

Your CalPERS Benefits

# Planning Your Service Retirement



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## INTRODUCTION

**Retirement from your working career is one of the most important decisions of your life.**

This publication will help you plan your service retirement and provide information you need to consider before retiring.

You should consider your desired retirement lifestyle and project how much that lifestyle will cost. Then compare the lifestyle or the cost with your projected retirement income. Sources of income may include:

- Your CalPERS pension
- Deferred compensation, such as a 401(k) or 457 plan
- Social Security
- Other savings and investments

Other factors such as taxes, inflation, health care costs, and estate planning may need your consideration, as well.

## WHAT IS THE CALPERS RETIREMENT PLAN?

CalPERS is a defined benefit plan funded by employee contributions, employer contributions, and earnings made on CalPERS investments. Most employees contribute a percentage of their salary, which accrues interest under their individual CalPERS account. As a member, you may choose to withdraw your contributions and interest if you no longer work for a CalPERS-covered employer, or you may apply for a lifetime monthly retirement allowance once you become eligible.

The eligibility requirements to collect your CalPERS pension are different from the Social Security Administration. It's important you understand CalPERS and the Social Security Administration are independent of each other. You do not need to be Social Security age to collect your CalPERS pension.

Your retirement benefit is based on a retirement formula using your total service credit, your age at retirement, and your highest average annual compensation during any 12 or 36 consecutive months throughout your CalPERS career.

You may have more than one retirement formula based on your membership date, your membership category, and your employer's contract with CalPERS.

The California Public Employees' Pension Reform Act (**PEPRA**) took effect in January 2013 and changed the way CalPERS retirement and health benefits are applied.

If your membership date with us is December 31, 2012, or before, you are considered a **classic** member with a classic retirement formula.

You are a **PEPRA** member with a PEPRA formula if:

- You were brought into CalPERS membership for the first time on or after January 1, 2013, and you had no prior membership with any other California public retirement system.
- You were brought into CalPERS membership for the first time on or after January 1, 2013, and you were not eligible for reciprocity with another California public retirement system.
- You became a member on or before December 31, 2012, left CalPERS employment for six months or more, and then returned to membership on or after January 1, 2013, with a CalPERS employer you did not previously work for.

**Note:** All State of California departments are considered the same employer. All school county offices and districts are considered the same school employer. Each public agency is considered a separate employer.

Membership categories include:

- Local miscellaneous
- Local safety
- School
- State miscellaneous and industrial
- State safety

You can find your membership category and retirement formula on your Annual Member Statement and by logging in to your personal myCalPERS account at [my.calpers.ca.gov](http://my.calpers.ca.gov).

## CaIPERS RETIREMENT PLANNING RESOURCES

We have many resources available to help you in your retirement planning:

- CalPERS website
- Your personal myCalPERS account
- Online and instructor-led retirement classes
- Webinars and YouTube videos
- Member publications
- One-on-one retirement counseling

You can access your personal account information by logging in to your my|CalPERS account. If you have not created your my|CalPERS account, you must go to [my.calpers.ca.gov](http://my.calpers.ca.gov) and follow the easy steps to complete the registration process.

From your my|CalPERS account, you can do the following:

- View and print your Annual Member Statements
- Create and save retirement estimates
- Change your beneficiary designation
- Take online CalPERS retirement classes
- Sign up for instructor-led retirement classes
- Register for retirement counseling appointments
- Apply for service retirement

We offer a variety of retirement classes designed for members at different career stages. These classes can help you understand the retirement process and various aspects of financial planning. A few of them are listed below:

- New CalPERS Member
- Continuing CalPERS Member
- Planning Your Retirement
- Completing Your Service Retirement Application

For a complete list of available classes, please visit our website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

## ELIGIBILITY REQUIREMENTS FOR RETIREMENT

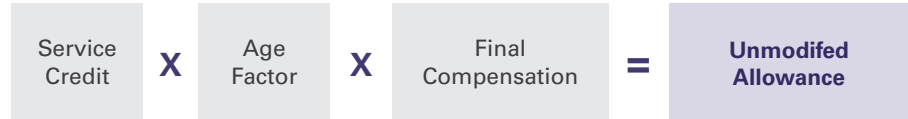
To retire you must meet two requirements: age and service credit.

1. Your minimum retirement age depends on your retirement formula: 50, 52, or 55.
2. The minimum service requirement is five years, or 10 years if you are a State of California Second Tier member.  
Exceptions to the minimum service requirement:
  - You've worked at least five calendar years as a permanent part-time employee (Government Code section 20970).
  - You've established reciprocity with another California public retirement system. Refer to the publication *A Guide to CalPERS When You Change Retirement Systems* (PUB 16).

We mail most members a postcard once these two requirements are met. Your personal my|CalPERS account and Annual Member Statement also tell you when you're eligible to retire.

## WAYS TO INCREASE YOUR RETIREMENT BENEFIT

The key to increasing your retirement benefit is to understand how service credit, age, and final compensation are used in the basic retirement calculation. Increase any one of these factors and you'll increase your overall benefit. The basic retirement calculation is shown below:



The **Unmodified Allowance** is the highest retirement benefit. The Unmodified Allowance is reduced when you choose to provide a benefit to someone upon your death.

If you have more than one retirement formula, we calculate an Unmodified Allowance for each formula and then add them to get your total Unmodified Allowance.

### Service Credit

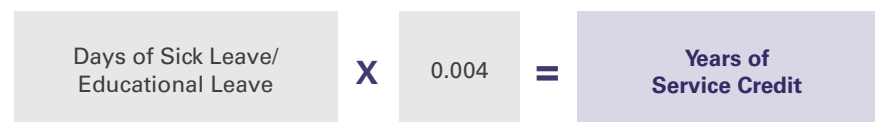
Service credit is earned on a fiscal year basis, which is July 1 through June 30. If you are paid on a monthly basis, 10 months of full-time employment will equal one year. You cannot earn more than one year of service credit in one fiscal year. If you work less than eight hours per day, it will take you longer to earn a year of service credit.

You may be able to increase your total service credit in the following ways:

- **Sick Leave or Educational Leave**

Your employer's contract may allow you to convert any unused sick leave and/or educational leave hours to service credit when you retire. You must retire within 120 days from your last day of employment for this to apply.

Eight hours of sick leave or educational leave = 1 day of service credit, or 0.004 years of service credit. The conversion formula is shown below:



Example:

$$250 \text{ hours} \div 8 = 31.25 \text{ days} \times 0.004 = \mathbf{0.125 \text{ years of service credit}}$$



- **Golden Handshake**

Your employer may offer additional service credit as an incentive to retire. This is known as a golden handshake. You must retire within a specific “window period” to be eligible. Ask your employer if they offer this type of retirement incentive.

- **Purchasing Service Credit**

You may be eligible to purchase other types of service credit to increase your retirement benefit. To learn more, refer to *A Guide to Your CalPERS Service Credit Purchase Options* (PUB 12) and *A Guide to Your CalPERS Military Service Credit Options* (PUB 15).

## Age Factor

Your age factor, also known as “benefit factor,” is the percentage of pay you’ll receive for each year of service credit earned. It is determined by your retirement formula and age at retirement.

Starting at your minimum retirement age, your age factor increases every quarter year up to a maximum age. For example, if your retirement formula is 2%@55 and you retire at age 55, you will get 2 percent for each year of service credit.

A common misconception is that your benefit will increase indefinitely with age. Once you reach the maximum age factor, your benefit will not increase unless you are working and earning service credit.

Age factor charts are located in your CalPERS member publication.

## Final Compensation

Your final compensation is your highest average annual compensation during any 12 or 36 consecutive month period of employment. We use your full-time pay rate, not your earnings. If you work part time or are paid hourly, we will convert your pay rate to a monthly equivalent. If you have a combination of classic and PEPRA service, we will use one final compensation amount for the service earned under your classic service and a second final compensation amount under your PEPRA service (California Code of Regulations section 579.24(b)).

**Note:** We cannot apply your PEPRA salary toward your classic service and vice versa.

**Member publications** for each membership category are available on our website at **[www.calpers.ca.gov](http://www.calpers.ca.gov)**. You can also order publications through your my|CalPERS account or call us at **888 CalPERS** (or **888-225-7377**).

We consider the following when determining your final compensation:

- **Special Compensation**

This is additional income reported separately from your regular pay rate, such as holiday pay, uniform allowance, or longevity pay. By law, not all special compensation can be included in your final compensation calculation.

- **Social Security Offset**

If you are subject to the Social Security offset, we will reduce the final compensation used in your retirement calculation by \$133.33. For example, if your final compensation were \$3,133.33, we would use \$3,000.00 in your retirement calculation. We look at your membership date and whether your service is coordinated with Social Security to determine if the offset applies to you. Read more about the Social Security offset in your member publication.

- **Compensation Limits**

The final compensation amount we can use to calculate your retirement benefit may be limited by Retirement Law, Internal Revenue Code (IRC) section 401(a)(17), or both. If your service is subject to PEPRA, the annual compensation limit amounts are lower than the IRC compensation limits (Government Code section 7522.10). These limits do not limit the salary your employer can pay, but rather limit the amount of compensation we can take into account under your retirement plan. Beginning each year, the compensation limit amounts are updated. Read more about the limits in your member publication or visit our website. If you are unsure whether they apply to you, ask your human resources department or contact us.

- **Pay Increases**

You should take advantage of pay raises to increase your final compensation. The more months you work at the higher pay rate, the higher your final compensation will be. The charts on the next page demonstrate this concept.

Months	6 Months of Pay Increase
January	\$5,000.00
February	\$5,000.00
March	\$5,000.00
April	\$5,000.00
May	\$5,000.00
June	\$5,000.00
<b>July</b>	<b>\$5,200.00</b>
August	\$5,200.00
September	\$5,200.00
October	\$5,200.00
November	\$5,200.00
December	\$5,200.00
<b>Final Compensation</b>	<b>\$5,100.00</b>

Months	12 Months of Pay Increase
July	\$5,200.00
August	\$5,200.00
September	\$5,200.00
October	\$5,200.00
November	\$5,200.00
December	\$5,200.00
January	\$5,200.00
February	\$5,200.00
March	\$5,200.00
April	\$5,200.00
May	\$5,200.00
June	\$5,200.00
<b>Final Compensation</b>	<b>\$5,200.00</b>

## BENEFITS PAID UPON YOUR DEATH

### Before You Retire

Should you pass away before retiring, the benefits your loved ones are entitled to receive are based on your membership classification, your employer’s contract with us, and whether you were eligible to retire. Refer to your member publication or ask your human resources department about your pre-retirement death benefits.

Be sure to keep your beneficiary designation up to date. You can update your beneficiary designation online using your personal my|CalPERS account. If your beneficiary designation is revoked and there is no designation in effect when you die, benefits will be paid to your **statutory beneficiary**. The list of revocable events and statutory beneficiary order can be found in your member publication.

**A statutory beneficiary** is defined by law rather than designated in a will or on an annuity or life insurance policy.

## After You Retire

Three types of benefits may be paid to your beneficiaries. The first two depend on your employer's contract with us, and the last one is chosen by you on your retirement application.

- Lump-sum death benefit
- Survivor continuance
- Retirement payment option

### Lump-Sum Death Benefit

The amount paid ranges from \$500 to \$5,000 and can be paid to one or more beneficiaries. Refer to your Annual Member Statement or ask your human resources department how much your lump-sum death benefit is. If you last worked with another California retirement system that provides a similar benefit, then the CalPERS retired death benefit is not paid.

### Survivor Continuance

If your employer contracts for this monthly benefit, the amount paid is either 25 percent or 50 percent of your Unmodified Allowance. You must have an eligible survivor when you retire and that survivor must remain eligible until you die. Ask your current or past employer if this benefit applies to you.

You cannot choose your survivor. A survivor is defined by law as:

- A spouse or registered domestic partner who was married or registered to you for at least one year before your service retirement date and continuously until your death. For disability or industrial disability retirement, you only need to be married as of your retirement date and remain married until your death.
- If no eligible spouse or domestic partner, your natural or adopted unmarried children under age 18. The benefit would be paid until they marry or turn 18.
- Your unmarried child who was disabled prior to age 18 and whose disability continues without interruption until the disability ends or until marriage.
- Qualifying financially dependent parents, if none of the above.

If you have more than one employer that contracts for this benefit, we calculate the survivor continuance for each employer and add them to get the total survivor continuance amount.

## Retirement Payment Option

You choose the benefit paid upon your death when you apply for retirement. You can choose the Unmodified Allowance for your lifetime only or take a reduction in order to provide a benefit to a beneficiary.

Depending on the option you choose, an actuarial factor based on your age, your beneficiary's age, life expectancies, or amount of contributions is used to determine how much each payment option will cost.

If survivor continuance is payable, we first subtract that amount from your Unmodified Allowance and then apply the reduction for your beneficiary. For example, if your survivor continuance benefit is 25 percent, only the remaining 75 percent is subject to reduction. Once the reduction is applied, this amount is called the "option portion."

Here's how we calculate the option portion:

$$\begin{array}{|c|} \hline \text{Unmodified} \\ \text{Allowance} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Survivor} \\ \text{Continuance} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Amount Subject} \\ \text{to Reduction} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Amount Subject} \\ \text{to Reduction} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Actuarial} \\ \text{Factor} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Option} \\ \text{Portion} \\ \hline \end{array}$$

As we discuss the different payment options, keep in mind that you choose a beneficiary to receive the option portion of your monthly benefit, aside from any survivor continuance portion. And remember, your survivor and beneficiary can be the same person, but they don't have to be.

## RETIREMENT PAYMENT OPTIONS

There are 13 payment options available. We've highlighted the nine most selected choices below. The other options are described in the publication *A Guide to CalPERS Retirement Option 4* (PUB 18).

### Unmodified Allowance

For You	For Your Beneficiary	For Your Survivor
Highest allowance/ benefit you can receive	No benefits paid	25% or 50% if payable

### Option 1

For You	For Your Beneficiary	For Your Survivor
<ul style="list-style-type: none"> <li>• Lowest cost/second highest benefit you can receive</li> <li>• Only available if you paid contributions to CalPERS</li> <li>• Can name one or more beneficiaries</li> <li>• No <b>pop-up</b> allowed</li> </ul>	<ul style="list-style-type: none"> <li>• Lump-sum payout of remaining member contributions</li> <li>• If no remaining member contributions, no benefit paid</li> </ul>	25% or 50% if payable

A “**pop-up**” means you’ve had a certain life event that makes you eligible to increase to the Unmodified Allowance. You are eligible for a pop-up only if you choose Option 2 or 3 and one of the following happens:

- Your beneficiary dies.
- You’re awarded 100 percent of your CalPERS retirement benefit upon dissolution of marriage, legal separation, or termination of domestic partnership.
- Your marriage is annulled.
- Your non-spouse/  
non-domestic partner beneficiary disclaims or gives up their benefit.

For about the first 10 years of your retirement, your benefit is funded mostly by your member-paid contributions. As time goes on and your own contributions are depleted, your pension is funded by employer contributions and CalPERS investments.

### Option 2

For You	For Your Beneficiary	For Your Survivor
<ul style="list-style-type: none"> <li>• Highest cost/greatest reduction</li> <li>• Can name only one beneficiary</li> <li>• Pop-up allowed</li> </ul>	<ul style="list-style-type: none"> <li>• Receives lifetime monthly benefit equal to 100% of option portion</li> </ul>	25% or 50% if payable

### Option 2W

For You	For Your Beneficiary	For Your Survivor
<ul style="list-style-type: none"> <li>Higher allowance than Option 2</li> <li>Can name only one beneficiary</li> <li>No pop-up allowed</li> </ul>	<ul style="list-style-type: none"> <li>Receives lifetime monthly benefit equal to 100% of option portion</li> </ul>	25% or 50% if payable

### Option 3

For You	For Your Beneficiary	For Your Survivor
<ul style="list-style-type: none"> <li>Higher allowance than Option 2 or 2W</li> <li>Can name only one beneficiary</li> <li>Pop-up allowed</li> </ul>	<ul style="list-style-type: none"> <li>Receives lifetime monthly benefit equal to 50% of option portion</li> </ul>	25% or 50% if payable

### Option 3W

For You	For Your Beneficiary	For Your Survivor
<ul style="list-style-type: none"> <li>Higher allowance than Option 3</li> <li>Can name only one beneficiary</li> <li>No pop-up allowed</li> </ul>	<ul style="list-style-type: none"> <li>Receives lifetime monthly benefit equal to 50% of option portion</li> </ul>	25% or 50% if payable

### Option 4, 2W and 1 Combined

For You	For Your Beneficiary	For Your Survivor
<ul style="list-style-type: none"> <li>Can name one beneficiary for the Option 2W portion and one or more beneficiaries for the Option 1 portion</li> <li>No pop-up allowed</li> </ul>	<ul style="list-style-type: none"> <li>Option 2W receives lifetime monthly benefit equal to 100% of option portion</li> <li>Option 1 benefit is paid after Option 2W beneficiary dies and only if member contributions have not been depleted</li> </ul>	25% or 50% if payable

### Option 4, 3W and 1 Combined

For You	For Your Beneficiary	For Your Survivor
<ul style="list-style-type: none"> <li>• Can name one beneficiary for the Option 3W portion and one or more beneficiaries for the Option 1 portion</li> <li>• No pop-up allowed</li> </ul>	<ul style="list-style-type: none"> <li>• Option 3W receives lifetime monthly benefit equal to 50% of option portion</li> <li>• Option 1 benefit is paid after Option 3W beneficiary dies and only if member contributions have not been depleted</li> </ul>	25% or 50% if payable

### Option 4, Multiple Lifetime Beneficiaries

For You	For Your Beneficiary	For Your Survivor
<ul style="list-style-type: none"> <li>• Can name more than one beneficiary</li> <li>• Can specify a specific dollar or percentage be paid to each beneficiary</li> <li>• No pop-up allowed</li> </ul>	<ul style="list-style-type: none"> <li>• Receive lifetime monthly benefit, either percentage of option portion or specified dollar amount</li> </ul>	25% or 50% if payable



## SAMPLE RETIREMENT CALCULATION

Fred chooses retirement payment Option 2W and names his spouse, Maria, as the Option 2W beneficiary. Because Fred and Maria were married at least one year prior to Fred's retirement date, she is also the eligible survivor for the survivor continuance benefit. How much will Fred and Maria get?\*

### Fred's Information

Birthday: 9/15/1960  
 Spouse: Maria – married 2/14/1988  
 Retirement date: 12/31/2016  
 Age at retirement: 56.25

Employer 1 Employed 12/1/1994–12/1/2014	Employer 2 Employed 1/1/2015–12/31/2016
Local miscellaneous, 2.5%@55	State miscellaneous & industrial, 2%@55
3-year final compensation period 1/1/2014–12/30/2016 \$6,000.00	1-year final compensation period 1/1/2016–12/30/2016 \$6,200.00
Not subject to social security offset	Subject to social security offset
Not contracted for survivor continuance	Survivor continuance 25%
Earned 20 years of service credit	Earned 2 years of service credit

Calculate the Unmodified Allowance:



#### Employer 1

$$20 \times 2.500\% = 50.000 \times \$6,000 = \$3,000$$

#### Employer 2

$$2 \times 2.080\% = 4.160 \times \$6,066.67 = \$252.37$$

(\$6,200 – \$133.33)

**\$3,252.37**

\* The data used in this example is hypothetical and is not based on any real life persons. It's intended to illustrate how multiple employers with different contract provisions affect the overall retirement calculation.

Then calculate survivor continuance:

$$\begin{array}{ccccc} \text{Employer 2} & \times & \% & = & \text{Survivor Continuance Amount} \\ \$252.37 & \times & 25\% & = & \$63.09 \end{array}$$

Then calculate the option portion:

$$\begin{array}{ccccccccc} \text{Unmodified Allowance} & - & \text{Survivor Continuance} & = & \text{Amount Subject to Reduction} & \times & \text{Actuarial Factor} & = & \text{Option Portion} \\ \$3,252.37 & - & \$63.09 & = & \$3,189.28 & \times & 0.91988 & = & \$2,933.75 \end{array}$$

Fred's Option 2W monthly benefit:

$$\begin{array}{ccccc} \text{Survivor Continuance} & + & \text{Option Portion} & = & \text{Option 2W Monthly Benefit} \\ \$63.09 & + & \$2,933.75 & = & \$2,996.84 \end{array}$$

Upon Fred's death, Maria will get the same monthly benefit because she is the eligible survivor and Option 2W beneficiary.

## CHOOSING A RETIREMENT DATE

When choosing your retirement date, keep the following in mind:

- Your retirement date can be any day of the week, even a Saturday or Sunday.
- If you leave CalPERS-covered employment and do not submit your retirement application within nine months, the law states that your retirement date can be no earlier than the first of the month we receive your retirement application.
- Your retirement date cannot be earlier than your **last day on payroll** for all CalPERS-covered positions. This includes any full-time, part-time, or intermittent positions.
- **Cost-of-Living Adjustment (COLA)**
  - Your retirement date affects how soon you can receive a COLA increase. You are eligible to receive your first COLA on May 1 of the second calendar year after your retirement year. For example:

<b>If your retirement date is...</b>	<b>Then you become eligible for COLA on...</b>
December 31, 2016	May 1, 2018
January 1, 2017	May 1, 2019

- **Reciprocity**
  - If you have established reciprocity with another California public retirement system, your CalPERS retirement benefit could be based on your highest compensation earned under all systems if you retire from each system on the same day. Refer to the publication *A Guide to CalPERS When You Change Retirement Systems* (PUB 16).
  - If you last worked for the other retirement system and you submit your CalPERS retirement application more than nine months from the retirement date with the other system, the law states that your retirement date cannot be earlier than the first of the month we receive your application.
- **Health, Dental, and Vision Benefits**
  - Your retirement date must be within 120 days of your last day of employment (see “Health Benefits in Retirement” on page 20).

- **Unused Sick Leave or Educational Leave**
  - Your retirement date must be within 120 days of your last day of employment for us to include it in your retirement calculation (see “Service Credit” on page 6).
  
- **Service Credit Purchases**
  - If you plan to purchase service credit, you must request a cost packet and elect to purchase the service credit before you retire.
  - Purchases do not need to be paid off before you retire.

## ESTIMATE YOUR FUTURE BENEFIT

### Retirement Is More Than a Year Away

You have two choices for generating retirement estimates when you are more than one year from your expected retirement date.

- Use the CalPERS Retirement Estimate Calculator on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov). This calculator allows you to input any final compensation, retirement formula, service credit, and retirement date. You can print but not save these estimates.
- Generate and save estimates through your personal myCalPERS account at [my.calpers.ca.gov](http://my.calpers.ca.gov). This calculator allows you to enter a variety of beneficiary and survivor scenarios and uses your actual account information to project your future benefit.

### You're Within a Year of Retirement

When you're within one year of your expected retirement date, you can request up to two official CalPERS-generated retirement estimates in a 12-month period. An official estimate uses your current account information to project your benefit as of your estimated retirement date. For retirement estimates, we do not project salary increases, special compensation, or anticipated service credit purchases.

It's important you know what your estimated retirement allowance will be before you retire and choose a retirement payment option. You only have 30 days from the date your first retirement check is issued to make any changes to your retirement payment option.

To request an official CalPERS-generated estimate, you must mail us a completed *Retirement Allowance Estimate Request* form. You can find this form in the Forms & Publications area on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov) or you can ask us to mail you one. Please allow 30 days for processing once we receive your completed form.

## HEALTH BENEFITS IN RETIREMENT

### Eligibility Requirements

You will be eligible for a CalPERS-administered health plan as a retiree if you meet all the following criteria:

- You are eligible for health coverage upon separation of employment.
- You retire from an employer (and bargaining group, if applicable) that contracts for health benefits through CalPERS.
- You receive a monthly CalPERS retirement allowance.
- You retire within 120 days of the date of your separation from employment.

Your spouse or registered domestic partner will be eligible for a continuing health benefit after your death as long as they receive an ongoing monthly benefit, as either a survivor or beneficiary.

State of California and California State University (CSU) employees who receive a monthly CalPERS retirement allowance and who retire within 120 days of separation from employment are eligible for dental and vision benefits. If you are a State of California employee, please refer to your member publication for vesting requirements.

### Transitioning From Active to Retired Health Coverage

If you are enrolled in a CalPERS health plan, your health coverage generally continues automatically into retirement if your permanent separation date and retirement date are within 30 days of each other. If you don't want your health coverage to continue, you may decline automatic enrollment by either:

- Submitting a *Health Benefits Plan Enrollment* form to your employer before you retire, or
- Declining health coverage on your retirement application.

If your permanent separation date and retirement date are between 31 and 120 days apart, your health coverage does not automatically continue. To re-enroll, you must either:

- Submit a written request to CalPERS within 60 days of your retirement date, or
- Enroll during Open Enrollment.

### Coordinating CalPERS Health Coverage With Medicare

If you and your dependents are enrolled in a CalPERS Basic health plan when you retire and you qualify for Medicare, you must enroll in Medicare Parts A and B. You must provide your Medicare information to CalPERS and then transfer to a CalPERS Medicare health plan to continue CalPERS coverage. Please contact the Social Security Administration to find out if you qualify for Medicare Parts A and B.

Be sure to read our *CalPERS Medicare Enrollment Guide* for more detailed information. If you have questions about Medicare, Medicare premiums, enrollment or eligibility, contact the Social Security Administration at (800) 772-1213 or TTY (800) 325-0778 or visit their website at [www.ssa.gov](http://www.ssa.gov).

## OTHER CONSIDERATIONS

### If You Become Disabled

If you become disabled and can no longer perform the duties of your job, you may qualify for disability retirement or industrial disability retirement. Learn about the eligibility requirements in our publication *A Guide to Completing Your Disability Retirement Election Application* (PUB 35).

### Emergency Retirement

If you are terminally ill, facing imminent death, or are about to have surgery, please call us toll free at **888 CalPERS** (or **888-225-7377**) to discuss what options are available to you.

### Divorce or Termination of Domestic Partnership

If you have a community property claim on your retirement account, we recommend that you resolve the claim before you retire to avoid possible delays in processing your retirement benefits. **However, you should not wait to submit your retirement application. Waiting to apply for retirement may affect the retirement date and other benefits you are entitled to receive.**

For more information, review the publication *A Guide to CalPERS Community Property* (PUB 38A). If you are unsure whether your claim has been resolved or have questions about your court order or your benefits, please call us toll free at **888 CalPERS** (or **888-225-7377**).

### Temporary Annuity

Temporary annuity is additional monthly income you may choose to enhance your CalPERS pension. A temporary annuity benefit is funded through a **lifetime reduction** of your monthly retirement allowance. The type of temporary annuity you are eligible for depends on your CalPERS membership date. For more information, review the publication *A Guide to Your CalPERS Temporary Annuity* (PUB 13).

## Internal Revenue Code (IRC) Section 415(b) Retirement Benefit Limit

IRC section 415(b) places a dollar limit on the annual retirement benefit you can receive from CalPERS, a tax-qualified pension plan. This dollar limit is set and adjusted each year by the Internal Revenue Service. We determine if your benefit is subject to this limit when you retire.

If your retirement benefit must be limited under section 415(b), you may be enrolled in the IRC section 415(b) Replacement Benefit Plan, an employer-funded plan, if eligible. If your membership date is prior to January 1, 2013, the CalPERS Replacement Benefit Plan provides a replacement benefit that will, to the extent possible, make up the amount your CalPERS benefit is limited.

For more information, see the IRC section 415(b) Replacement Benefit Plan Fact Sheet on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

## How We Report Your Pension Income

Service and disability retirement are fully taxable. Only industrial disability retirement is free from taxation under certain criteria.

If you have after-tax contributions on your account when you retire, a portion of your annual income will be tax-free. CalPERS uses the Simplified Method tables in Internal Revenue Service Publication 575 to determine and report the tax-free portion of your retirement allowance.

## Benefit Forfeiture for Felony Convictions

Under the California Public Employees' Pension Reform Act of 2013, if you are convicted of a felony by a state or federal trial court in connection with your official job duties, you will forfeit all of your accrued rights and benefits after the commission of the felony and you will no longer be eligible to accrue further benefits with CalPERS, effective on the date of conviction (Government Code sections 7522.72 and 7522.74). For more information, refer to your member publication.

## Working After You Retire

If you retire and then want to return to work for a CalPERS-covered employer, you may do one of the following:

- Work as a **retired annuitant**, or
- Come out of retirement and return to active service.

There are rules and restrictions related to both options. Before accepting any position, read the publications *A Guide to CalPERS Employment After Retirement* (PUB 33) and *A Guide to CalPERS Reinstatement From Retirement* (PUB 37) regarding the requirements and limitations.

**Retired annuitants** are retirees who work for a CalPERS-covered employer as a temporary employee. Retired annuitants receive a paycheck from the employer and continue to receive a retirement allowance from CalPERS.



## RETIREMENT PLANNING CHECKLIST

As you plan for your retirement and get ready to submit your retirement application, use the following checklist as a reminder of what you need to consider.

### Retirement Planning Checklist

- Create my personal my|CalPERS account.
- Request official retirement estimates 12 months prior to retirement.
- Review my recent Annual Member Statement for accuracy.
- Do I have an unresolved community property claim?
  - I have resolved my community property claim.
- Do I qualify for reciprocity with another retirement system?
  - I have established reciprocity.
- Am I currently paying for a service credit purchase?
  - I have asked CalPERS for information on my service credit purchase payment options into retirement.
- Watch retirement education webinars and CalPERS YouTube videos.
- Attend retirement classes.
  - Attending a class is required if you would like a half-hour or one-hour retirement counseling appointment.
- Read my member publication(s).
- Contact my credit union, employee organization, or insurance plan and ask if payroll deductions can continue into retirement.
- Call CalPERS Long-Term Care at (800) 982-1775 and ask how premium deductions continue into retirement.
- Fill out dental and vision enrollment forms so my employer can process my enrollment (State of California/CSU only) 30 to 60 days prior to retirement.

## WHEN YOU'RE READY TO RETIRE

### Submit Your Retirement Application

You can apply for retirement up to 120 days before your retirement date. We recommend you submit your application early to ensure timely payment. You can apply online, by mail, or in person:

- Log in to your personal myCalPERS account and apply online at [my.calpers.ca.gov](https://my.calpers.ca.gov).
- Send in your completed and notarized retirement application along with any other applicable forms. Refer to *A Guide to Completing Your Service Retirement Election Application* (PUB 43) for the application form and instructions.
- Visit your nearest Regional Office. One of our representatives can review your application and witness your and your spouse's or domestic partner's signatures in lieu of a notary.

Be sure to keep a copy of all forms and supporting documents for your records and future reference.

**You must submit your application within nine months of your permanent separation date to receive the retirement date of your choice.** If your application is received more than nine months after your permanent separation date, the law states that your retirement date cannot be earlier than the first of the month we receive your application.

**If you are also a member of another public retirement system in California, you must apply for retirement with each system separately.** Contact the other public retirement system to determine their requirements and timeframes to apply for retirement. If you last worked for the other retirement system and you submit your CalPERS retirement application more than nine months from the retirement date with the other system, the law states that your retirement date cannot be earlier than the first of the month we receive your application. For full reciprocal benefits to apply, your retirement date must be the same with both systems. Review the publication *A Guide to CalPERS When You Change Retirement Systems* (PUB 16) for more information.

**Important!** Separation from employment alone is not considered retirement—you must submit a retirement election application to complete the retirement process. You must stop working from all CalPERS-covered employment, including all full-time and part-time positions. It's your responsibility to inform every CalPERS employer of your planned retirement date so each employer can submit permanent separation information on your behalf. If your employer does not submit separation information to us and you continue working, you may be considered unlawfully employed. This unlawful employment can result in termination of your retirement allowance and require you to repay overpaid retirement benefits.

## WHAT NEW RETIREES NEED TO KNOW

### Retirement Payment Schedule

We pay in arrears and your first retirement check is typically paid within 45 days of your retirement date, or within 45 days of when you submit your application. This means if your retirement date were June 15, your first retirement check would be paid around August 1 and include pay from your retirement date through the end of July. After that, your regular retirement checks would be issued on the first of every month.

### Retirement Payment Method

You can have your retirement check mailed to you, or you can have it deposited directly to your bank account. If you submit direct deposit information with your retirement application, your direct deposit is typically effective with your first retirement payment. We send funds for direct deposit on the first of each month. Your financial institution determines when your direct deposit funds are available.

Once you're retired, you can manage your payment method through your myCalPERS account.

### Canceling or Changing Your Retirement Application

By law, you have **30 days from the date your first retirement benefit check is issued to:**

- Change your retirement payment option
- Change your lifetime beneficiary
- Change your retirement date
- Cancel or make changes to your retirement application

When you choose a retirement payment option, your choice becomes irrevocable after 30 days from the date your first retirement check is issued, unless you have a qualifying event. Before you make your decision, it's important you understand the limits to changing your retirement payment option or beneficiaries.

For more information about qualifying events, please refer to the publication *Changing Your Beneficiary or Monthly Benefit After Retirement* (PUB 98).

## Adjustments to Your Retirement Benefit

Your retirement benefit is calculated using the payroll and service on your account as of your retirement date. It's normal for additional payroll, including sick leave, to come in after we've processed your initial benefit. This means your First Payment Acknowledgment letter, Account Detail sheet, and monthly benefit may be lower than what you were expecting until final payroll shows on your account. Adjustments to your retirement benefit take four to six months and are retroactive to your retirement date.

## Service Credit Purchase Payments

If service credit payments are being deducted from your payroll check, deductions from your retirement check will be set up automatically on an after-tax basis. The first service credit payment deduction is taken approximately two months after you begin receiving your retirement check.

## BECOME A MORE INFORMED MEMBER

### CalPERS Website

Visit [www.calpers.ca.gov](http://www.calpers.ca.gov) for information on all our benefits and services.

### my|CalPERS

Log in at [my.calpers.ca.gov](http://my.calpers.ca.gov) to access real-time details and balances of your CalPERS accounts. With my|CalPERS you can:






- View, print, and save current and past statements.
- Select mailing preferences for your statements, newsletters, and retirement checks.
- Search for medical premium rates and health plans available in your area and confirm which dependents are covered on your health plan.
- Estimate your future retirement benefit and save the estimates to view later.
- Send and receive secure messages.
- Order and download publications.
- Send account information to third parties, such as banks.
- Apply for service retirement.
- Change your beneficiary designation.
- Retirees can update contact information, set up direct deposit, and change tax withholdings.

### CalPERS Education Center

Whether you're in the early stages of your career or getting ready to retire, visit the CalPERS Education Center in my|CalPERS to:

- Take online classes that help you have a better understanding of your CalPERS benefits.
- Register for instructor-led classes at a location near you.
- Download class materials and access information about your current and past classes.
- Schedule a one-on-one appointment with a representative at your nearest CalPERS Regional Office.

### Experience CalPERS Through Social Media

-  Facebook: [www.facebook.com/myCalPERS](http://www.facebook.com/myCalPERS)
-  Twitter: [www.twitter.com/CalPERS](http://www.twitter.com/CalPERS)
-  Instagram: [www.instagram.com/CalPERS](http://www.instagram.com/CalPERS)
-  YouTube: [www.youtube.com/CalPERSNetwork](http://www.youtube.com/CalPERSNetwork)
-  LinkedIn: [www.linkedin.com/company/calpers](http://www.linkedin.com/company/calpers)

### Reach 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.  
TTY: (877) 249-7442

**Visit Your Nearest CalPERS Regional Office**

**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 1820  
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**

Pacific Plaza  
1340 Treat Boulevard, Suite 200  
Walnut Creek, CA 94597

**Visit the CalPERS website for directions to your local office.**

Regional Office hours are Monday through Friday, 8:00 a.m. to 5:00 p.m.

## PRIVACY NOTICE

The privacy of personal information is of the utmost importance to CalPERS. The following information is provided to you in compliance with the Information Practices Act of 1977 and the Federal Privacy Act of 1974.

### Information Purpose

The information requested is collected pursuant to the Government Code (sections 20000 et seq.) and will be used for administration of Board duties under the 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 comply may result in CalPERS being unable to perform its functions regarding your status. Please do not include information that is not requested.

### Social Security Numbers

Social Security numbers are collected on a mandatory and voluntary basis. If this is CalPERS' first request for disclosure of your Social Security number, then disclosure is mandatory. If your Social Security number has already been provided, disclosure is voluntary. Due to the use of Social Security numbers by other agencies for identification purposes, we may be unable to verify eligibility for benefits without the number.

Social Security numbers are used for the following purposes:

1. Enrollee identification
2. Payroll deduction/state contributions
3. Billing of contracting agencies for employee/employer contributions
4. Reports to CalPERS and other state agencies
5. Coordination of benefits among carriers
6. Resolving member appeals, complaints, or grievances with health plan carriers

### Information Disclosure

Portions of this information may be transferred to other state agencies (such as your employer), physicians, and insurance carriers, but only in strict accordance with current statutes regarding confidentiality.

### Your Rights

You have the right to review your membership files maintained by the System. For questions about this notice, our Privacy Policy, or your rights, please write to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811 or call us at **888 CalPERS** (or **888-225-7377**).

*CalPERS is 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 the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811.*

**California Public Employees' Retirement System**

400 Q Street  
P.O. Box 942701  
Sacramento, California 94229-2701

**888 CalPERS** (or **888-225-7377**)  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

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