

YOUR BENEFITS | YOUR FUTURE

What You Need to Know About Your CalPERS
School Benefits



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Certificated School Employees

Some certificated School employees are CalPERS members. These are CalPERS members who became certificated employees, and subject to CalSTRS coverage, but they were eligible to retain CalPERS membership. Currently, those eligible 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 five years of service credit. This irrevocable election must have been made within 60 days of appointment. For more information, contact your Personnel Office.

INTRODUCTION

Retirement can be one of the best stages of 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.

This publication 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 publication are photos of school employees from the Folsom Cordova Unified School District and San Juan Unified School District. Like them, you should understand the full spectrum of retirement and death benefits you and your beneficiary(ies) are entitled to receive from CalPERS. The purpose of this publication is to help you educate yourself about these benefits. It will 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 option for you and your beneficiary(ies).

You may obtain a copy of any publication or form referenced in this publication, by calling CalPERS at **888 CalPERS** (or **888-225-7377**) or by visiting CalPERS On-Line at www.calpers.ca.gov and selecting the Forms and Publications link.

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 *A Guide to Completing Your CalPERS Service Retirement Election Application*.

Disability Retirement

This type of retirement applies to you if you become disabled and can no longer perform the duties of your job. Disability retirement has no minimum age requirement and your disability does not have to be job related. However, you must have a minimum of 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.

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

School Safety Members

If 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.

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 can be included in your final compensation. Contact your employer or CalPERS if you are unsure which types of special compensation can be included.

Health Vesting

Consult your Personnel Office or call CalPERS to determine if additional service credit applies to health vesting requirements.

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 and varies from about 5 to 9 percent of your earnings, depending on the plan type and whether you are covered by Social Security. The second funding source 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, you will receive a lifetime benefit determined by a set formula. For school members, CalPERS uses your 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 in 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 multiplied together 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 each June 30.

In some cases, you may be eligible for other types of service credit that can help you maximize your retirement benefits.

Other types of service include:

- Unused sick leave at retirement;
- Redeposit of contributions you previously 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, 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 retirement formula for school employees, which is 2 percent at 55. Your CalPERS Annual Member Statement shows your benefit formula. On page 21, we have provided a chart showing the benefit factors based on age by quarter.

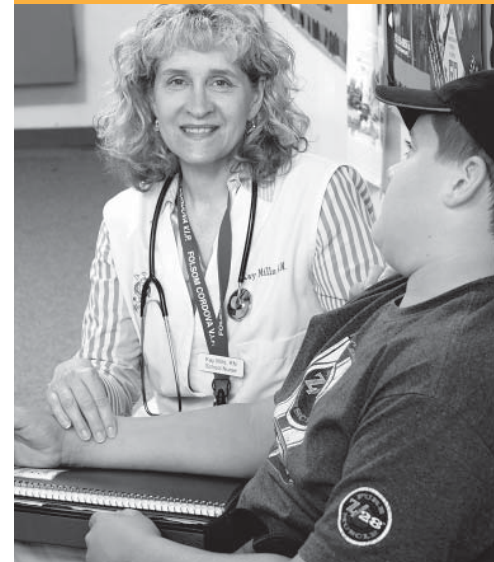
Final Compensation

Final compensation is your average full-time **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. So, 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:

- $\$2,400 \times 10 = \$24,000$
- $\$24,000 / 12 = \$2,000$ final compensation.



Estimating Your Retirement Benefits

To estimate your future retirement benefits, the three factors - service credit, benefit factor, and final compensation - are added to a formula.

$$\begin{array}{ccccccc} \text{Service} & & \text{Benefit} & & \text{Final} & & \text{Unmodified} \\ \text{Credit} & \times & \text{Factor} & \times & \text{Compensation} & = & \text{Allowance*} \\ \text{(years)} & & \text{(percent per year)} & & \text{(monthly, dollars)} & & \text{(pension)} \end{array}$$

To determine your retirement benefits or (for immediate determination of your retirement benefits), use the CalPERS Retirement Planning Calculator on our Web site at www.calpers.ca.gov. Log in or register for a User ID and Password. If you do not already have one, please register for a User ID and Password. You can use our password protected online CalPERS Retirement Planning Calculator in your myCalPERS account, or input data yourself by using your Annual Member Statement. These calculators allow you to utilize assumptions and projections to determine what your future retirement benefits may be. If you are within three years of your proposed retirement date, you may also request a CalPERS generated retirement estimate. This can be done online by using the *Retirement Allowance Estimate Request* (PERS-MSD-470) form located in the Forms and Publication library.



* The Unmodified Allowance is the highest allowance you can receive.

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 retirement options available to you.

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 can name one or more beneficiary(ies), and can 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 Continuation, the reduction is applied only to the option portion of your benefit. (See page 9 for more about Survivor Continuation.) In most cases, you can name only one beneficiary, and your designation cannot be changed after retirement, except under limited circumstances.

You may name someone other than your spouse or registered domestic partner for a lifetime death benefit allowance under options 2, 2W, 3, 3W or 4. However, your spouse or registered domestic partner maybe entitled to a community property share of the beneficiary’s monthly death benefit.

Unmodified Allowance

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

Health and Dental Insurance Coverage for Your Surviving Spouse/ Domestic Partner

A surviving spouse/ registered domestic partner may only continue health and dental coverage after your death if; 1) you have elected a lifetime Option 2, 2W, 3, 3W or 4 and named your spouse/domestic partner as the lifetime beneficiary OR 2) your spouse/domestic partner qualifies for the Survivor Continuation monthly benefit.

Option 2

The same retirement allowance you receive will be paid to your beneficiary for life. If Survivor Continuance applies (See Page 9), and your beneficiary is not your eligible survivor, the beneficiary's allowance will not include the Survivor Continuance portion. Your retirement allowance will increase to the Unmodified Allowance if:

- Your beneficiary dies; or
- Your non-spouse or non-domestic partner beneficiary waives entitlement to the Option 2 benefit; or
- Your beneficiary is your spouse or domestic partner legally recognized in California and upon a divorce, legal separation, termination of partnership, or annulment you provide CalPERS with a judgment that awards you the entire interest in your CalPERS benefits and you notify CalPERS of the change.

Option 2W

As an alternative to the Option 2, you may elect the slightly higher allowance under Option 2W. However, your allowance will not increase to the Unmodified Allowance under the situations described in Option 2.

Option 3

In this option, one-half of your monthly retirement allowance will be paid to your beneficiary for life. If Survivor Continuance applies (See Page 9), and your beneficiary is not your eligible survivor, the beneficiary's allowance will not include the Survivor Continuance portion. Your retirement allowance will increase to the Unmodified Allowance if:

- Your beneficiary dies; or
- Your non-spouse or non-domestic partner beneficiary waives entitlement to the Option 3 benefit;
- Your beneficiary is your spouse or domestic partner legally recognized in California and upon a divorce, legal separation, termination of partnership, or annulment you provide CalPERS with a judgment that awards you the entire interest in your CalPERS benefits; **and**
- You notify CalPERS of the change.

Option 3W

As an alternative to the Option 3, you may elect the slightly higher allowance under Option 3W. However, your allowance will not increase to the Unmodified Allowance under the situations described in Option 3.



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 reviewing the publication *A Guide to CalPERS Retirement Option 4*. The amount payable to your beneficiary under Option 4 cannot exceed the amount payable under Option 2W. In addition, with any variation of Option 4, your allowance will not increase to the Unmodified Allowance under the situations described in Option 2 and 3.

Survivor Continuance

In making a decision about whether to reduce your Unmodified Allowance to provide for a beneficiary, you will want to consider Survivor Continuance. This is a contracted employer-paid benefit. This benefit consists of a monthly allowance that automatically continues to an eligible survivor following your death after retirement regardless of the retirement 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 prior to age 18, never married, and whose disability has continued without interruption will receive this benefit until the disability ends or until marriage.
- Qualifying financially-dependent parents.

Survivor Continuance

Survivor Continuance will apply only if you have an eligible family member as of the date of your death. To approximate the Survivor Continuance benefit, visit the CalPERS Web site and use the online Retirement Planning Tools or obtain the **Retirement Allowance Estimate Request** (PERS-MSD-470) form from the Forms and Publications center. You can also log into my|CalPERS to calculate your own retirement estimate or request a CalPERS generated retirement estimate be mailed to you.

Impact of Social Security

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

PRE-RETIREMENT DEATH BENEFITS

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. To designate a beneficiary, use the CalPERS **Beneficiary Designation** (PERS-BSD-241) form available from your Personnel Office or on CalPERS On-Line.

(This designation will be valid only if your death is not job related. Different rules apply to job-related death benefit eligibility.)

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 equal to half of what you would have received at retirement paid to a spouse or domestic partner. 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 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, 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 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

1959 Survivor Benefit

Applicable only for those not covered under Social Security while employed with a CalPERS-covered agency. The 1959 Survivor Death Benefit cannot be paid 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 or have worked part-time for at least five years, your beneficiary(ies) are eligible for 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 described above.
- The person who is eligible for the monthly allowance above chooses instead to receive the Basic Death Benefit.
- 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.
- 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;
- Trust, or if none;
- Next of kin, as provided by law.

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

Special Death Benefit

If your death is the direct result of a violent act 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 of your final compensation. 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

A beneficiary of a member who was 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 those not covered under Social Security while employed with a CalPERS-covered agency. The 1959 Survivor Death Benefit cannot be paid 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 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 your salary specifically to fund the 1959 Survivor Benefit Program.

The Program provides a monthly allowance to eligible survivors of those covered by this benefit program and who died before retirement. The 1959 Survivor Benefit is paid 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 you at least one year before your death, or before the occurrence of the injury or onset of the illness that resulted in your 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 can 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 their death or before the occurrence of the injury or onset of the illness that resulted in their 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 can register as a domestic partner to someone else and continue to receive the allowance.



Children

A child 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 paid 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 was dependent on the member for at least half of their support at the time of their 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 **\$750 each***
- if there are no other eligible survivors.

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

How Retirement Affects Your Health Benefits

If you are nearing retirement, you should read this section to gain an understanding of how retirement will affect your health benefits. Any questions can be directed to your Health Benefits Officer or Personnel Office.

If, upon retirement, you are enrolled in a CalPERS “Basic” health plan and you are eligible for Part A and Part B of Medicare, State law does not allow you to remain enrolled in your “Basic” plan. You must switch to in a Supplement to Medicare or Managed Medicare health plan. Contact CalPERS immediately after receiving your Medicare card to coordinate the effective date of your Medicare coverage.

Once you are retired, contact CalPERS if you have any questions about your health benefits or if you need to make changes to your plan or dependents.

Your Separation Date and Your Retirement Date

As retirement approaches, you should check your calendar to determine the best way to maintain your health coverage. Two dates are particularly important: your separation date and your retirement date. If you are not sure when these dates occur, talk to your employer. The following are your health plan enrollment options when you retire:

- If your separation date and your retirement date are within 30 days of each other and you are enrolled in a CalPERS health plan at the time of retirement, your coverage will continue into retirement without a break. If you do not want your health benefits to continue into retirement, you need to cancel your coverage by submitting a *Health Benefits Plan Enrollment* (PERS-HBD-12) form through your employer.
- If your separation date and your retirement date are between 30 and 120 days of each other, your coverage will not automatically continue. You may re-enroll by either writing to the CalPERS Employer and Member Health Services Division within 60 days of your retirement date and requesting re-enrollment, or waiting for the next Open Enrollment period.
- You can pay monthly premiums directly to your health plan when you are not on a regular pay status. You can avoid having your coverage suspended between your last day of work and your retirement date by paying the full monthly premium. Contact the Health Benefits Officer where you worked and complete a *Direct Payment Authorization* (PERS-HBD-21) form within 30 days of your last day on pay status.

PEMHCA

Public Employees’ Medical and Hospital Care Act.

Your Retirement Date

If the effective date of your 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 at 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 can continue your CalPERS health care by enrolling in a CalPERS Medicare health plan. Contact CalPERS immediately after receiving your federal Medicare card to determine your eligibility and to coordinate the effective date of your Medicare coverage.

- If you are **not** enrolled in a health plan at retirement and your retirement date is within 120 days of separation, you may enroll within 60 days of retirement or during a future Open Enrollment period. Contact your Health Benefits Officer if you are an active employee or CalPERS if you are retired.
- If your retirement effective date is more than 120 days after separation from employment, you are not eligible for coverage at retirement or at any future date.

There are some exceptions to this rule for exempt State employees. Contact CalPERS at **888 CalPERS** (or **888-225-7377**) if you have questions about your eligibility.

- If you are retiring within 90 days of your own or your spouse's 65th birthday, contact the Social Security Administration (SSA) at (800) 772-1213 or TTY (800) 325-0778 about signing up for Medicare. In addition to signing up for Medicare, you will have to change from a Basic health plan to a plan that combines your Medicare benefits with your CalPERS-sponsored health benefits. CalPERS Medicare health plan members who have prescription drug coverage that is good or better than Medicare Part D prescription coverage do not need to enroll in an external Medicare Part D plan. If you do enroll in a non-CalPERS Medicare part D plan, you will lose your CalPERS health coverage.
- If you were covered as a dependent through another health plan when you retired, or you canceled coverage to participate in the State's FlexElect Program, you may be eligible to enroll in a CalPERS health plan. Contact CalPERS for more information.

If you have questions about your CalPERS health benefits and you are an active member, contact your Personnel Office or Health Benefits Officer. If you are a retiree, contact CalPERS at **888 CalPERS** (or **888-225-7377**).



Making Direct Payment for Health Premiums to Cover Delays

If you don't 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.

Making Changes to Your Health Plan After Retirement

Once you retire, CalPERS becomes your Health Benefits Officer or Personnel Office. This means you can make most changes to your health enrollment by calling CalPERS at **888 CalPERS** (or **888-225-7377**). For some changes, we will ask you to send additional information to CalPERS, as indicated below.

If you prefer, you can correspond with us in writing. Please include your (or the member's) name, Social Security number, a copy of your Medicare card, and daytime phone number with area code. Be sure to include the following information when you request changes:

Changing Your Address

Include both the old and new address.

Adding or Deleting a Dependent

Include the dependent's name, Social Security number, birth date, a copy of the Medicare card, relationship to member, and reason you are adding or deleting the dependent.

Adding a Spouse Due to Marriage

Include a copy of the *Marriage Certificate* and your spouse's Social Security number with your request.

Deleting a Spouse Due to Divorce

Include a complete signed copy of the *Divorce Decree* with your request.

Adding a Domestic Partner

Submit a copy of the *Declaration of Domestic Partnership*, that has been approved by the California Secretary of State's Office.

Deleting a Domestic Partner

Submit a complete signed copy of the *Termination of Domestic Partnership* that you submitted to the California Secretary of State's Office.

Applying for a CalPERS-Sponsored Medicare Plan

Upon your retirement and three months before you turn 65, CalPERS will mail you a *Certification of Medicare Status* (PERS08M0021) form to validate Medicare eligibility, ineligibility, or deferment.

Adding an Economically Dependent Child

Complete an *Affidavit of Eligibility* (HBD-35) form.

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.

You must retire from each system separately, but it must be on the same date for all the benefits of reciprocity to apply. Once you’ve retired, you will receive separate retirement checks from each system.

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

Cost-of-Living Adjustments

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 Allowance (PPPA), created to restore your monthly benefit to 75 percent of its original purchasing power.

You will automatically receive PPPA supplemental payments on a monthly basis if your benefit falls below the 75 percent purchasing power level.

Reciprocity

This agreement between retirement systems does not apply to health vesting requirements.



Sick Leave Credit

At retirement, any unused sick leave you have can 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 your first retirement check. If not, an adjustment is calculated after your retirement date and paid retroactively once your employer certifies the unused leave.

To receive sick leave credit, your retirement date must be within 120 days of the date of separation from employment. Please note that the retirement law provides that the conversion of sick leave hours to service credit is based on an 8-hour day and, therefore, your total hours of unused sick leave at retirement must be divided by 8 to compute the number of days of sick leave your employer can certify to CalPERS.

Internal Revenue Code (IRC) Section 401 (a)(17) Contribution Limit

If you first became a member of CalPERS on or after July 1, 1996 IRC section 401 (a)(17) places limitations on the amount of member contributions you can pay into a tax-qualified retirement plan such as CalPERS. For calendar year 2008, member contributions cannot be paid on earnings more than \$230,000. This dollar amount is set every year by the Internal Revenue Service. This section does not limit or "cap" the salary an employer can pay an employee. It does specify the highest salary on which member contributions can be paid into an employee's CalPERS account. Your employer is responsible for identifying and monitoring when your salary reaches or exceeds this annual limit.

At retirement, the highest average salary (final compensation amount) used to calculate your benefit cannot exceed the section 401 (a)(17) salary limit.

Example: If you became a member of CalPERS in August 1996 and earn \$300,000 in 2007, you will pay contributions on \$225,000 of your salary and, if you retired in 2007, your retirement benefit calculation would use \$225,000 as your highest final compensation.



Internal Revenue Code (IRC) Section 415 (b) Retirement Benefit Limit and CalPERS Replacement Benefit Plan (RBP)

Internal Revenue Code (IRC) Section 415 (b) places a dollar limit on the annual benefit you can receive from a tax-qualified pension plan such as CalPERS. Under section 415 (b), the maximum annual retirement benefit payable if you retire at your Social Security “normal retirement age” is \$185,000 for calendar year 2008. This dollar amount is set every year by the Internal Revenue Service. Determination of whether your retirement benefit will be subject to this limit can only be made at retirement.

If your retirement benefit must be limited under section 415(b), you will be enrolled in an employer-funded Replacement Benefit Plan (RBP) that replaces, to the extent possible, the amount your benefit is limited.

RETIREMENT FORMULA & 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 retirement formula for school members, which is **2^{percent}@55**

Your CalPERS Annual Member Statement shows your retirement formula for service with any other non-school employers. The following page includes 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

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CalPERS On-Line

Visit our Web site at www.calpers.ca.gov for more information on all your benefits and programs.

Reaching Us By Phone

Call us toll free at **888 CalPERS** (or **888-225-7377**).
Monday through Friday, 8:00 a.m. to 5:00 p.m.
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- Use financial planning tools to calculate your retirement benefit estimate, estimate your service credit cost, and even request a staff-prepared retirement estimate.
- Check statuses of requests to purchase service credit or applications for disability retirement.
- Keep informed with CalPERS News so you don't miss a thing.

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- Browse our retirement fair schedule.
- Make a personal appointment with a retirement counselor.

Log in today at my.calpers.ca.gov.



Visit Your Nearest CalPERS Regional Office

Visit the CalPERS Web site for directions to your local office.
Monday to Friday, 8:00 a.m. to 5:00 p.m.

Fresno Regional Office

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

Glendale Regional Office

Glendale Plaza
655 North Central Avenue, Suite 1400
Glendale, CA 91203

Orange Regional Office

500 North State College Boulevard, Suite 750
Orange, CA 92868

Sacramento Regional Office

Lincoln Plaza East
400 Q Street, Room E1820
Sacramento, CA 95811

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408

San Diego Regional Office

7676 Hazard Center Drive, Suite 350
San Diego, CA 92108

San Jose Regional Office

181 Metro Drive, Suite 520
San Jose, CA 95110

Walnut Creek Regional Office

1340 Treat Blvd., Suite 200
Walnut Creek, CA 94597



GLOSSARY

This glossary can help you understand 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. It is determined by your age at retirement and your retirement formula.

Beneficiary

A person you designate to receive a benefit after your death, 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

Registered domestic partners legally recognized by California law are qualified for benefits and rights that apply to a spouse.

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.

PEMHCA

Public Employees' Medical and Hospital Care Act. Government Code §§22751 et seq.

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 not currently enrolled in the CalPERS Health Program.

Reciprocal Agreement

An agreement between CalPERS and many public retirement systems within California that allows movement from one public employer to another, within a specified time limit, without losing valuable retirement rights and 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. In some cases, other types of service credit (i.e. sick leave and service credit purchases) can be credited to your retirement account and used to enhance 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).

Survivor

A family member defined by law as eligible to receive specific benefits at your 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

front cover, left photo

Valentin Hernandez

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Henry High

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back cover, left photo

Young Kim

page 1

Juanita Olson

front cover, left photo

Sandi Scheiber

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Tonya Thomas

front cover, center photo

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Nena Wilson

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Scott Wilson

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INFORMATION PRACTICES STATEMENT

The Information Practices Act of 1977 and the Federal Privacy Act require the California Public Employees' Retirement System to provide the following information to individuals who are asked to supply information. The information requested is collected pursuant to the Government Code (Sections 20000, et seq.) and will be used for administration of the CalPERS Board's duties under the California Public Employees' Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to supply the information may result in the System being unable to perform its function regarding your status and eligibility for benefits. Portions of this information may be transferred to State and public agency employers, State Attorney General, Office of the State Controller, Teale Data Center, Franchise Tax Board, Internal Revenue Service, Workers' Compensation Appeals Board, State Compensation Insurance Fund, County District Attorneys, Social Security Administration, beneficiaries of deceased members, physicians, insurance carriers, and various vendors who prepare the microfiche or microfilm for CalPERS. Disclosure to the aforementioned entities is done in strict accordance with current statutes regarding confidentiality.

You have the right to review your membership file maintained by the System. For questions concerning your rights under the Information Practices Act of 1977, please contact the Information Coordinator, CalPERS, 400 Q Street, P.O. Box 942702, Sacramento, CA 94229-2702.

While reading this material, remember that we are governed by the Public Employees' Retirement Law and the Alternate Retirement Program provisions in the Government Code, together referred to as the Retirement Law. The statements in this publication are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this publication, any decisions will be based on the law and not this publication. If you have a question that is not answered by this general description, you may make a written request for advice regarding your specific situation directly to CalPERS.



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