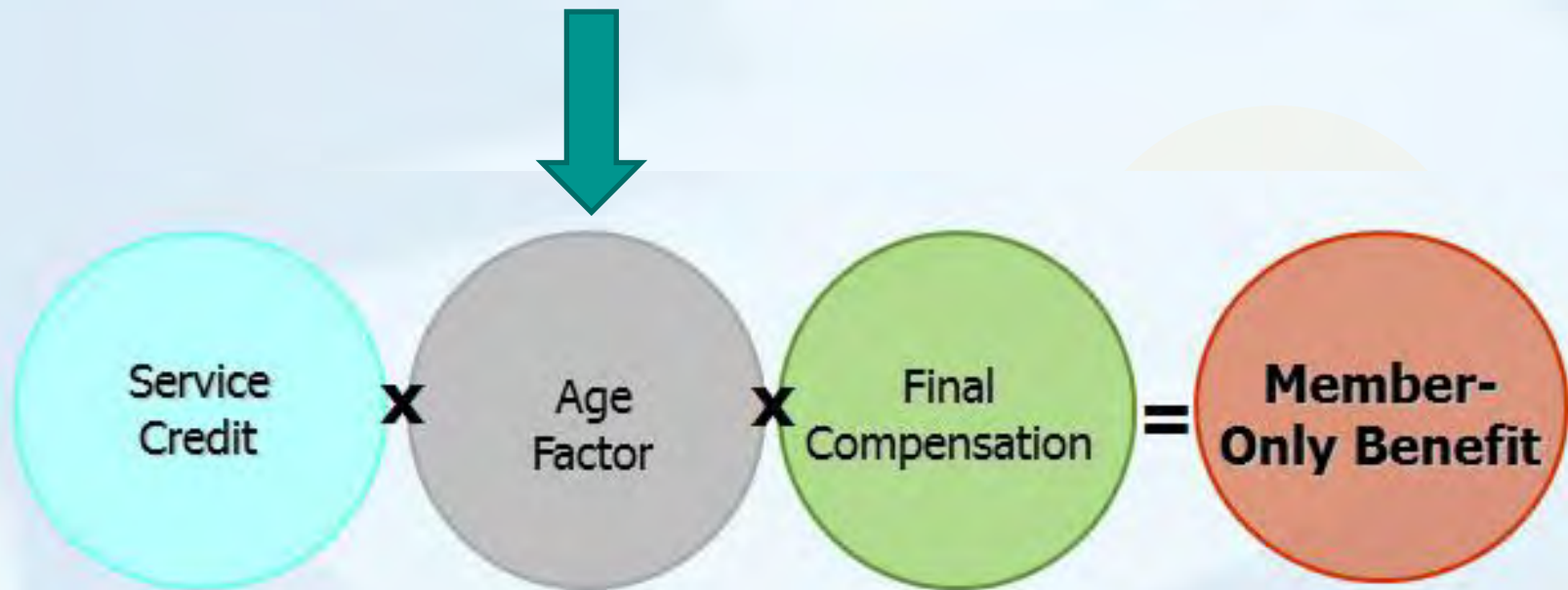


- Non-member service
- Out-of-state service
- Sabbatical
- Maternity/paternity leave
- Family care and medical leave

Remember the sooner the better!

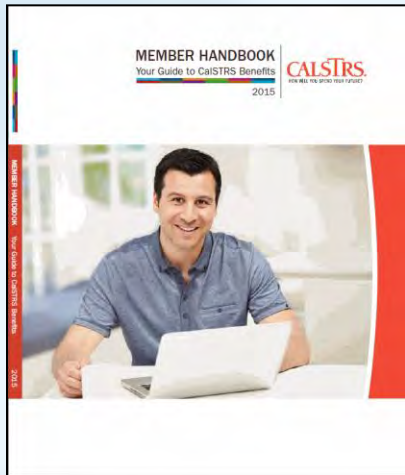


Defined Benefit Formula



Age Factor

A percentage determined by your age at retirement



- Highest age factor possible is 2.4 percent
 - CalSTRS 2% at 60
 - CalSTRS 2% at 62
- Career Factor – increase of 0.2 percent with 30 or more years of service credit*

***For CalSTRS 2% at 60 members only**

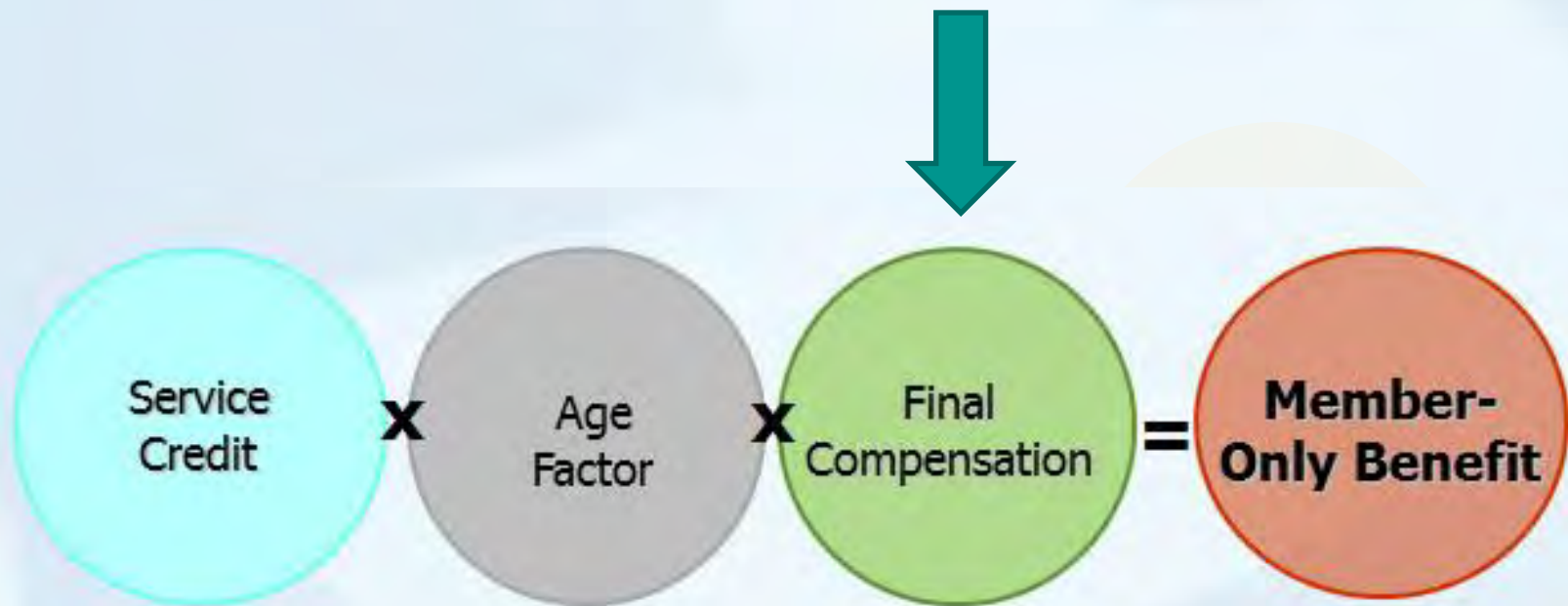
Career Factor*

30 years of credited service increases age factor by 0.2 percent to a maximum of 2.4 percent

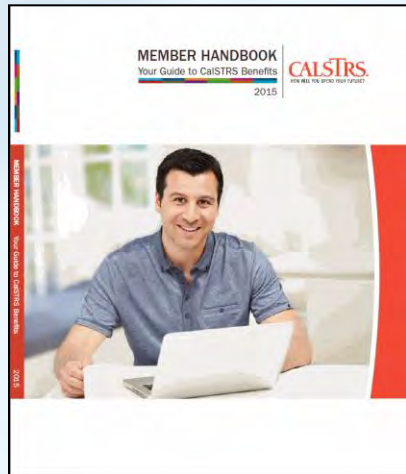
Age	Fewer than 30 years	30 years or more
55½	1.460	1.660
58½	1.820	2.020
61½+	2.200	2.400

***For CalSTRS 2% at 60 members only**

Defined Benefit Formula



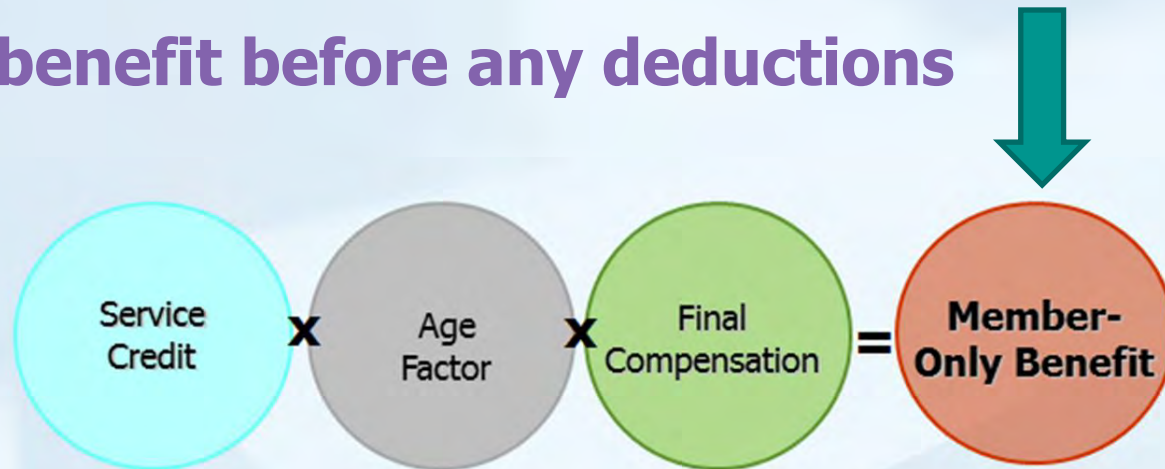
Final Compensation



- **CalSTRS 2% at 60**
 - Fewer than 25 years of service credit – **36 consecutive months**
 - 25 years or more of service credit – **12 consecutive months**
- **CalSTRS 2% at 62**
 - Any amount of service credit – **36 consecutive months**

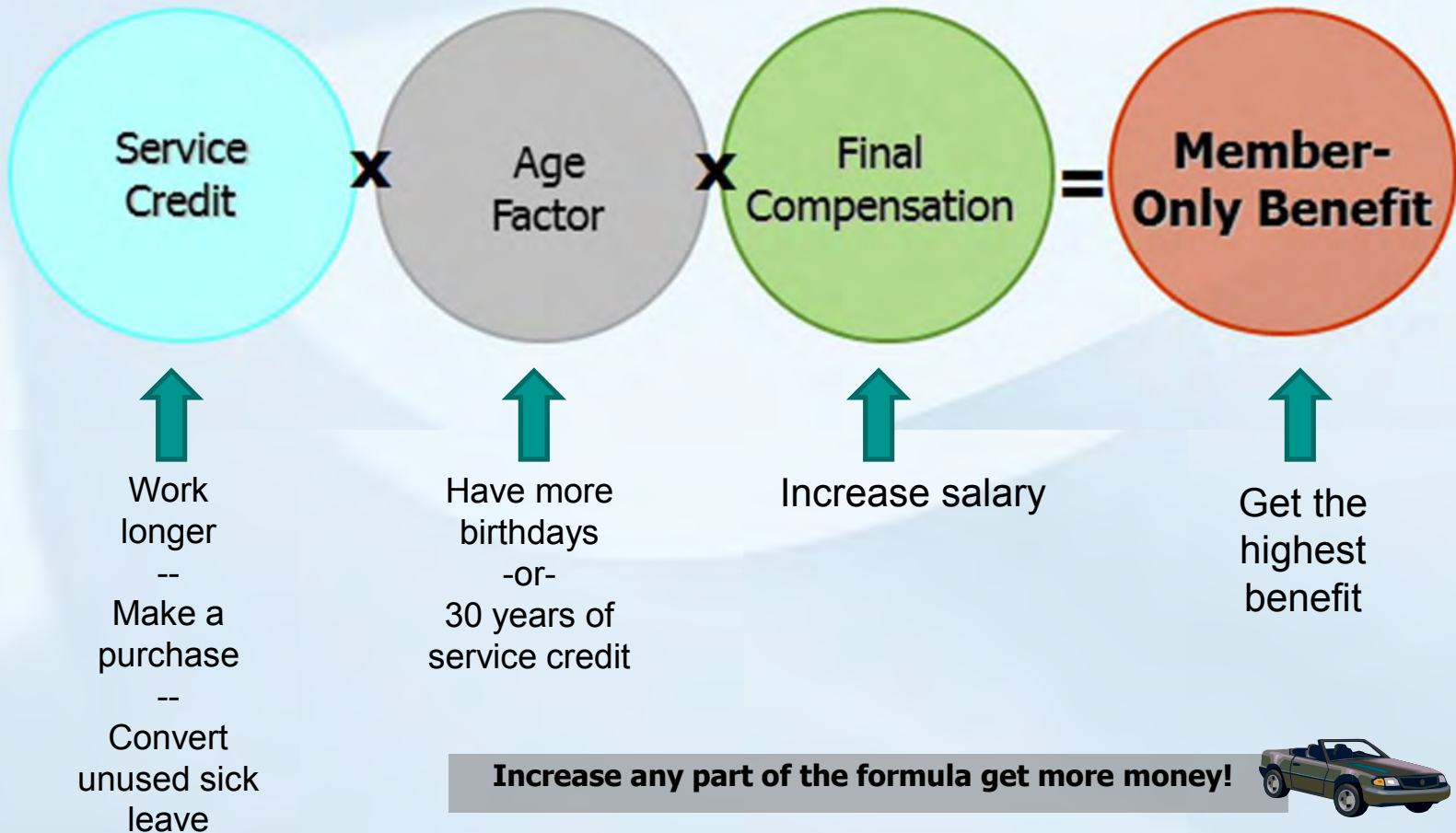
Member-Only Benefit

Your benefit before any deductions



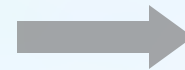
- Highest possible monthly benefit
- Monthly benefit for your lifetime only
- Annual 2% non-compounded increases

Increase Your Retirement Benefit

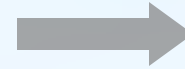


Remember: Benefit enhancements are only available to CalSTRS 2% at 60 members

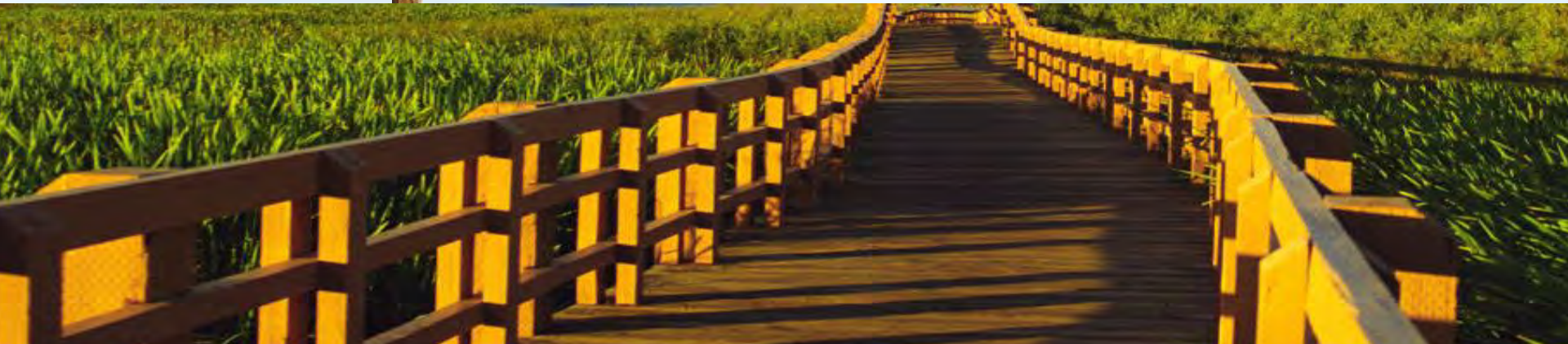
**BENEFIT
ENHANCEMENTS
AHEAD**



**25 years –
One-Year Final
Compensation**



**30 years –
Increase
Career Factor**



Service Credit – Limitations

Types of service credit that do not qualify for benefit enhancements:

Earned

- Unused sick leave, **in excess** of .200 service credit

Purchased

- Nonqualified service credit (“air time”)

Other

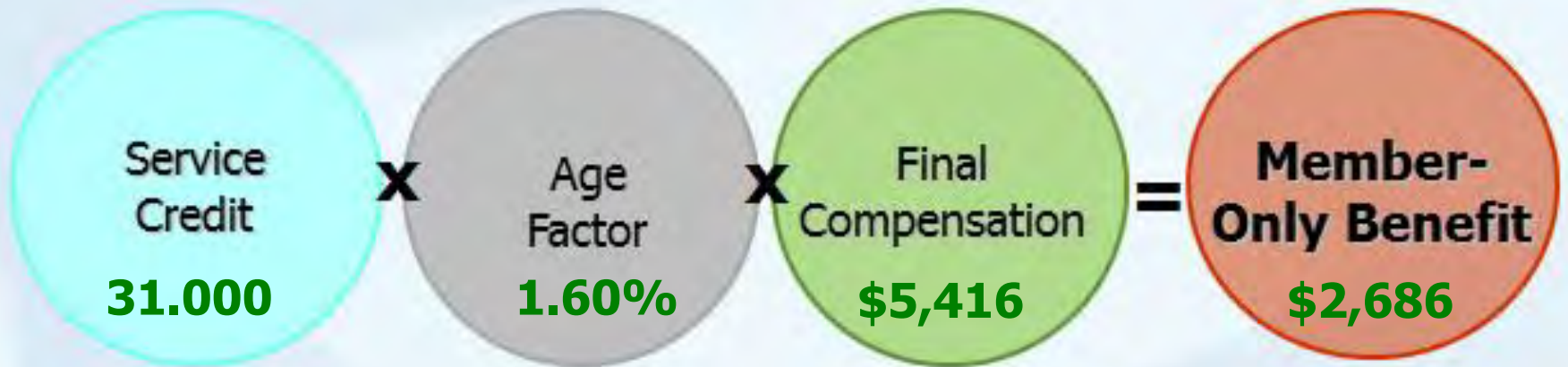
- Unpurchased Local Service credit
- Retirement Incentive credit

Jen

- Jen is 26 and a new full-time educator with two years of service credit.
- She is engaged; her fiancée, Kyle, is 27.
- **She's contributing 8.15% of her salary to CalSTRS but wonders what she gets for her money.**



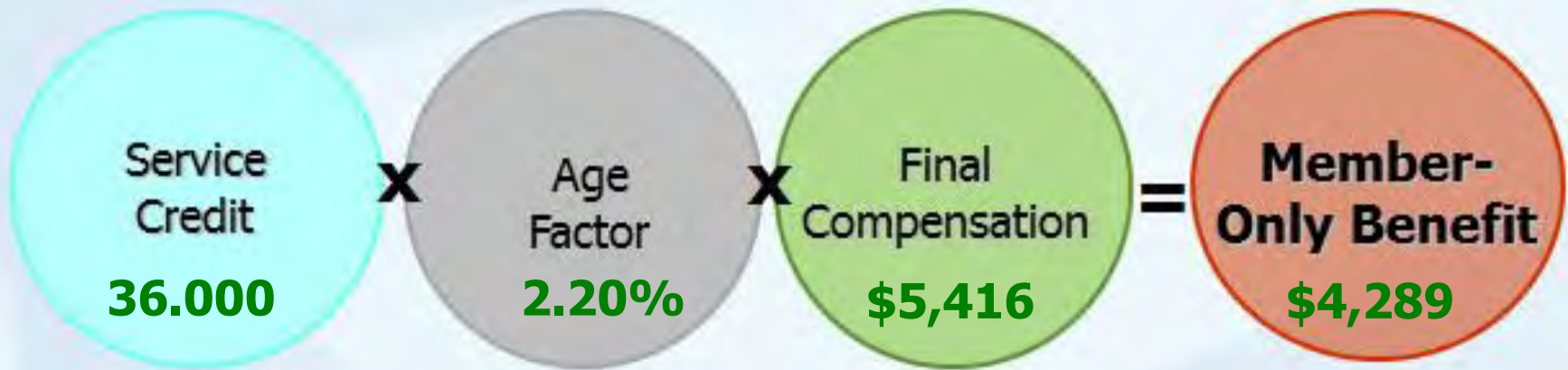
Jen at 55 – Retirement Formula



Jen is eligible to use her highest one year of Final Compensation as well as the Career Factor.

At age 55, Jen's Member-Only Benefit will be approximately **50%** of her working salary

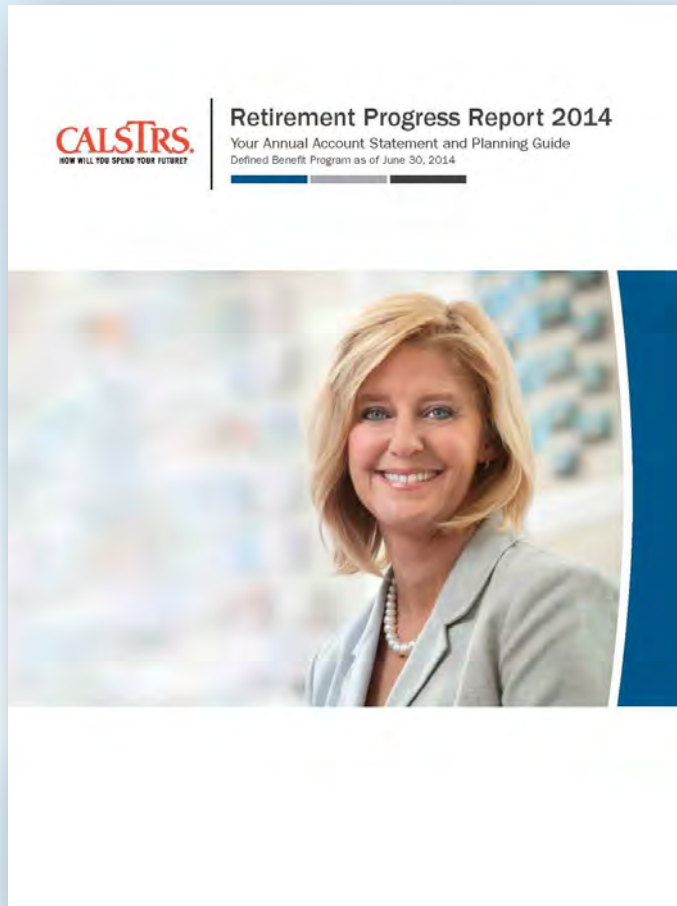
Jen at 60 – Retirement Formula



At age 60, Jen's Member-Only Benefit will be approximately **79%** of her working salary.

By working five more years, Jen's benefit increases by **\$1,603** a month.

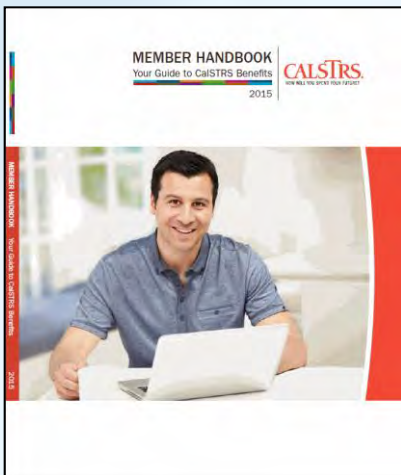
Defined Benefit Supplement Program



- Provides supplemental income to regular Defined Benefit pension
- Based on amount of money in account and your age at retirement
- Income guaranteed for life

Building Your Defined Benefit Supplement Account

- A quarter of 8 percent member contributions went to Defined Benefit Supplement*
- On earnings in excess of 1.000 year of service credit
 - 8 percent member contributions
 - 8 percent employer contributions
- Compounded interest (3.55% in 2014–2015)



***Ended on December 31, 2010**

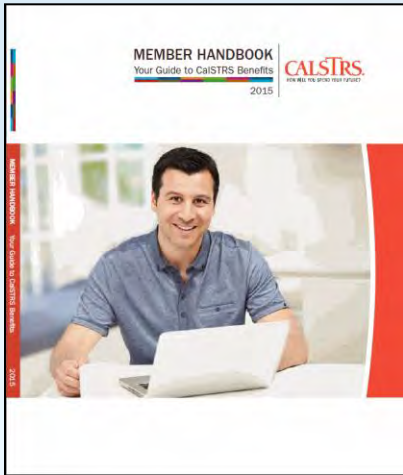
Your Benefits – Disability Program

- Must be vested
 - 5 years or 1 year if unlawful act
- Disability permanent or expected to last at least 12 consecutive months
- Application and evaluation process
- Up to 5 months for a decision
- Additional benefits for eligible dependents



Your Benefits – Survivor Benefits

- Who is a “survivor?”
 - Coverage A versus Coverage B
- Choices based on survivor’s eligibility
 - Refund of your account
 - Monthly benefit for life
- One-time death benefit*
 - Active: A = \$6,163, B = \$24,652
 - Retired: A & B = 6,163



***Review your beneficiary every 5 years**

What if Jen dies?

Jen's fiancée Kyle is her designated beneficiary and as such he would be able to receive:

- The contributions and interest from Jen's account and
- Jen's one-time death benefit of \$24,652.



What if Jen dies after she's married?

Jen's husband is her designated beneficiary and is now eligible to receive:

- A lifetime monthly benefit
or
- The contributions and interest from Jen's account
and
- Jen's one-time death benefit of \$24,652.

Protect your loved ones and your assets - designate your beneficiary today!



What happens if I leave teaching?

Options for your CalSTRS account

- Leave the contributions in CalSTRS
- Rollover
- Cash refund

Leave It and Let It Grow

- At age 55, with five or more years of service credit, you can receive a monthly CalSTRS retirement benefit.
- If you die after retirement, your beneficiary is eligible for a one-time death benefit.
- Your account will continue to accrue compounded interest, which your beneficiaries will receive upon your death.

Refund – Know the Consequences

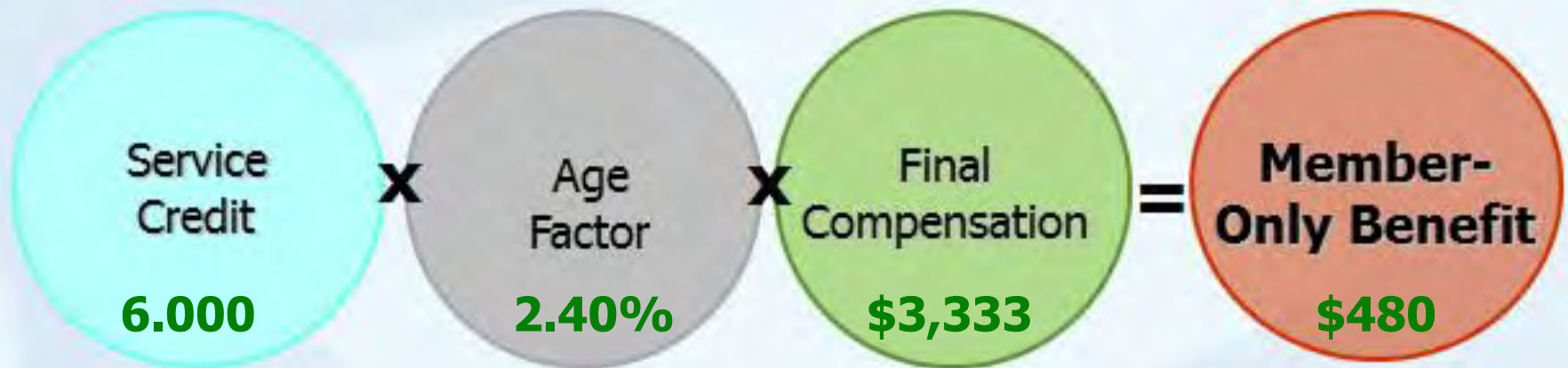
- You forfeit all rights to CalSTRS benefits.
- **Cash refunds may see up to a 34.5 percent tax withholding.**
- If you return to teaching, purchasing refunded service credit is costly.
- You must also refund your Defined Benefit Supplement account and you may not redeposit those funds.

Effect of Jen's Refund

After six years of teaching, Jen terminates her employment and decides to refund her contributions and interest.

Jen receives:	Jen forfeits:
Defined Benefit \$19,500	<input type="checkbox"/> Her CalSTRS benefits
+ Defined Benefit Supplement \$2,900	<input type="checkbox"/> Her original membership date
- Taxes and penalties	<input type="checkbox"/> Employer and State contributions
- Income Tax Withholdings	
=	
Total refund of \$14,672	

Jen Leaves It and Lets It Grow



Even if she doesn't teach again and decides to receive her retirement at age 63, Jen will receive a benefit of **\$480 per month** for the rest of her life.

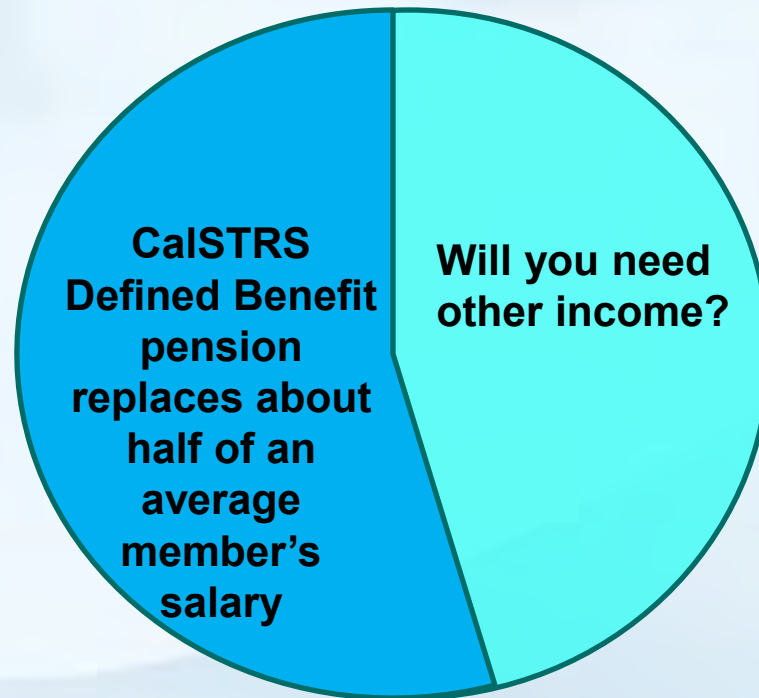
(\$5,760 per year)

Next Steps

- Sources of retirement income
- Wealth building tools
- Financial planning resources
- Be your own advocate

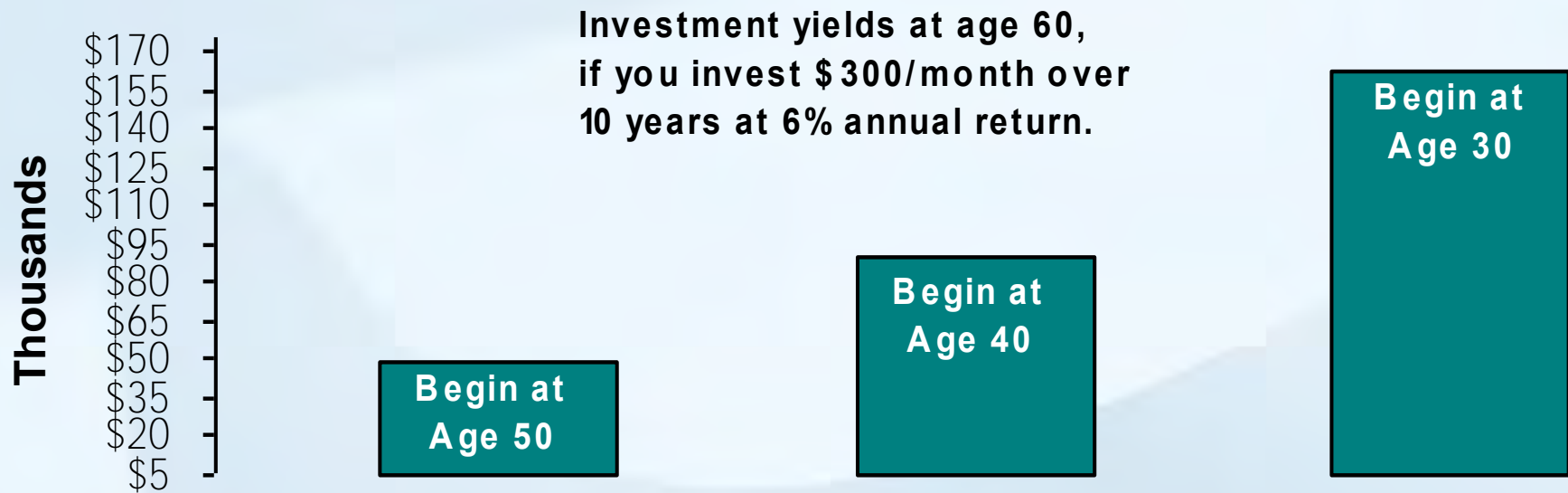
Sources of Retirement Income

Financial planners recommend a goal of **80 to 90%** of your preretirement income



Have you developed a financial plan that includes all sources **of retirement income?**

Advantages of Early Investing



Wealth Building Tools

- Tax deferred accounts
 - 403(b)
 - 457 plan
- Individual Retirement Account (IRA)
- Learn about other investment savings
- Roth IRA, Roth 403(b), Roth 457

CalSTRS Pension2



An enhanced Pension2 is here!

Put the power of tax-deferral to work for your money!

- Investment options that match all levels of investment ability
- Professional advice for every level of investor
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Financial Planning Resources

- CalSTRS.com
- 403bCompare.com
- federalreserveeducation.org
- mymoney.gov
- Books on financial planning topics
 - <http://teachandretirerich.com/calstrs>
- Find a financial planner fpanet.org/public

Be Your Own Advocate

- Create a *myCalSTRS* account
- Review your Retirement Progress Reports every year
- Make sure your one-time death benefit form is **current**

Advocacy is the key to success!



Your CalSTRS Resources

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403bCompare.com
Pension2.com

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Personal Wealth Plan
855-844-2468 (toll free)
Pension Abuse Reporting Hotline



WRITE

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



VISIT

Member Services
100 Waterfront Place
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CalSTRS.com/localoffices



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Mastagni to serve one-year term with International Corporate Governance Network

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How Will You Spend Your Future?

- Member information
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PLAN FUNDING

- CalSTRS 2014 Funding Plan**
- History of Action
- Fact Center
- Ask Jack
- Blog: Plan Perspective
- CalSTRS Outlook eNewsletter
- Economic Impact Study

CalSTRS 2014 Funding Plan

Decade-long efforts to bridge the Defined Benefit Program's current \$73.7 billion funding gap conclude with a plan that fully funds the program within 32 years. Assembly Bill 1469, signed into law by Governor Edmund G. Brown Jr., as part of the 2014-15 budget, increases member, employer and state contributions over the next several years and sets the program on a sustainable course.

Shared, gradual contribution rate increases for members, employers and the state take effect July 1, 2014. Provisions of the bill are as follows:

Member Contribution Increases

AB 1469 increases member contributions on compensation that is creditable to the Defined Benefit Program, which previously had been set at a rate of 8 percent of payroll.

Effective Date	Prior Member Contribution Rate	Rate Changes Under AB 1469	
		2% at 60 Members	2% at 62 Members*
July 1, 2014	8%	8.15%	8.15%
July 1, 2015	8%	9.20%	8.56%
July 1, 2016	8%	10.25%	9.205%

* Rate imposed on 2% at 62 members is based on the normal cost of benefits for the Defined Benefit Program. The contribution rate in future years assumes no change in normal cost.

New Legislation Stabilizes CalSTRS Funding
AB 1469 bridges CalSTRS funding gap through gradual contribution increases

CalSTRS Commends the Legislature on Passage of AB 1469
Legislature's actions bring a funding solution for the Defined Benefit Program within reach

CalSTRS Responds to Revised Budget Plan
May Revision provides long-term funding for CalSTRS

- New funding plan
- Funding outlook
- Know your benefits
- Ask Jack
- E-newsletters
- Join the conversation

Educational Videos

The screenshot shows the CALSTRS website interface. At the top, the CALSTRS logo is on the left, and a search bar is on the right. Below the logo, there are navigation links for Members, Employers, Investments, Corporate Governance, Newsroom, Plan Funding, and About Us. A red navigation bar contains icons for myCalSTRS, Calculators, Forms, Publications, Planning, Contact Us, and What's New. The main content area is titled 'Educational Videos' and includes a sidebar with 'RETIREMENT PLANNING' categories like 'Getting Started', 'Benefits Counseling', and 'Forms Drop-Off'. The main content features two video thumbnails: 'Introduction to CalSTRS' and 'Introduction to Social Security', each with a brief description and a video player image.

- Understanding the Formula
- The Gap
- Refund – Consider the Consequences
- Defined Benefit Supplement
- Disability benefits
- Survivor benefits
- Social Security
- Pension2

Benefits Counseling

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CalSTRS Aeisha Mastagni Elected to ICGN Board
Mastagni to serve one-year term with International Corporate Governance Network

HOME > MEMBERS > RETIREMENT PLANNING > **BENEFITS COUNSELING**

RETIREMENT PLANNING

- Getting Started
- Educational Videos
- CalSTRS Workshops
- Benefits Counseling**
 - Local Counseling Offices
 - Telephone Counseling Service
 - Forms Drop-Off

Benefits Counseling

Explore CalSTRS benefits and services guided by a benefits counselor.

CalSTRS benefits counselors will provide information so you can answer the following:

- How does CalSTRS fit into my retirement plan?
- When can I retire?
- Can I provide a benefit for a loved one?

Learn with fellow educators in a confidential, yet interactive small group setting:

- At a local counseling office.
- Over the telephone.

Types of Benefits Counseling Sessions

Learn about the different types of benefits counseling sessions offered by CalSTRS.

[CalSTRS and Your Retirement: Are you eligible to retire?](#)

[CalSTRS and You: Are you an early or mid-career educator?](#)

[Retirement Application Roundtable: Are you ready to fill out your retirement application?](#)

[Other Sessions: Availability based on local demand and specific circumstances.](#)

- Interactive sessions
- Local offices
- Over the phone

Thank You for Attending

Welcome to CalSTRS

Pop. 868,000

CalSTRS Members