

Your CalPERS Benefits

# Planning Your Service Retirement



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## PLANNING YOUR SERVICE RETIREMENT

This publication provides general information about CalPERS service retirement benefits and eligibility, as well as the resources to help you plan your retirement. It includes a retirement planning checklist that begins 12 months prior to your retirement and continues into retirement; an explanation of the retirement application process; and references to available resources.

## MAKING THE DECISION TO RETIRE

If you are approaching retirement, you face many considerations, both personal and financial. If you would like to learn whether you are financially prepared for retirement, we recommend that you start with the CalPERS Education Center or contact your professional financial advisor.

## RETIREMENT BASICS

A CalPERS service retirement is a monthly benefit payable for your lifetime. When you apply for retirement, you will select a retirement option that impacts your benefit and the benefits payable to your beneficiaries, including options to provide lifetime monthly benefits to your surviving beneficiaries and/or lump sum benefits.

Transitioning from employment to retirement is a major life event that requires making important decisions.

First, consider your desired retirement lifestyle and project how much that lifestyle will cost, then you can compare the lifestyle or the cost with your projected retirement income. This may include your CalPERS pension, deferred compensation, Social Security, and other savings and investments. This comparison will help you to determine whether or not you will be able to meet your retirement lifestyle goals. Other factors such as taxes, inflation, health, risk management, and estate planning may need your consideration as well. Once you have this information, you may find you need to make informed adjustments to your plans, such as working longer, saving more, or adjusting your lifestyle goals.

Planning and education are critical to making these decisions wisely. To assist you with these important decisions, CalPERS offers a variety of ways to learn about retirement benefits, including online and instructor-led classes we developed for members at different career stages. We also offer classes for our retirees.

These classes can help you understand the retirement process, various aspects of financial planning, and the decisions you will need to make as you approach retirement. You can access CalPERS online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

CalPERS may expedite retirement processing for those who are 1.) Terminally ill and facing imminent death, or 2.) Those who are about to have surgery and wish to provide a post-retirement death benefit should they not survive the surgery. Contact your employer or call us toll free at **888 CalPERS** (or **888 225-7377**) immediately if you need emergency retirement counseling and assistance.

Other resources online or by calling CalPERS are:

- **myCalPERS** — Contains your personal account information, retirement planning tools and access to the CalPERS Education Center
- Your CalPERS member publication
- Your most recent Annual Member Statement

## SERVICE RETIREMENT

### Eligibility

To be eligible for service retirement, most CalPERS members must be at least age 50 with a minimum of five years of CalPERS-credited service. To retire, you must not only permanently separate from all CalPERS covered positions, but you must also submit a retirement application.

### Eligibility Exceptions

There are some exceptions to the five years of service requirement.

- If you are age 50 or older, employed on a permanent part-time basis, and have worked at least five years, contact CalPERS to determine if you are entitled to an exception.
- If you have service with another California public retirement system, you may not need to have a minimum of five years of CalPERS service credit to retire. See the section entitled “Reciprocity” for additional information on page 19.

### Your Retirement Calculation

CalPERS multiplies the following three factors to calculate your retirement benefit. As you compare the estimates you receive using the Retirement Planning Calculator, you will see that changes to one or more of these factors will likely change the amount of your retirement benefit.

- CalPERS 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.

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 or educational leave credits at retirement. Your employer may contract to allow you to convert your unused leave credits to service credit if you retire within 120 days of separation from employment;
- 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, or military service;
- Additional Retirement Service Credit (ARSC); or
- Service attributable to participation in the State Alternate Retirement Program.

To see if a service credit purchase is right for you, use the Service Credit Cost Estimator available on the CalPERS On-Line Web site. Also review the CalPERS publication, *A Guide to Your CalPERS Service Credit Purchase Options*.

### Benefit Factor

Your benefit factor is the percentage of pay you'll receive for each year of service. Your age at retirement and your retirement formula(s) determine your benefit factor.

This factor increases each quarter year from your 50th birthday, up to a maximum age determined by your retirement formula. For example if your birthday is March 6th, your benefit factor increases on every June 6th, September 6th, December 6th, and March 6th until you reach the maximum age of your retirement formula.

If you have more than one retirement formula, CalPERS will calculate the benefit based on service credit in each retirement formula separately, then add them.

### Final Compensation

Final compensation is your highest average full-time monthly **pay rate** and **special compensation** for either 12 or 36 consecutive months of employment, depending on your employer's contract.

If you work part-time, we will use your full-time equivalent pay rate to determine your final compensation.

If there was a period of 12 or 36 consecutive months during which your final compensation was higher than your last 12 or 36 months, you can designate that period on your retirement application. Otherwise we will use the most recent reported pay rates.

If your CalPERS service was coordinated with Social Security, you did not contribute on the first \$133.33 of your monthly earnings. Therefore, when computing your retirement allowance, CalPERS reduces your final compensation by \$133.33. (Exception: School members coordinated with Social Security do not have their final compensation reduced by \$133.33 for service credit rendered after January 1, 2001).

### **Special Compensation**

Special Compensation is additional income you might receive for uniform allowance, holiday pay, longevity pay, etc., that is reported separately from your regular salary. Whether it is included in your final compensation is based on the law and collective bargaining. All allowable reported special compensation will be used in your retirement calculation.

## CHOOSING A RETIREMENT DATE-YOU DECIDE

Separation from employment alone is not considered retirement—you must submit a retirement election application to complete the retirement process.

Your retirement date selection is one of your most important retirement planning decisions.

The following information will help you identify some dates to choose from, so that you can begin estimating your benefits and comparing the pros and cons of retiring earlier or later.

### **Earliest Retirement Date**

Once you are eligible to retire, the earliest you can retire is the day following your last day on payroll. Your retirement date may be effective any day of the week, even on a weekend. For example, if your last day on paid status falls on Friday, your retirement date (and your retirement benefits) may be effective Saturday.

### **Age Benefit Factor And Your Birthday**

Since your benefit factor is based on your birthday quarters, you must retire on a quarter-year date or after for CalPERS to use the higher factor in your calculation. If you retire one day before the quarter-year date, CalPERS uses your benefit factor is from the previous completed quarter.

### **Earning Service Credit**

If you work-full time during a fiscal year (July 1 through June 30), you may wish to retire when you have earned a full year of service credit. For example, if you are paid on a monthly basis, you earn one year of service by April 30th after 10 months of full-time employment. In May and June you do not earn any additional service credit since you cannot earn more than one year of service credit in a fiscal year.

### **Pay Increases**

If you received a recent salary increase, you may wish to retire after you have received that pay rate for 12 consecutive months in order to increase your final compensation. Since final compensation averages 12 (or 36) months of full-time pay rate, your final compensation will include the increased salary only for the months reported by your employer.

### **Golden Handshake**

If your employer is offering a “Golden Handshake,” you must retire within the specified period (window period) in order to get the additional years of service credit offered. Check with your employer to verify the window period.

### **New Retirement Formula**

If your employer is changing the retirement formula for your classification, you need to know the date the new formula takes effect. To qualify for the new formula, you must select a retirement date after that date. Some formulas

require you to be active under the new formula to have all service in your current classification receive the increased formula. Contact CalPERS to determine which rule applies.

### **Cost-of-Living Adjustments**

If you plan to retire near the end or beginning of a calendar year, understand that your retirement date may affect how soon you begin to receive cost-of-living adjustments (COLA).

The first COLA increase begins on May 1 of the second calendar year following your retirement. For example, if you retire on December 31, 2008, your first COLA will be on your May 1, 2010 retirement check. If you wait just one day and retire on January 1, 2009, your first COLA will not occur until the May 1, 2011 retirement check. However, you may decide that the increase in your retirement allowance from working into the new year outweighs the benefit of an early COLA.

### **Unused Leave Credits**

You must retire within 120 days of separation from employment to be eligible to convert unused sick leave or educational leave to additional service credit, if your employer contracts for this benefit.

### **CalPERS Health Benefits**

To be eligible for CalPERS health benefits, Public Employees' Medical and Hospital Care Act (PEMHCA) in retirement, you must retire within 120 days of separation from CalPERS employment with an employer that contracts for CalPERS health benefits. **You will no longer be eligible for health coverage if your retirement date is more than 120 days after your separation date from employment.**

For State members, in order to be eligible for State dental benefits in retirement, you must retire within 120 days of separation from State employment. **You will not be eligible for dental coverage in retirement if your retirement date is more than 120 days after your separation date from State employment.**

### **Survivor Continuance**

In a service retirement, you must be married or in a registered domestic partnership for at least one year prior to your retirement date for the Survivor Continuance benefit (if applicable) to be payable to your spouse or domestic partner.

### **Other California Public Retirement Systems**

If you leave employment covered by CalPERS for employment covered by another public retirement system in California, your retirement benefits could be based on your highest compensation earned under all systems, but only if you retire on the same date from all systems (See Reciprocity page 18).

## CHOOSING YOUR RETIREMENT OPTION AND BENEFICIARY

You select your retirement option on your application for retirement. Before choosing your retirement option you may want to:

- Review the following descriptions of each option, along with your retirement estimate (see page 13 for information)
- Attend an online or instructor-led educational event
- Review the information describing beneficiaries and survivors

If you are eligible for health or dental benefits through CalPERS, your surviving spouse or registered domestic partner must receive a monthly allowance after your death to continue their health or dental benefit coverage. The Unmodified Allowance and the Option 1 Allowance do not provide a monthly allowance to your surviving spouse or registered domestic partner unless your employer contracts to provide Survivor Continuance Benefits Post Retirement Survivor Allowance (PRSA).

If you are married or in a registered domestic partnership but do not name your spouse or partner as beneficiary, they may still be entitled to a community property share of the Option 1 lump sum return of contributions or a share of the monthly option death benefit allowance.

If you elect an option to provide your beneficiary with a continuing lifetime benefit upon your death, your beneficiary designation is irrevocable. In limited situations, you may change your beneficiary designation under retirement Options 2, 2W, 3, 3W or Option 4. If your marital/domestic partner status changes, or your designated beneficiary dies, you may be entitled to elect a new benefit option and designate another person as beneficiary.

More information on this topic is available in the CalPERS publication, *What You Need to Know About Changing Your Beneficiary or Monthly Benefit after Retirement*.

### Option 1

Upon your death, any unused member contributions in your account will be paid to your beneficiary in a lump sum. Option 1 does not provide a continuing monthly allowance to a beneficiary.

**If you are a State Second Tier member, you are not eligible for Option 1 because you did not pay contributions to CalPERS.**

If you paid contributions to CalPERS, it takes about 10 years of receiving retirement checks to deplete your contributions. Once the contributions are exhausted, the monthly benefit continues to be paid to you for life, but this lump sum death benefit would no longer be payable. Therefore, if you elected to purchase service credit and the monthly payment period exceeds 120 months, this option may not be beneficial.

You may designate more than one person as beneficiary and you may change your beneficiary at any time by submitting a *Lump Sum Beneficiary Designation* form. If applicable, Survivor Continuation would be paid to an eligible survivor, in addition to the lump sum benefit.

### Option 2

Upon your death, the total monthly amount paid will equal the retirement allowance you had been receiving. **However, there may be two portions to this benefit if the employer contracts for Survivor Continuation: the survivor continuation portion and the option portion.** If Survivor Continuation applies, the survivor continuation portion is paid to your eligible survivor and the option portion is paid to your beneficiary. You can also name your eligible survivor as your beneficiary.

If your employer has not contracted for Survivor Continuation or if you do not have an eligible survivor at the time of retirement, then the beneficiary receives the same amount the retiree had been receiving. The Option 2 requires the greatest reduction from the Unmodified Allowance.

Your retirement allowance will **increase** to the Unmodified Allowance Option amount if:

- Your beneficiary dies; or
- Your non-spouse 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 Option 2, you may elect the slightly higher allowance under Option 2W. However your allowance will not increase to the Unmodified Allowance Option amount under the situations described in Option 2.

### Option 3

In this option, the retiree receives a greater monthly benefit than with Option 2 or 2W, but the lifetime beneficiary allowance is less.

**There may be two portions to this benefit if the employer contracts for Survivor Continuation: the survivor continuation portion and the option portion.** Upon the retiree's death, 1/2 of the option portion is paid to the beneficiary. If applicable, survivor continuation is paid to the eligible survivor. The amount paid upon the retiree's death is between 1/2 to 3/4 of what the

retiree had been receiving depending on whether or not survivor continuance is applicable and whether the member was coordinated with Social Security while employed. You can also name your eligible survivor as beneficiary.

Your retirement allowance will increase to the Unmodified Allowance Option amount if:

- Your beneficiary dies; or
- Your non-spouse beneficiary waives entitlement to the Option 3 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 3W**

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

### **Unmodified Allowance**

This is the highest monthly allowance you can receive. The Unmodified Allowance provides no continuing allowance to a beneficiary, and **allows no return of unused member contributions after your death**. All other retirement options require a reduction to the Unmodified Allowance in order to provide a benefit to a beneficiary.

### **Option 4**

Option 4 allows you to choose a more customized benefit as long as the amount to your beneficiary is no greater than the benefit provided under Option 2W.

There is no provision under any Option 4 calculation for your allowance to increase to the Unmodified Allowance Option amount provided with Options 2 or 3.

The following are the types of Option 4 allowances currently available:

- Option 2W & Option 1 combined
- Option 3W & Option 1 combined
- Specific dollar amount to beneficiary
- Specific percentage to beneficiary
- Reduced allowance for fixed period of time
- Reduced allowance upon death of retiree or beneficiary
- Multiple lifetime beneficiaries

Request the CalPERS publication *A Guide to CalPERS Retirement Option 4* for more information about this option.

### **Survivor Continuance**

Some CalPERS employers contract for **Survivor Continuance**. This is also known as Post Retirement Survivor Allowance (PRSA). Check with your employer to determine if this benefit applies to you. This benefit provides an employer-paid continuing monthly benefit to an eligible survivor.

**CalPERS does not reduce your monthly retirement allowance to provide this benefit.** You cannot choose your survivor, as State law specifies those who are eligible. For your qualified spouse or registered domestic partner, this benefit continues for their lifetime, provided you remain married or in the domestic partnership until your death. State law defines an eligible survivor as:

- First, your spouse provided you have been married at least one year before your retirement and remained married; or
- Your domestic partner if you were legally registered at least one year prior to your retirement and remained domestic partners; or
- 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, may receive this benefit until marriage or age 18. Or your 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; or
- Qualifying financially dependent parents; if none of the above.
- If you do not have an eligible survivor, the benefit is not paid.

### **Beneficiary**

Even if you have eligible survivors, a beneficiary can be anyone you choose, including someone other than your eligible survivor, to receive either a lump sum benefit or a monthly lifetime benefit upon your death. Your beneficiary may or may not be the same person as your eligible survivor.

## REQUESTING A RETIREMENT ESTIMATE

Since financial considerations are such an important part of your retirement decision, you should obtain an estimate of your retirement benefits when you begin to think seriously about retirement. There are two main ways to obtain a CalPERS retirement estimate—on the Internet or from CalPERS staff. Both types of estimates approximate your retirement benefit.

1. The CalPERS On-Line Retirement Planning Calculator is the fastest and most convenient way to get an estimate. The advantage of the online calculator is that you can make projections and experiment with different scenarios to see how they might affect your benefit, such as working longer before retiring.

If you have registered online for a User ID and Password, access the Retirement Planning Calculator via **myCalPERS**. From there you can run and save the estimates for any ongoing planning purposes.

2. We recommend requesting a CalPERS-prepared estimate as soon as you are within six months of retirement. To request a CalPERS prepared estimate:
  - Visit **myCalPERS**; or
  - Submit a *Retirement Allowance Estimate Request* form; or
  - Call CalPERS at **888 CalPERS** (or **888-225-7377**)

**Note:** Your CalPERS staff-prepared estimate will use currently reported payroll information. Any future salary increases or future special compensation will not be reflected in this estimate and results could differ from your actual retirement allowance.

## RETIREMENT PLANNING CHECKLIST

### One Year Before Retiring

- Review your most recent CalPERS Annual Member Statement. If you don't have it available, you can register to view your statement online at [www.calpers.ca.gov](http://www.calpers.ca.gov) through the myCalPERS portal. If you do not have Internet access, contact CalPERS at **888 CalPERS** (or **888-225-7377**) to request a copy.
- If you think you may be eligible to purchase additional service credit for employment not shown on your statement, you should request *A Guide to Your CalPERS Service Credit Purchase Options* and complete the appropriate forms. **You must submit your request to purchase service credit before your retirement date to be eligible to purchase that service.**
- Use the Retirement Planning Calculator at the CalPERS Web site, [www.calpers.ca.gov](http://www.calpers.ca.gov) via myCalPERS to begin determining when you want to retire.
- Contact the Social Security Administration for information on benefits under that system and your Medicare eligibility.
- Contact your financial planning advisor for assistance integrating your CalPERS benefits into your overall retirement planning strategies.
- Attend one of the various CalPERS Retirement Education classes. You may enroll online via myCalPERS and see descriptions of the classes available. If you do not have Internet access, contact CalPERS toll free at **888 CalPERS** (or **888-225-7377**).

### Nine Months Before Retiring

- If you are also a member of another public retirement system in California, you should review the *A Guide to CalPERS When You Change Retirement Systems* publication. Contact the other public retirement system to determine their process requirements and timeframes to apply for retirement. Your retirement date must be the same with both systems for reciprocity benefits to apply.

### Six Months Before Retiring

- If you have not already done so, it is time to think about having a CalPERS-generated retirement estimate prepared. You can request a CalPERS-generated retirement estimate through your myCalPERS access. Use the "My Planning Tools/Request My Retirement Estimate" function tabs on our Web site at <http://my.calpers.ca.gov> or complete the *Retirement Allowance Estimate Request* form in this publication and send it to CalPERS. This information can help you choose your actual retirement date and help you select your retirement benefit option.

- Request the publication *A Guide to Completing Your CalPERS Service Retirement Election Application*.

#### Four to Five Months Before Retiring

- Begin working on your *Service Retirement Election Application* form in the publication, *A Guide to Completing Your CalPERS Service Retirement Application*. Since your employer must complete some of the information, we suggest you complete Sections 1 through 6 and then take it to your Personnel Office to complete Section 7. Completing these sections four to five months before your retirement date will ensure your employer has enough time to complete Section 7 so you can submit the completed form to CalPERS 90 days before your retirement date.
- This is also the time you should begin to gather and make copies of some of the required documents you will need. **Remember, only send CalPERS copies of these documents — never send originals. Always include your Social Security number on every document you submit.** There is a Required Documents Checklist in *A Guide to Completing Your CalPERS Service Retirement Application* you can refer to before you send in your application.
- Find out about the taxability of your retirement allowance from Internal Revenue Service and State Franchise Tax Board representatives, or ask your private tax consultant or attorney. Taxes will be automatically withheld unless you make a specific election. If you are a CalPERS member who resides outside of California, California State tax will not be withheld unless you specifically request CalPERS to do so.

#### Three to Four Months Before Retiring

- If your Personnel Office has not yet returned your retirement application to you with Section 7 completed, this is the time to have them do so.
- Finish completing the remainder of the application (Section 8 –Tax Withholding Election and Section 9 - Member Signature and Notary).
- Review the other forms in *A Guide to Completing Your CalPERS Service Retirement Election Application* to see if they apply to your individual situation. These include: *Retirement Allowance Estimate Request*, *Direct Deposit Authorization*, and *Justification for Absence of Spouse's or Domestic Partner's Signature*.

#### Three Months Before Retiring

- Now it's time to send your completed *Service Retirement Election Application* form and any other applicable forms to CalPERS at the address shown on each form. Be sure you keep a copy of all forms and

supporting documents for your records and future reference. Apply timely. Any delay in mailing your application could result in a delay of your first retirement check.

- Contact your employer (Department of Personnel Administration for State employees) to find out how to apply for any deferred compensation funds you may have.
- Ask your credit union, employee organization, or insurance plan if the following payroll deductions can be continued into retirement:
  - Credit union payments and shares
  - Employee organization dues
  - Life insurance
  - Dental insurance (other than State employees)
  - Health insurance (if not covered under CalPERS-administered health plan)
  - CalPERS Long-Term Care Program
- Contact your health benefits officer or Personnel Office to determine your eligibility for health and dental coverage as a retiree. See more information below on Health, Dental, and Vision benefit eligibility.

## Congratulations on Your Retirement

After you retire, this is the general timeframe for CalPERS to receive all final information from your employer and make final adjustment to your retirement calculation.

## One to Four Months After Retirement

If you applied timely, in most cases you should receive your first retirement check around the first of the month following your retirement date.

If you did not retire on the first of the month, your check will cover the period from your retirement date to the end of the month. Thereafter, CalPERS will transmit funds for direct deposit or mail your retirement checks on the first of the month. Your financial institution will determine when your direct deposit funds are available.

- If you submitted a request for cost to purchase service credit with your retirement application, we will process your request, provide your cost election package and provide a timeframe for you to respond. You must respond within the designated timeframe if you wish to purchase the service credit.
- Once you return the election to CalPERS, we will adjust your retirement allowance. Your retirement will be adjusted retroactive to your retirement date. Typically this processing adjustment occurs within four months of retirement.

## Seven Months After Retirement

- Your retirement check will reflect payroll and service credit information posted by your employer at the time your retirement benefit was calculated. Once your employer reports all final payroll information, you may receive an adjustment retroactive to your retirement date. Please allow at least seven months for all final payroll to be processed and adjustments made to your retirement. If after you have received seven retirement checks and you believe that your retirement calculation should reflect a higher final compensation or service credit, call CalPERS toll free at **888 CalPERS** (or **888-225-7377**).

## OTHER THINGS TO CONSIDER

### Disability Retirement

This type of retirement applies if you are disabled and can no longer perform the duties of your job. You may also be required to show you cannot perform the usual duties of your job with other CalPERS-covered employers. Disability retirement has no minimum age requirement and your disability does not need to be job related. For more information, refer to *A Guide to Completing Your Disability Retirement Election Application*.

### 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 2008, you will pay contributions on \$230,000 of your salary and, if you retired in 2008, your retirement benefit calculation would use \$230,000 as your highest final compensation.

## Internal Revenue Code (IRC) 415(b) Retirement Benefit Limits

IRC Section 415 of the Internal Revenue Code places limits on the annual benefit you can receive from a tax-qualified pension plan such as CalPERS if you retire at “normal retirement age.” The amount is \$185,000 for 2008. It is indexed annually for inflation and reduced for early retirement.

In some cases, State Safety, Local Safety, State Patrol, or State Peace Officer/Firefighter members may be considered as retiring at Social Security “normal retirement age,” even though their actual age is younger.

If you first became a CalPERS member prior to January 1, 1990, under certain circumstances your benefit may not exceed these limits. If at your retirement CalPERS finds that your benefit must be limited under Section 415, CalPERS will enroll you in a replacement benefit program and pay a monthly amount that will, to the extent possible, make up for the limitations on your CalPERS benefit.

## Community Property

If there is a community property claim on your retirement account, you must provide CalPERS a copy of the court order that resolves the claim. This allows us to determine if the order is acceptable before you can begin receiving retirement benefits. If you are not sure if CalPERS has this information, or you have questions about your court settlement and your benefits, contact CalPERS 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, you should review the *Temporary Annuity* publication.

## Reciprocity

If you are a member of another California public retirement system and you have also worked for CalPERS employers, you may have additional rights. 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 some retirement rights and related benefits. This is called “reciprocity.”

If you are no longer a member of CalPERS because you withdrew contributions, you may be able to redeposit contributions to establish reciprocity. To ensure you receive all benefits to which you are entitled, there are steps you must take.

The publication *A Guide to CalPERS When You Change Retirement Systems* is available in the CalPERS On-Line Forms and Publications Center.

You must file for retirement separately with each system. **If you retire from each system on the same date** your benefits may be based on the highest compensation earned under all systems.

## Taxes and Your Retirement

Federal and State laws require CalPERS to use certain methods to calculate and report the taxable portion of your retirement allowance. Please reference the tax information at the back of the publication *A Guide to Completing Your CalPERS Service Retirement Election Application* which is available in the CalPERS On-Line Forms and Publications Center.

## Employment After Retirement

Before accepting employment with any employer, it is your responsibility to:

- Ask if they contract with CalPERS for retirement benefits.
- Wait 60 days before beginning employment with a CalPERS employer if you are younger than the “normal retirement age,” as specified by your highest retirement benefit formula. Also, you cannot have a pre-arranged agreement for returning to employment under this scenario.
- Understand that you may not work over 960 hours in a fiscal year for a CalPERS employer, nor can you accept a permanent part-time position even though the hours may be less than 960 hours in the fiscal year.
- Inform them you are receiving service, disability or industrial disability retirement benefit from CalPERS.
- Ensure you are in compliance with the statutes governing employment after retirement.
- Request the publication, *A Guide to Employment After Retirement* for more detailed information.
- Request the publication, *A Guide to Reinstatement from Retirement* if you wish to work more hours than allowed.

## Health Benefits Eligibility

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

- Retire within 120 days of the date of your separation from employment
- Retire from an employer (and bargaining group, if applicable) that contracts for health benefits through CalPERS
- Receive a monthly retirement allowance
- Were eligible for health enrollment upon separation of employment

## Health Vesting

If you are a State employee and were hired after January 1, 1985, you may be subject to vesting requirements that can affect the amount the State contributes to your health benefits premium. Contact your Personnel Office for assistance.

## 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 to continue into retirement, you need to cancel your coverage by submitting a *Health Benefits Plan Enrollment* 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 request re-enrollment, or wait for the next Open Enrollment period.
- To enroll in a health plan during Open Enrollment, complete and submit the *Health Benefits Plan Enrollment for Retirees* form to CalPERS. This form can also be used by retirees to change health plans or add eligible dependents during Open Enrollment. Open Enrollment is held each fall, and changes become effective the following January 1.

## Medicare Eligibility

When you retire, you and any covered family members who are eligible for enrollment in Medicare Part A (Hospital) and Part B (Medical) **must** enroll in a CalPERS-sponsored Medicare health plan.

Enrollment in a CalPERS-sponsored Medicare health plan is not automatic. You must establish your eligibility at the time of retirement by forwarding a copy of your Medicare card or Letter of Entitlement, along with your enrollment request, to the CalPERS Office of Employer and Member Health Services.

## Dental Benefits Eligibility

State employees who receive a monthly CalPERS retirement allowance and who retire within 120 days of separation from employment are eligible for dental benefits. Continuation of your dental coverage into retirement is not automatic. Your Personnel Office must complete a new *Dental Plan Enrollment Authorization* form.

## Dental Vesting

If you are a State employee and were hired after July 1, 1998, you may be subject to vesting requirements that can affect the amount the State contributes to your dental benefits premium. Contact your Personnel Office for assistance.

## Vision Plan

If you are a State of California retiree, you are eligible to enroll in the State Retiree Vision Program, which is offered through the Vision Service Plan (VSP). The Retiree Vision Program provides vision coverage for you and your eligible dependents at your cost.

The Department of Personnel (DPA) coordinates the program through VSP. More information and enrollment forms are available at [www.dpa.ca.gov](http://www.dpa.ca.gov) and [www.vsp.com/go/stateofca](http://www.vsp.com/go/stateofca), or you may call VSP at (800) 877-7195.

## Consolidated Omnibus Budget Reconciliation Act (COBRA)

The Consolidated Omnibus Budget Reconciliation Act (COBRA) Continuation Coverage allows you to continue health coverage for yourself and/or your dependents if you involuntarily lose your health benefits. If you are eligible for COBRA, you will be automatically notified by your employer.

## Long-Term Care Program

If you are enrolled in the CalPERS Long-Term Care Program and have premiums deducted from your paycheck, you will need to call the Program's Customer Service line at (800) 982-1775 to find out how to continue payment of your premiums after retirement.

## BECOME A MORE INFORMED MEMBER

### CalPERS On-Line

Visit our Web site at [www.calpers.ca.gov](http://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.  
TTY: For Speech & Hearing Impaired (916) 795-3240

### my|CalPERS

Stay informed and be in control of the information you want and need — with my|CalPERS!

my|CalPERS is the personalized and secure Web site that provides all your retirement, health, and financial information in one place. Take advantage of the convenience of 24/7 access to learn more about CalPERS programs and services that are right for you in your career stage. With my|CalPERS, you can:

- Get quick and easy access to all your account information.
- Manage and update your contact information and online account profile.
- Access information about your health plan and family members enrolled in your plan.
- See all the information you need to make health plan decisions.
- View, print, and save online statements.
- Go “green” by opting out of receiving future statements by mail.
- 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.

### CalPERS Education Center

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

- Take online classes that help you make important decisions about your CalPERS benefits and your future.
- Register for instructor-led classes at a location near you.
- Download class materials and access information about your current and past classes.
- Browse our retirement fair schedule.
- Make a personal appointment with a retirement counselor.

Log in today at [my.calpers.ca.gov](http://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

## 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.*



**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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