

YOUR BENEFITS | YOUR FUTURE

What you need to know about your CalPERS

School Benefits



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INTRODUCTION

Retirement can be one of the best stages in your life. It can also be complicated and at times stressful if you are not educated about your benefits and have not done the proper planning. Understanding the fundamentals of your CalPERS retirement benefits is a good first step toward a happy and fruitful retirement.

Certificated

School Employees

Some certificated School employees are CalPERS members. These are CalPERS members who became certificated employees, therefore subject to CalSTRS coverage, but they were eligible to elect and elected to retain CalPERS membership. Currently, those eligible to elect to retain CalPERS coverage include: former classified School employees, former State Department of Education employees, former employees of the Board of Governors of the California Community Colleges, and all CalPERS members with at least 5 years of service credit. This irrevocable election must have been made within 60 days of the appointment. For more information, please contact your personnel office.

This booklet describes retirement benefits and the retirement benefit formula for School members. To be eligible for the CalPERS School member benefit retirement formula, you must be employed in a classified position within the jurisdiction of a School employer, except: 1) those who are local police; 2) those who are covered under the State Teachers' Retirement System (CalSTRS); 3) those who work directly for the Los Angeles or San Diego County Superintendent of Schools; 4) those employed under the jurisdiction of a Joint Powers Authority contract.

Featured throughout this book are School employees from the Folsom Cordova School District and San Juan School District. Like them, you deserve to understand the full spectrum of retirement and death benefits owed to you and your beneficiary(ies). This book will help educate you about your retirement formula and benefits. It will also provide you information on contributions, health benefits, and other programs you should consider before and after retirement. It will help you to choose the best retirement plan for you and your beneficiary(ies).

While reading this material, remember that we are governed by the Public Employees' Retirement Law. The statements in this guide are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this booklet, any decisions will be based on the law and not this guide.

YOUR RETIREMENT BENEFITS

There are two types of retirement benefits:

- Service Retirement or “Normal” Retirement
- Disability Retirement

Service Retirement or “Normal” Retirement

To be eligible for service retirement, you must be at least age 50 and have a minimum of five years of CalPERS-credited service. There are some exceptions to the five-year requirement. If you are 50 or older, employed on a part-time basis, and have worked at least five years, contact CalPERS to find out if an exception will apply to you. There is no mandatory retirement age for School members.

If you are considering applying for a service retirement, you should obtain the CalPERS publication *Stepping Into Retirement, Your Service Retirement Application*.

Disability Retirement

This type of retirement applies to you if you become disabled and can no longer perform the duties of your job. You may also be required to show you cannot perform the usual duties of your job with other CalPERS-covered employers. Disability retirement has no minimum age requirement and your disability does not have to be job related. However, you must have five years of CalPERS service credit. If you are employed on a part-time basis, and you have worked at least five years, contact CalPERS to find out if an exception will apply to you.

You may apply for a disability retirement if:

- You are working for a CalPERS-covered employer; or
- You are within four months of separation from a CalPERS-covered employer; or
- You separated at any time from your CalPERS-covered employer because of a disability and you have remained disabled since then; or
- You are on military or approved leave.

Once a complete application package is received from either you or someone on your behalf, such as your employer, CalPERS will review your file to see if the information is current and complete. After verification for completeness, CalPERS can normally make a determination within three months.

School Safety Members

If you are a School Safety Member and you become disabled due to a job-related injury or illness and can no longer perform the duties of your job, you have the option to apply for an industrial disability retirement.

Emergency Retirement

CalPERS will expedite retirement processing if you are terminally ill or facing imminent death. Contact CalPERS or your employer immediately if there is a need for emergency retirement.

If you are considering applying for disability retirement, you should obtain the CalPERS publication *A Guide to Completing Your CalPERS Disability Retirement Election Application*.

How Your Retirement is Funded

Three sources fund a defined benefit retirement plan like CalPERS. First, employees generally make contributions into the System. The percentage of your contribution is fixed by statute, depending on the plan type and whether you are covered by Social Security. The second source of funding is earnings from the investment of System assets in stocks, bonds, real estate, and other investment vehicles. The amount contributed from this source fluctuates from year to year. The balance of the funding is provided by employer contributions. Employer contributions decline when investment returns rise and increase when investment returns decline.

In a defined benefit retirement plan, a retiree will receive a lifetime benefit determined by a set formula. For School members, CalPERS uses the individual's years of service, age at retirement, and highest one-year compensation while employed. This contrasts with a defined contribution plan (such as 403(b) or 457 plan), in which the benefits are determined not by a formula, but solely by the amount of contributions to an account, plus earnings.

How Your Retirement Benefit is Calculated

Now that you understand the basic building blocks of a defined benefit retirement plan, it's time to learn how to calculate your retirement benefit. Three factors are used to calculate your service retirement:

- Service Credit
- Benefit Factor
- Final Compensation

Service Credit

You earn service credit for each year or partial year you work for a CalPERS-covered employer. Part-time members earn service credit in proportion to the number of hours worked. Service credit accumulates on a fiscal year basis, July 1 through June 30. Refer to your CalPERS Annual Member Statement to verify your service credit as of June 30.

You may be entitled to additional service credit. Examples of possible additions to service credit are:

- Unused sick leave at retirement;
- Redeposit of contributions you withdrew from CalPERS;
- Service with a CalPERS-covered employer prior to your date of membership;
- Service with a public agency prior to the date of that agency's contract with CalPERS;
- Certain types of leaves of absence, public service employment, or military service; or
- Additional Retirement Service Credit.

For more information about service credit, obtain the CalPERS publication *A Guide to Your CalPERS Service Credit Purchase Options*.

Benefit Factor

Your benefit factor is the percentage of pay to which you are entitled for each year of service. It is determined by your age at retirement and the benefit formula for School employees, which is 2% @ 55. Your CalPERS Annual Member Statement shows your benefit formula. On page 18, we have provided a chart showing the benefit factors based on age by quarter for School members.

Final Compensation

Final compensation is your average full-time monthly **pay rate** and **special compensation** for the last consecutive 12 months of employment. We use your full-time pay rate, not your earnings. If you work part-time we will use your full-time equivalent pay rate to determine your final compensation. If you think there was another period of 12 **consecutive months** during which your final compensation was higher, let us know when you apply for retirement. We will use that time period to determine your final compensation.

If your CalPERS service was coordinated with Social Security, you did not contribute on the first \$133.33 of your monthly earnings. Therefore, when computing your retirement allowance, you must reduce your final compensation by \$133.33. For service earned after January 1, 2001, final compensation will not be reduced by \$133.33.

For some School employees, monthly pay may have been reported to us on a 10- or 11-month basis instead of 12 months. If this is the case, your final compensation will be based on a 12-month average. For example, 10-month employees would calculate their final compensation as follows:

$$\$2,400 \times 10 = \$24,000$$

$$\$24,000 / 12 = \$2,000 \text{ final compensation}$$

Pay Rate

Pay Rate is your base pay, paid on a full-time basis during normal working hours.

Special Compensation

In accordance with Board regulations, certain items of special compensation may be included in your final compensation. Contact your employer or CalPERS if you are unsure which items of special compensation can be included.

Health Vesting

Consult your agency personnel office or call CalPERS to determine if additional service credit applies to health vesting requirements.

Estimating Your Retirement Allowance

You can receive an estimate of your service retirement by using the CalPERS Retirement Planning Calculator on our Web site, or have CalPERS calculate an Official Retirement Estimate for you. To request an Official Retirement Estimate, download the *Retirement Allowance Estimate Request* form online, or contact CalPERS to have one mailed to you.

DECISIONS TO MAKE BEFORE YOU RETIRE

Your Options at Retirement

At retirement, you can choose to receive the highest benefit payable, which is referred to as the “Unmodified Allowance.” The Unmodified Allowance provides a monthly benefit to you that ends upon your death.

You also have the choice of requesting a reduction in the Unmodified Allowance to provide a lump-sum or monthly benefit for a beneficiary upon your death. This section gives you an overview of various options available to you at retirement.

Option 1

This retirement option provides a lump-sum payment of your remaining member contributions to your beneficiary after your death. The reduction to your monthly benefit to provide this payment is based on your life expectancy at retirement and the amount of your contributions. You may name one or more beneficiary(ies), and you may name a new beneficiary at any time. If you name someone other than your spouse or registered domestic partner as your option 1 beneficiary(ies), upon your death your spouse or domestic partner may still be entitled to a community property share of any remaining contributions.

The following options, 2, 2W, 3, 3W, and 4, provide lifetime monthly benefits to your designated beneficiary. The reduction to your monthly benefit to provide a monthly allowance to your beneficiary is based on both your life expectancy at retirement and your beneficiary's - the younger your beneficiary; the greater the reduction. If you have someone eligible for Survivor Continuance, the reduction is applied only to the option portion of your allowance. (See page 8 for more about Survivor Continuance.) In most cases, you may name only one beneficiary, and your designation may not be changed after retirement except under limited circumstances.

Option 2

Under Option 2, your beneficiary will continue to receive the same total monthly payment you receive after retirement. If your beneficiary predeceases you, your retirement allowance will increase to the Unmodified Allowance.

Option 2W

This option provides a slightly higher allowance for you and your beneficiary than Option 2, however, if your beneficiary predeceases you, you continue to receive the Option 2W amount rather than increasing to the Unmodified Allowance.

Option 3

If you choose Option 3, your beneficiary will receive a monthly allowance equal to one-half the amount of your retirement allowance. If your beneficiary predeceases you, your retirement allowance will increase to the Unmodified Allowance.

Unmodified Allowance

The Unmodified Allowance is the highest amount payable and provides a monthly benefit to you that ends upon your death.

Survivor Continuance

will apply only if you have an eligible family member as of the date of your death. To approximate Survivor Continuance benefit, use the Retirement Planning Calculator or request a formal retirement estimate.

Impact of Social Security

If your service is not coordinated with Social Security, the Survivor Continuance will be one-half of your Unmodified Allowance. If your service is coordinated with Social Security, the Survivor Continuance will be one-quarter of your Unmodified Allowance. If you have some time covered and some time not covered under Social Security, or if you have a combination of service under CalPERS with the State or a local public agency, special consideration must be given to figure the amount of your Survivor Continuance benefit.

Option 3W

This option provides a slightly higher allowance for you and your beneficiary than Option 3, however, if your beneficiary predeceases you, you continue to receive the Option 3W amount rather than increasing to the Unmodified Allowance.

Option 4

Option 4 is a somewhat flexible option. There are several unique variations of Option 4, each specifically designed to mesh with various situations that might apply to you. If you are interested in choosing a lifetime option, you should familiarize yourself with these options by obtaining the publication *Retirement Option 4*. The amount payable to your beneficiary under Option 4 cannot exceed the amount payable under Option 2W.

Survivor Continuance

In selecting an option, you may want to consider whether your beneficiary is eligible for Survivor Continuance. This benefit consists of a monthly allowance that automatically continues to an eligible survivor following your death after retirement, regardless of the option you select.

Who is Eligible?

- Your spouse, if you were married for at least one year before your retirement and remained married until the date of your death, will receive the Survivor Continuance benefit for life. (For disability retirement, you need only to have been married at retirement and remained married until the date of your death.)
- Your domestic partner, if you were legally registered at least one year prior to your retirement and continuously until your death, will receive the Survivor Continuance benefit for life. (For disability retirement, you need only to have been registered as domestic partners at retirement and remained registered until the date of your death.)
- If you do not have an eligible spouse or registered domestic partner, your natural or adopted children under age 18, who have never been married, will receive this monthly benefit until marriage or age 18. A child who was disabled and never married prior to age 18, and whose disability has continued without interruption will receive this benefit until the disability ends or until marriage.
- Qualifying financially dependent parents, if none of the above.

PRE-RETIREMENT DEATH BENEFITS

As a CalPERS member, you are eligible for various pre-retirement death benefits depending on your membership category, employer, retirement eligibility status, and other factors. The benefits range from a simple return of your contributions plus interest to a monthly allowance payable to a spouse or domestic partner equal to what you would have received upon retirement. To be eligible for any type of monthly pre-retirement death benefit, your spouse or domestic partner must have been either married to you (or legally registered) before the occurrence of the injury or the onset of the illness that resulted in your death or for at least one year prior to your death.

Each member's death benefits can vary significantly depending on circumstances and data. Questions relating to specific situations should be addressed to CalPERS staff for a more accurate description of individual benefits.

Upon a member's pre-retirement death, the respective employer and surviving family member are encouraged to immediately contact CalPERS for assistance.

For your convenience, we have divided the pre-retirement section into two parts:

- Not Eligible to Retire
- Eligible to Retire

Not Eligible to Retire

You must be at least age 50 and have a minimum of five years of CalPERS-credited service or have worked part-time for at least five years to be eligible to retire. If you pass away before you are eligible to retire, your beneficiary(ies) are entitled to the following benefits.

Basic Death Benefit

Your beneficiary will receive a lump-sum payment of:

- a refund of your contributions, plus interest; and
- up to six months' pay (one month's salary rate for each year of current service to a maximum of six months).

Your beneficiary will be determined as follows:

- named beneficiary, or if none;
- spouse or registered domestic partner, or if none;
- your children, or if none;
- parents, or if none;
- brothers and sisters, or if none;
- estate if probated, or if not;
- trust, or if none;
- next of kin, as provided by law.

..... and

Eligibility for Monthly Death Benefits

To be eligible for any type of monthly pre-retirement death benefit, your spouse or domestic partner must have been either married to you (or legally registered) before the occurrence of the injury or the onset of the illness that resulted in your death or for at least one year prior to your death.

Pre-Retirement Death Benefits Designations

If you name a beneficiary other than your spouse or registered domestic partner, your spouse or registered domestic partner will still receive their community property share. The remainder will be paid to your designated beneficiary(ies). To designate a beneficiary, please obtain a CalPERS Beneficiary Designation Form from your personnel office or from CalPERS Online. (This designation will be valid only if your death is not job-related. Different rules apply to job-related death benefit eligibility.)

Special Death Benefit

If your death is the direct result of a violent act committed against you while you were performing your official duties, your surviving spouse, registered domestic partner, or unmarried children or eligible stepchildren under age 22 may receive a monthly allowance equal to one-half of your final compensation. If there are eligible surviving children in addition to your spouse or registered domestic partner, the allowance may be increased to a maximum of 75 percent. The Special Death Benefit is payable to your surviving spouse or registered domestic partner until death, or to your unmarried children until age 22.

Inactive CalPERS Members

Beneficiary(ies) of members who were separated from employment more than 120 days for non-health related reasons are only eligible for the Limited Death Benefit, which consists of a return of contributions and interest from the member’s account.

1959 Survivor Benefit

Applicable only for members not covered under Social Security while employed under a CalPERS-covered agency. The 1959 Survivor Death Benefit may not be payable if the Special Death Benefit is elected (see side bar).

Eligible to Retire

If you pass away at age 50 or over with a minimum of five years of CalPERS-credited service, your beneficiary(ies) are eligible for one of the following monthly benefits.

1957 Survivor Benefit

This benefit provides a monthly allowance equal to one-half of what your highest service retirement allowance would have been had you retired on the date of your death. Those eligible to receive this allowance are:

- your spouse or, registered domestic partner, or if none;
- your natural or adopted children under age 18 who have never been married.

..... or

Basic Death Benefit

The Basic Death Benefit will be paid if:

- no one is eligible for the monthly allowance above; or
- the person who is eligible for the monthly allowance above chooses instead to receive the Basic Death Benefit; or
- a person other than a spouse or registered domestic partner is designated as a beneficiary to receive all or a portion of your lump-sum death benefit.*

Benefit Payments

Your beneficiary will receive a lump-sum payment of:

- a refund of your contributions plus interest; and
- up to six months’ pay (one month’s salary rate for each year of current service to a maximum of six months).

If no one is eligible for the 1957 Survivor Benefit, or the Special Death Benefit (if applicable), your beneficiary for the Basic Death Benefit will be determined as follows:

- named beneficiary, or if none;
- spouse or registered domestic partner, or if none;
- children, or if none;
- parents, or if none;
- brothers and sisters, or if none;
- estate if probated, or if not;

* No part of the Basic Death Benefit is payable if the Special Death Benefit is being paid.

- trust, or if none;
- next of kin, as provided by law.

..... and

1959 Survivor Benefit

Applicable only for members not covered under Social Security while employed under a CalPERS-covered agency. The 1959 Survivor Death Benefit may not be payable if the Special Death Benefit is elected. (See below for more information.)

1959 Survivor Benefit Program

The 1959 Survivor Benefit is available to School members who are not covered by federal Social Security with their employer. Covered members are required to pay at least a \$2 monthly fee that is deducted from their salary specifically to fund the 1959 Survivor Benefit Program.

The Program provides a monthly allowance to eligible survivors of members who were covered by this benefit program and died before retirement. The 1959 Survivor Benefit allowance is payable in addition to any other pre-retirement death benefit paid by CalPERS, with the possible exception of the Special Death Benefit. If the 1959 Survivor Benefit is greater than the Special Death Benefit, then the difference is paid as the 1959 Survivor Benefit.

Eligible Survivors

Spouse

A surviving spouse is a husband or wife who was legally married to the member at least one year before the member’s death, or before the occurrence of the injury or onset of the illness that resulted in the member’s death. A surviving spouse is entitled to the 1959 Survivor Benefit as long as they have care of an eligible child, OR are at least age 60. A surviving spouse may remarry and continue to receive the allowance.

Domestic Partner

To be eligible, a surviving domestic partner must have been in a legally registered domestic partnership with the member at least one year before the member’s death or before the occurrence of the injury or onset of the illness that resulted in the member’s death. A surviving registered domestic partner is entitled to the 1959 Survivor Benefit as long as they have care of an eligible child, OR are at least age 60. A surviving registered domestic partner may register as a domestic partner to someone else and continue to receive the allowance.

Children

A child of the member or stepchild (if the child was living with the member in a parent-child relationship) who has never been married is eligible for benefits while under age 22. A child who has never been married and is incapacitated because of a disability that began before attaining age 22 may be entitled to the benefit until the disability ends. If a child is in the care of a guardian or is living alone, the child's portion of the benefit is payable to the guardian or to the child directly, rather than to the surviving spouse.

Parents

A parent who is at least age 60 may be eligible if there is no surviving spouse, registered domestic partner, or eligible children, and the parent(s) was dependent on the member for at least half of their support at the time of the member's death.

1959 Survivor Monthly Allowance Levels

Eligible survivors may receive one of the following monthly allowances:

- A spouse or registered domestic partner who has care of two or more eligible children; or three eligible children only (split among them) \$1,800*

- A spouse or registered domestic partner who has care of one eligible child; or two eligible children only (split among them) \$1,500*

- One eligible child only; or a spouse or registered domestic partner at age 60 or older \$750*

- Dependent parents who are at least age 60 may be eligible if there are no other eligible survivors \$750 each*

* Amounts may differ if all children are not in the spouse's or registered domestic partner's care.

HEALTH INSURANCE, PEMHCA

Check with your employer to find out if you are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA).

Not Covered Under PEMHCA

Ask your health benefits officer about keeping your present health plan or choosing a new plan. It is important to do this before your retirement date.

Covered Under PEMHCA

If you retire within 30 days after separation from employment, your CalPERS health plan will automatically continue. If you do **not** want it to continue, you must cancel your coverage.

If you retire more than 30, but within 120 days of separation from employment, your health coverage will not automatically continue. However, you may re-enroll within 60 days of your retirement date or during any Open Enrollment period. Contact CalPERS for more information.

If you are retiring from an agency (or bargaining group) that contracts for health insurance with CalPERS, but you are not enrolled, you may request enrollment by contacting CalPERS within 60 days of retirement, or during any Open Enrollment period.

If your effective date of retirement is more than 120 days after separation from employment, you are not eligible to be enrolled at retirement or at any future date.

If upon retirement, you are enrolled in a CalPERS health plan and you are eligible for Social Security Medicare benefits, State law prohibits your continued enrollment in the "Basic" plan. However, you may continue your CalPERS health care by enrolling in a CalPERS sponsored Medicare health plan. Contact CalPERS immediately after receiving your federal Medicare card to determine your eligibility and coordinate the effective date of your Medicare coverage.

If you do not apply for retirement 90 days before you intend to retire, or you are aware of a delay in receiving your first retirement check, you should contact your Personnel Office to discuss making direct payments for your health premiums. The direct payments will ensure continuation of services and claim payments for your current PEMHCA coverage. You will be reimbursed for the direct payment amounts by the plan as soon as the payments are made by CalPERS.

If your effective date of retirement ...

is more than 120 days after separation from employment, you are not eligible to be enrolled in a CalPERS health plan at retirement or at any future date.

Medicare Health Plans

If upon retirement, you are enrolled in a CalPERS health plan and you are eligible for Social Security Medicare benefits, State law prohibits your continued enrollment in the "Basic" plan. However, you may continue your CalPERS health care by enrolling in a CalPERS-sponsored Medicare health plan. Contact CalPERS immediately after receiving your federal Medicare card to determine your eligibility and coordinate the effective date of your Medicare coverage.

If your family members are included in your CalPERS health plan at the time of your death, their enrollment will be continued automatically, provided they receive a monthly allowance sufficient to cover their share of the cost (if any), or pay the difference between the employer's contribution and the total premium amount.

Making Direct Payment for Health Premiums to Cover Delays

If you do not apply for retirement 90 days before you intend to retire, or you are aware of a delay in receiving your first retirement check, you should contact your personnel office to discuss making direct payments for your health premiums. The direct payments will ensure continuation of services and claim payments for your current PEMHCA coverage. You will be reimbursed for the direct payment amounts by the plan as soon as the payments are made by CalPERS.

Non-enrolled surviving family members may be eligible to enroll in a CalPERS health plan within 60 days of your death or during any Open Enrollment period. Please contact CalPERS for more information.

Surviving family members' eligibility for health coverage can change for a variety of reasons. For example, a spouse or registered domestic partner who is receiving a 1959 Survivor Benefit payment may experience an interruption in health coverage due to loss of eligibility for dependent children. The spouse or registered domestic partner may re-enroll at age 60.

For more information on eligibility, refer to your health benefits booklet or call CalPERS.

ADDITIONAL BENEFITS TO CONSIDER

Reciprocity — Other California Public Retirement Systems

CalPERS has an agreement with many public retirement systems in California that allows movement from one public employer to another, within a specified time limit, without losing valuable retirement rights and related benefits. This is called “reciprocity.”

There is no transfer of funds or service credit between retirement systems when you establish reciprocity. You become a member of both systems and are subject to the membership and benefit obligations and rights of each system.

For more information, or to establish reciprocity, you should obtain the CalPERS publication *When You Change Retirement Systems*.

Reciprocity

between retirement systems does not apply to health vesting requirements.

Cost-of-Living Adjustment (COLA)

Cost-of-living adjustments are provided by law and are based on the consumer price index for all United States cities. Cost-of-living adjustments are paid the second calendar year of your retirement and then every year thereafter.

The standard cost-of-living adjustment is a maximum of 2 percent per year. If the consumer price index registers a lower rate of inflation, you could receive a lower percentage.

Inflation Protection (PPPA)

Added protection against inflation is provided by the Purchasing Power Protection Account (PPPA), created to restore your monthly allowance to 75 percent of its original purchasing power.

You will automatically receive PPPA supplemental payments on a monthly basis if your allowance falls below the 75 percent purchasing power level and there are funds in the PPPA account.

Sick Leave Credit

At retirement, any unused sick leave you have may be converted to additional service credit. (The additional service will not change your age at retirement.)

You will receive credit for all unused sick leave certified by your employer. It takes 250 days of sick leave to receive one year of service credit. For example: if your employer certified 120 days of sick leave, your additional service credit would be 0.480 ($120 \times .004 = 0.480$) of a year's service credit. If the credit is indicated and verified on your retirement application, it is added to the first retirement check. If not, an adjustment is calculated after your retirement date and paid retroactively to you.

To receive sick leave credit, your retirement date must be within 120 days of the date of separation from employment.

Section 415 of the Internal Revenue Code

Section 415 places a dollar limit on the annual benefit you can receive from a tax-qualified pension plan such as CalPERS.* Under Section 415, the maximum annual benefit payable if you retire at Social Security "normal retirement age" is \$170,000 for 2005. This dollar limit is adjusted based on several factors including inflation, age at retirement, and after tax contribution. If you have service with more than one CalPERS employer, the dollar limits are applied to the benefits derived from each employer separately. In some cases, you may be considered as retiring at the Social Security normal retirement age, although you may actually be younger.

If at retirement, CalPERS finds that your benefit must be limited under Section 415, CalPERS will enroll you in a replacement benefit program and pay a monthly amount that will, to the extent possible, make up the amount by which your CalPERS benefit is limited.

For more information about the Section 415 limits, contact CalPERS.

* If you first became a CalPERS member prior to January 1, 1990, your benefit, under certain circumstances may exceed these limits.

RETIREMENT FORMULA AND BENEFIT FACTORS

Your benefit factor is the percentage of pay to which you are entitled for each year of service. It is determined by your age at retirement and the retirement formula for School employees, which is $2\frac{\text{percent}}{55}$

Your CalPERS Annual Member Statement shows your retirement formulas for service with any other non-school employers. On the following page, we have provided a chart showing the benefit factors based on age by quarter for School members.



BENEFIT FACTORS

The chart below shows how the benefit factor increases for each quarter year of age from 50 to 63.

Age	Exact Year	¼ Year	½ Year	¾ Year
50	1.100%	1.146%	1.190%	1.236%
51	1.280%	1.326%	1.370%	1.416%
52	1.460%	1.506%	1.550%	1.596%
53	1.640%	1.686%	1.730%	1.776%
54	1.820%	1.866%	1.910%	1.956%
55	2.000%	2.016%	2.032%	2.048%
56	2.064%	2.080%	2.096%	2.110%
57	2.126%	2.142%	2.158%	2.172%
58	2.188%	2.204%	2.220%	2.236%
59	2.250%	2.268%	2.282%	2.298%
60	2.314%	2.330%	2.346%	2.360%
61	2.376%	2.392%	2.406%	2.422%
62	2.438%	2.454%	2.470%	2.486%
63 or older	2.500%	—	—	—

PERCENTAGE OF FINAL COMPENSATION



Age	50	51	52	53	54	55	56	57	58	59	60	61	62	63+
Benefit Factor	1.100	1.280	1.460	1.640	1.820	2.000	2.064	2.126	2.188	2.250	2.314	2.376	2.438	2.500
Years of Service	Percentage of Final Compensation													
5	5.50	6.40	7.30	8.20	9.10	10.00	10.32	10.63	10.94	11.25	11.57	11.88	12.19	12.50
6	6.60	7.68	8.76	9.84	10.92	12.00	12.38	12.76	13.13	13.50	13.88	14.26	14.63	15.00
7	7.70	8.96	10.22	11.48	12.74	14.00	14.45	14.88	15.32	15.75	16.20	16.63	17.07	17.50
8	8.80	10.24	11.68	13.12	14.56	16.00	16.51	17.01	17.50	18.00	18.51	19.01	19.50	20.00
9	9.90	11.52	13.14	14.76	16.38	18.00	18.58	19.13	19.69	20.25	20.83	21.38	21.94	22.50
10	11.00	12.80	14.60	16.40	18.20	20.00	20.64	21.26	21.88	22.50	23.14	23.76	24.38	25.00
11	12.10	14.08	16.06	18.04	20.02	22.00	22.70	23.39	24.07	24.75	25.45	26.14	26.82	27.50
12	13.20	15.36	17.52	19.68	21.84	24.00	24.77	25.51	26.26	27.00	27.77	28.51	29.26	30.00
13	14.30	16.64	18.98	21.32	23.66	26.00	26.83	27.64	28.44	29.25	30.08	30.89	31.69	32.50
14	15.40	17.92	20.44	22.96	25.48	28.00	28.90	29.76	30.63	31.50	32.40	33.26	34.13	35.00
15	16.50	19.20	21.90	24.60	27.30	30.00	30.96	31.89	32.82	33.75	34.71	35.64	36.57	37.50
16	17.60	20.48	23.36	26.24	29.12	32.00	33.02	34.02	35.01	36.00	37.02	38.02	39.01	40.00
17	18.70	21.76	24.82	27.88	30.94	34.00	35.09	36.14	37.20	38.25	39.34	40.39	41.45	42.50
18	19.80	23.04	26.28	29.52	32.76	36.00	37.15	38.27	39.38	40.50	41.65	42.77	43.88	45.00
19	20.90	24.32	27.74	31.16	34.58	38.00	39.22	40.39	41.57	42.75	43.97	45.14	46.32	47.50
20	22.00	25.60	29.20	32.80	36.40	40.00	41.28	42.52	43.76	45.00	46.28	47.52	48.76	50.00
21	23.10	26.88	30.66	34.44	38.22	42.00	43.34	44.65	45.95	47.25	48.59	49.90	51.20	52.50
22	24.20	28.16	32.12	36.08	40.04	44.00	45.41	46.77	48.14	49.50	50.91	52.27	53.64	55.00
23	25.30	29.44	33.58	37.72	41.86	46.00	47.47	48.90	50.32	51.75	53.22	54.65	56.07	57.50
24	26.40	30.72	35.04	39.36	43.68	48.00	49.54	51.02	52.51	54.00	55.54	57.02	58.51	60.00
25	27.50	32.00	36.50	41.00	45.50	50.00	51.60	53.15	54.70	56.25	57.85	59.40	60.95	62.50
26	28.60	33.28	37.96	42.64	47.32	52.00	53.66	55.28	56.89	58.50	60.16	61.78	63.39	65.00
27	29.70	34.56	39.42	44.28	49.14	54.00	55.73	57.40	59.08	60.75	62.48	64.15	65.83	67.50
28	30.80	35.84	40.88	45.92	50.96	56.00	57.79	59.53	61.26	63.00	64.79	66.53	68.26	70.00
29	31.90	37.12	42.34	47.56	52.78	58.00	59.86	61.65	63.45	65.25	67.11	68.90	70.70	72.50
30	33.00	38.40	43.80	49.20	54.60	60.00	61.92	63.78	65.64	67.50	69.42	71.28	73.14	75.00
31	34.10	39.68	45.26	50.84	56.42	62.00	63.98	65.91	67.83	69.75	71.73	73.66	75.58	77.50
32	35.20	40.96	46.72	52.48	58.24	64.00	66.05	68.03	70.02	72.00	74.05	76.03	78.02	80.00
33	36.30	42.24	48.18	54.12	60.06	66.00	68.11	70.16	72.20	74.25	76.36	78.41	80.45	82.50
34	—	43.52	49.64	55.76	61.88	68.00	70.18	72.28	74.39	76.50	78.68	80.78	82.89	85.00
35	—	—	51.10	57.40	63.70	70.00	72.24	74.41	76.58	78.75	80.99	83.16	85.33	87.50
36	—	—	—	59.04	65.52	72.00	74.30	76.54	78.77	81.00	83.30	85.54	87.77	90.00
37	—	—	—	—	67.34	74.00	76.37	78.66	80.96	83.25	85.62	87.91	90.21	92.50
38	—	—	—	—	—	76.00	78.43	80.79	83.14	85.50	87.93	90.29	92.64	95.00
39	—	—	—	—	—	—	80.50	82.91	85.33	87.75	90.25	92.66	95.08	97.50
40	—	—	—	—	—	—	—	85.04	87.52	90.00	92.56	95.04	97.52	100.0

BECOME A MORE INFORMED MEMBER

CalPERS has a variety of ways you can learn about your benefits and how to plan for your financial future. Take advantage of these free opportunities:

Online Information: www.calpers.ca.gov

- Forms & Publications Center (order or download forms and publications referenced in this guide)
- Learn More About Your Retirement Benefits
- Guide To Understanding Your Annual Member Statement

Online Services

- View Your Annual Member Statement
- Retirement Planning Calculator — Do your own pension allowance estimate
- Register for a Retirement Planning Workshop, Seminar or Event
- Change Your Address
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- Request an Official Retirement Estimate

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- Register online by using our Seminar and Workshop registration service
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Hours: Monday-Friday, 8:00 a.m. to 5:00 p.m.

Telecommunication devices for the deaf: (916) 795-3240

Visit Your Nearest CalPERS Regional Office

Visit the CalPERS Web site for directions to your local office.

Regional Office Hours: Monday-Friday, 8:00 a.m. to 5:00 p.m.

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Sacramento, CA 95833

San Francisco Regional Office

301 Howard Street, Suite 2020
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Glendale Plaza
655 North Central Avenue, Suite 1400
Glendale, CA 91203

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
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San Diego Regional Office

7676 Hazard Center Drive, Suite 350
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181 Metro Drive, Suite 520
San Jose, CA 95110

Orange Regional Office

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Orange, CA 92868

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10 River Park Place East, Suite 230
Fresno, CA 93720

*** Sacramento Regional Office will be moving late 2005**

to the new CalPERS Headquarters building at 400 Q Street
Sacramento, CA 95814

GLOSSARY

This glossary can assist you in understanding some of the words and phrases you may encounter when dealing with CalPERS.

Benefit Factor

The percentage of pay you are entitled to for each year of CalPERS-covered service, and is determined by your age at retirement and your retirement formula.

Beneficiary

A person designated by the member to receive a benefit after the death of a member or other benefit recipient. (Also, see survivor, which has a different definition. Your beneficiary and survivor may or may not be the same person).

COBRA

The Consolidated Omnibus Budget Reconciliation Act is federal legislation that allows you or a family member to continue your health plan enrollment when coverage is lost. A loss of coverage could include separation from employment, marriage of a dependent, a dependent reaching age 23, or divorce or legal separation.

Dependent

Those family members who meet the specific eligibility criteria for coverage in the CalPERS Health Program.

Domestic Partner

Effective January 1, 2005, registered domestic partners legally recognized by California law will be qualified for benefits and rights that apply to a spouse, as permitted by Assembly Bill 205 (Statutes 2003, Chapter 421).

Disability

An inability to substantially perform the duties of your job due to illness or injury, which is determined to be permanent or of an extended and uncertain duration.

Final Compensation

Your average full-time monthly pay rate and special compensation for the last consecutive 12 months of employment. We use your full-time pay rate, not your earnings, so if you work part-time, we would use your full-time equivalent pay rate to determine your final compensation. If you think there was another period of 12 consecutive months during which your **final compensation** was higher, let us know when you apply for retirement. We will use that time period to determine your final compensation.

Fiscal Year

CalPERS operates on a fiscal year calendar, which is July 1 to June 30 each year.

Health Insurance Portability & Accountability Act (HIPAA)

This federal law protects health insurance coverage for workers and their families when they change or lose their jobs. It also includes provisions providing national standards to protect the privacy of personal health information.

Member

An employee who qualifies for membership in CalPERS and whose employer has become obligated to pay contributions into the Retirement Fund. Also describes CalPERS retirees, survivors, beneficiary(ies), or anyone receiving a benefit.

Open Enrollment Period

A period of time determined by the CalPERS Board when you can enroll or change health plans, or add eligible family members who are not currently enrolled in the CalPERS Health Program.

Reciprocal Agreement

An agreement between two public retirement systems on coordination of benefits.

Service Credit

Your credited years of employment with a CalPERS employer. This amount of service is credited to your CalPERS account and used in the formula to determine your retirement benefits.

Special Compensation

Additional income you might receive for uniform allowance, holiday pay, longevity pay, etc., and is reported separately from your base pay.

Supplement to Original Medicare Plan

For CalPERS members in Social Security and over age 65, Medicare becomes the primary payer of claims and the supplemental CalPERS health plan covers any costs not paid by Medicare if you have CalPERS health benefits coverage in retirement (Covered under PEMHCA).

Survivor

A family member defined by law as eligible to receive specific benefits upon a member's death.

SPECIAL THANKS

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Folsom Cordova Unified School District

Joe Lashinsky

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Kay Mills

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San Juan Unified School District

Loida Beltran

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Peter J. Beltran, Sr.

front cover, right photo

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Robert Cesario

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Hazel Frost

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Valentin Hernandez

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Henry High

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Young Kim

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Juanita Olson

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Sandi Scheiber

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Tonya Thomas

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