California Faculty Association

CFA S'25 Retirement Webinar 4/15/25 & 4/16/25

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Webinar Logistics

1. This webinar is being recorded
2. Chat is disabled but please use the Q&A to ask questions
3. This Powerpoint as well as a recording of this webinar will be posted on the Retired Faculty Committee webpage: https://www.calfac.org/retired-faculty-committee; **there is also a retirement FAQ**
4. Texting me is **much** more effective than emailing me; C: **408-398-944**9

AGENDA:

1. Introduction & genesis of this workshop
2. 7 short polls
3. The 3 CalPERS tiers and the 3 components
4. A wrinkle in FERP plus PRTB
5. The CalPERS website and 8 regional offices
6. Health benefits and why we're special
7. Flex cash and the CalPERS "buck"
8. Lifetime health benefits: how to make sure
9. Delta Dental and VSP Optical in retirement
10. Medicare: how to compute Part B premiums
11. Social Security: a second defined benefit pension
12. A recap of the 3 CalPERS tiers and key features
13. Purchasing Service Credit
14. The virtue of sick leave
15. Beneficiaries vs. Survivors
16. The 7 different retirement options
17. The PERS COLA, PPPA, and Reciprocity with STRS/UC
18. Why you should become a retired CFA member
19. Questions from attendees

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Webinar Poll Questions

7 questions:

The 3 CalPERS Tiers

- Became a CalPERS member prior to 1/15/11:
- Tier 1 (Classic tier): 2%@55
- Became a CalPERS member 1/15/11 to 12/31/12:
- Tier 2 (2%@60) due to the 2010 PEPRA
- Became a CalPERS member post 1/1/13:
- Tier 3: 2%@62, due to the 2012 PEPRA

2% of What

- Retiring at age 55, you will receive 2% of your highest (12 or 36-month) full-time gross salary for every year of PERS service credit with which you retire.
- Tier 1: 2%@55; Maximum = 2.5%@63 years
- Tier 2: 2%@60; Maximum = **2.496%@63** years
- Tier 3: 2%@62; Maximum = 2.5%@67 Years

The salary component of your CalPERS pension: (A): your highest FT base salary

- **Tier 1** (Classic): Any **12-month average** of your highest full-time base salary
- CalPERS member post-1/15/11 (**Tiers 2 & 3**): Any 3**6-month average** of highest FT base
  - Not calendar year or fiscal year or academic year; any 12 or 36-consecutive month period, depending on membership date
  - As of 12/14 they now compute your highest FT base salary
- SS offset: $133.33 deducted from highest Full Time BS before they multiply it times your service credit and benefit factor

Three factors that determine your lifetime pension (B): your years of SC

Your number of years of service credit

1. We earn 1 yr. of service credit for full-time work in 1st 10 months during the fiscal year July 1st through June 30th (Pub 12, pg. 3).

2. Appointments less than .83 (12.45 WTUs) earn service credit on a ~pro-rata basis.

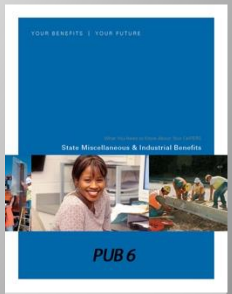
3) You EARN CalPERS service credit based on your proportion of full-time work. This is not to be confused with credit for teaching prior to the CSU.

Three factors that determine your lifetime pension: (C): age at retirement

Your benefit factor: The percentage of pay to which you are entitled for each year of service credit; this is tied to your age at retirement

Lowest at age 50 (tier 1 or 2) or 52 (tier 3)

Highest at age 63(tier 1 or 2) or 67 (tier 3)



A 3-Factor equation:

A (highest base salary) x B (benefit factor) x C (yrs of SC) = your pension:

Highest 12 or 36-month FT base salary X Years of Service CreditX the Benefit Factor tied to your age at retirement = your monthly pension.

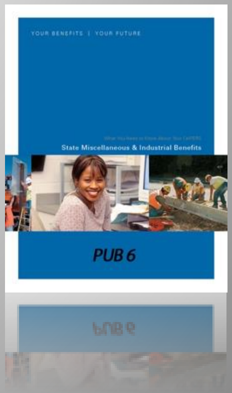
Increasing any of of the the three components will increase your pension.

Waiting to trap 12 (Tier 1) or 36 (Tiers 2&3) paychecks with a GSI, and SSI, a post-promotion increase, a promotion, or a range elevation will give you the full effect of that increase in your pension. Also, retiring at an older age w/more SC.

And remember: any outstanding paychecks disbursed as a lump sum after separation neither count towards your 12 or 36-month average FT base salary **nor** earn service credit.

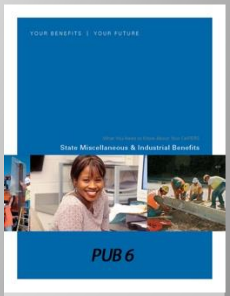
Changes to earliest age to FERP: (Beyond CFA or CSU control)

- CBA Article 29.1 may need to be modified
- IRS rules state that CalPERS can retain its nonprofit status only if rehired annuitants retire at their “normal” age” defined as 2%
- Due to the 2010 and 2012 PEPRAs, only those in 2%@55 Classic Tier 1 can FERP as young as 55 years of age
- Those in Tier 2 (2%@60) have to be 60 to FERP
- Those in Tier 3 (2%@62) have to be 62 to FERP
- And there is absolutely nothing CFA or the CSU can do about this, as it is completely out of scope; an IRS rule.



A possible alternative to FERP:
Pre-retirement Reduction of Time Base PRTB

- CBA Article 30
- Must be tenured and 55, **<u>but must be under 65</u>** to apply; also: at least 10 year FT and the last 5 must be continuous FT work.(30.3)
- Up to 5 years, can reduce time base to: 2/3, ½, or 1/3 with commensurate reduction in pay but NO REDUCTION IN CalPERS SERVICE CREDIT EARNED! PRTB for 5 years at any of the reduced time bases earns 5 full years of SC and hence, another 12.5% of your FTBS at retirement.
- Can still FERP after PRTB, but limited to no more than 50% of time base in last fiscal year before retirement. So if at 50% in PRTB, can FERP for up to 5 years at 25% time base.



Take Advantage of The Experts

https://www.calpers.ca.gov

(888) 225-7377 (Hours are Monday – Friday: 8AM-5PM)

Go to the website to get a list of regional offices in order to meet with a **CalPERS** staffer in person.

See: **Pub.1**, https://www.calpers.ca.gov/docs/forms-publications/planning-service-retirement.pdf p. 27;

Pub. 12, https://www.calpers.ca.gov/docs/forms-publications/service-credit-purchase-options.pdf p. 26;

Pub. 43, https://www.calpers.ca.gov/docs/forms-publications/service-retirement-election-app.pdf p. 43

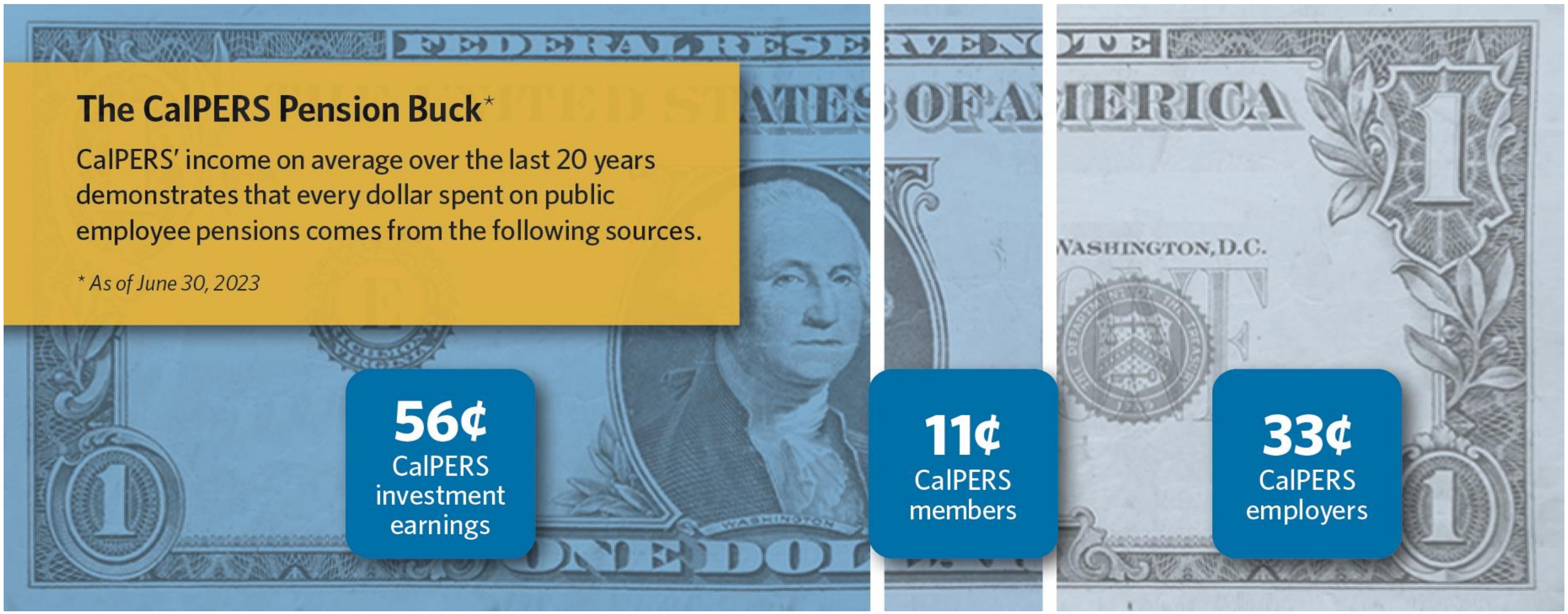
To download other Pubs:

https://www.calpers.ca.gov/page/active-members 2) Click on Members, 3) at lower right: Forms & Publications

Comparison: 100/90 to 80/80 plans: Us vs. 70% other state bargaining units while working, (30% have 80/70); all have the 100/90 in retirement

- 2025 Single party 100/90: $1,060 subsidized
- Mean Single party 80/80: $942 subsidized ($118/mo. pay cut)
- 2025 2-party 100/90: $2,039 subsidized
- Mean 2-party 80/80: $1,631 subsidized ($408/mo. pay cut)
- 2025 Family 100/90: $2,551 subsidized
- Mean Family 80/80: $2,268 subsidized ($283/mo. pay cut)

Mean annual PERS pension = $35.4K!
Median CalPERS pension = $19K!



Flex Cash:

Flex Cash Option:

- **$140/month** (medical $128 and dental $12) **Note**: $12 for giving up Delta Dental Enhanced isn't worth it, as you can "double-dip" both dental benefits if you are enrolled in both. This isn't possible for medical benefits.

- Available for those who qualify for benefits but do not use them due to other non-CSU coverage. Conditions apply. Not possible post retirement.

- To enroll/get more info:

https://www.calstate.edu/csu-system/careers/benefits/csu-benefits-open-enrollment/Documents/csu-flexcash.pdf

General Information:
Lifetime health and dental benefits (1)

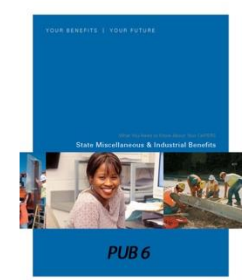
<u>For lifetime health and dental benefits after retirement:</u>

1. You must be vested and be eligible for benefits at retirement: 50 or 52, depending).
2. You must choose a retirement date **no more than 120 days** later than your separation date, and **ideally no more than 30 days** later, otherwise you lose the ability to retain your healthcare into retirement.
3. You must be eligible for health benefits (a .4 or 6 unit timebase) at retirement; ½ time if 40 hour/week faculty.

If hired after 1989, some **CalPERS** phone staff think we need 25 years for full health vesting; we don't!


Spiraling premiums far outpace pay raises

We are the **only** state system that receives **100%** state coverage of health and dental premiums after retirement with only 5 – or 10 -years of service* All other units need 25 years. This is because we are the only ones who don't receive annual step increases of 4.8% that we don't have to bargain, unlike the other state bargaining units.



* Up to the CSU subsidized limit; whether you pay a small monthly premium after retirement is based on your plan (i.e., whether you currently pay an increment above the subsidy level)

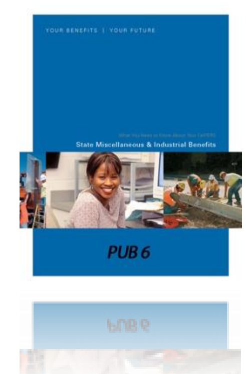
General Information:

Lifetime health and dental benefits (2)

<u>For lifetime health and dental benefits after retirement:</u>

If you're a Lecturer and you don't have 5 years of CalPERS service credit when you lose your employment in the CSU:

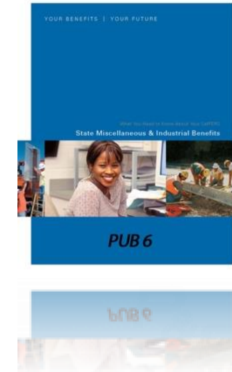
Government Code 20970:
As long as you had 5 academic years of consecutive service, CalPERS will use your accumulated sick leave to see if it provides enough service credit to help you become fully vested.



Delta Dental:

We shift to subsidized Delta Basic in retirement

Slide 19



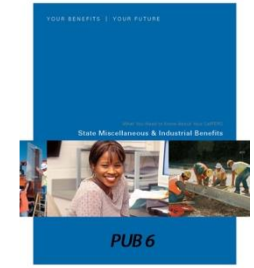
- We can now enroll in Delta Voluntary Enhanced II (PPO/Premium) in retirement but at our cost:

- $**15.70/month** (without the Delta Basic subsidized, this is $65/mo.) $50 deductible per year, $2000 maximum benefits/year. Crowns/implants at 80%, prophylaxis: 100% ($29.30 for 1 dependent, $53.84 for family).

- Delta Basic (**subsidized**): $1500 maximum yearly benefit & only covers crowns/implants at 50%, prophylaxis at 75%.
- Delta Vol. Enhanced HMO: $6.49/month; **no cap** but doesn't cover implants.
- (For +1 and family costs, please see the Retirement FAQ)
- http://www.csuretirees.calstate.edu/ (800-626-3108)

Delta Dental:

We shift to subsidized Delta Basic in retirement



- Added features from Delta Dental:

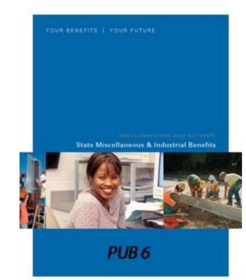
- Access to hearing aid discounts offered through Amplifon-Hearing Health Care, which offers discounts on top hearing aid brands offering an average of a 62% savings off retail prices as well as thousands of hearing care providers.
- To enroll visit Amplifon USA, or by calling: 888-779-1429.

- NOTE: CFA is very aware that due to the low reimbursement rate of Delta Dental that a number of dentists have dropped Delta. The Retired Faculty Committee tried to 1) approach Delta, and 2) investigate a different Dental Insurance, bit to no avail.
- Contact: https://dmhc.ca.gov and click on: file a complaint

VSP Vision Coverage

not subsidized in retirement except for .5 FERP

- ❑ We lose our subsidized vision coverage because this isn't a **CalPERS** benefit; it's an employer provided benefit. We are now eligible to enroll in the state retiree vision program that is being offered through the Vision Service Program (VSP). To get coverage for ourselves and eligible dependants, but at our cost (VSP Basic monthly premium is now even lower:
- ❑ 2009: $9.19; now $5.10 for retiree only
- ❑ 2009: 16.48; now $9.31 for retiree and one dependent
- ❑ 2009: $17.53; now $9.98 for retiree and family)
- ❑ NOTE: you retain VSP coverage during FERP as long as it's 50% time
- ❑ NOTE: Other state employees don't have this option!



VSP Premier:

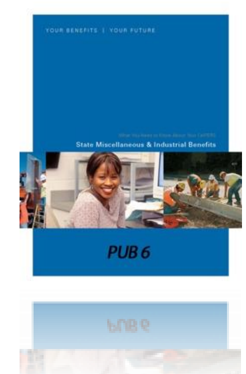
Expanded Optical Benefits for additional cost

New: VSP Premier with expanded coverage

Still employed: https://www.calstate.edu/csu-retirees/Documents/Vision-Benefits-Summary.pdf
Call: 800-866-7195
Sign up during open enrollment

Retired: https://www.vsp.com/go/csuretirees
Call VSP at (800)-400-4569

Retired Member only: $14.80/month (total, includes cost of VSP basic)
One dependent: $27.63/month
Family (2+ dependents): $29.64/month
NOTE: if member opts for VSP-Premier, **all dependents have to as well.**



2025 Medical Premium Subsidy

- In 2025 the 100% subsidy level will be:
- Employee only: $1,060
- Employee+1: $2,039
- Employee+Family: $2,551
- For active faculty (not retired) in 2025:
- Kaiser CA: $6.10/month above subsidy
- PERS Platinum: $302.01/mo. above subsidy
- Anthem Blue Cross Trad. HMO: $249.07 above
- Kaiser outside CA: $390.71/month

CalPERS plans that do not articulate with Medicare

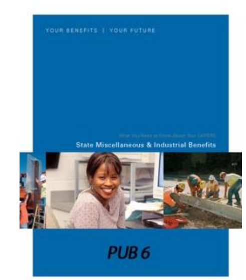
- Anthem Blue Cross (Basic) HMO
- Anthem Blue Cross Select HMO & Traditional HMO
- Anthem Blue Cross Del Norte (EPO)
- Blue Shield of CA. (HMO), Access+ (HMO), & Trio (HMO)
- Blue Shield of CA (EPO)
- Health Net of CA. (HMO)
- Salud y Mas (HMO)
- Sharp Health Plan (Basic) HMO & Performance Plus (HMO)
- United Healthcare Basic (HMO), SignatureValue Alliance & Harmony
- Western Health Advantage (HMO)

2025 MEDICARE PART B PREMIUMS per modified adjusted gross income from tax return in 2023

2023 reported MAGI	**Married filing Jointly**	**Married but file singly**	**2025 Medicare-B premium/mo**
Single or *			
$106K or less	$212K or less	$106K or less	$185.00
Above $106K to $133K	Above $212K to $266K	Not Applicable	$259.00
Above $133K to $167K	Above $266K to $334K	Not Applicable	$370.00
Above $167K to $200K	Above $334K to $400K	Not Applicable	$480.90
Above $200K but less than $500K	Above $400K but less than $750K	Above $106K but less than $394K	$591.90
$500K & above	$750K & above	$394K & above	$628.90

*

1) Head of Household
2) Qualified widow(er) with dependent kid
3) Married filing singly living apart



MOST IMPORTANT MEDICARE INFO

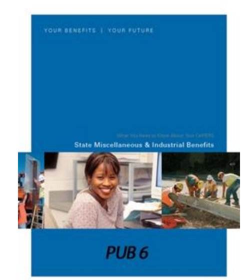
<u>WARNING</u>: under **NO** circumstances should you opt for stand-alone **Medicare D**: Prescription Drug Coverage!

1) Not only do you **not need** stand-alone Medicare D, as ALL of the CalPERS medical providers include Medicare D, but additionally:

2) If you sign up for stand-alone **Medicare D** you will **<u>lose</u>** your CalPERS medical coverage for yourself, your spouse, and any dependent children up to age 26 for **<u>LIFE</u>**!

Let me repeat: you will **lose** your CalPERS medical coverage for **life**!

So Medicare A and B <u>only</u>! Just say NO to Part D!



Retiring from Social Security: Determining your Normal/Full SS age

If you were born:	Your Full Retirement Age is:
1943-1954:	66 years
1955:	66 years, 2 months
1956:	66 years, 4 months
1957:	66 years, 6 months
1958:	66 years, 8 months
1959:	66 years, 10 months
1960 or later:	67 years

Retiring from Social Security: Deciding when to begin drawing benefits

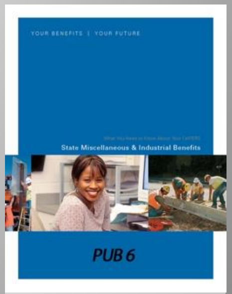
- First, Social Security is designed to be solvent
- Even before Congress repays the SS money that was "borrowed", full benefits will currently last until 2034
- Like our CalPERS pensions, it is indexed to normal inflation, which makes it more valuable than a 401K
- The break even point was set up in the 1970's, and hasn't been changed; it is still 77.5 years of age, but we are now living longer:
- Currently, a 65 y.o. man is expected to live to 87 and a 65 y.o. woman is expected to live to 91
- This means that if one retires from SS at the maximum benefit age of 70, if you live beyond 77.5 years, you receive more money over the course of your life than if you began drawing reduced benefits at 62.
- Obviously, if one dies before 77.5 then the breakeven point is at a younger age

Social Security Pension Info slide 30

- To see your SS statement:
:https://www.ssa.gov/onlineservices/?gad_source=1&gclid=EAIaIQobChMI-7Gd9LHUhQMV1DrUAR2_sAYqEAAYASAAEgJYlfD_BwE

Recap: Three factors that determine your lifetime pension: **Remember: there are 3 Tiers that affect the benefit factors.**

- **Tier 1**: PERS member **before S'11**: Earliest age of vesting = 50 (**1.1**%), **2% at age 55**, topping out at **2.5% at 63** years old.
- **Tier 2**: Member **S'11-F'12**: Earliest age of vesting = 50 (**1.092**%), **2% at age 60**, topping out at **2.418% at 63** years old.
- **Tier 3**: Member **after 1/1/13**: Earliest age of vesting = **52**,(**1.0**%) **2% at 62**, topping out at **2.5% at 67** years old.



CalPERS Benefit Factors Classic **Tier 1** (https://www.calpers.ca.gov/docs/forms-publications/benefit-factors-state-misc-industrial-2-at-55.pdf)

2 percent @ 55

BENEFIT FACTORS

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

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

Slide 33

CalPERS Benefit Factors/
Years of Service
Classic Tier 2%@55
(See link on previous slide)

PERCENTAGE OF FINAL COMPENSATION

2 percent @ 55

Age	50	51	52	53	54	55	56	57	58	59	60	61	62	63+
Benefit Factor	1.100	1.280	1.460	1.640	1.820	2.000	2.064	2.126	2.188	2.250	2.314	2.376	2.438	2.500
Years of Service	Percentage of Final Compensation													
5	5.50	6.40	7.30	8.20	9.10	10.00	10.32	10.63	10.94	11.25	11.57	11.88	12.19	12.50
6	6.60	7.68	8.76	9.84	10.92	12.00	12.38	12.76	13.13	13.50	13.88	14.26	14.63	15.00
7	7.70	8.96	10.22	11.48	12.74	14.00	14.45	14.88	15.32	15.75	16.20	16.63	17.07	17.50
8	8.80	10.24	11.68	13.12	14.56	16.00	16.51	17.01	17.50	18.00	18.51	19.01	19.50	20.00
9	9.90	11.52	13.14	14.76	16.38	18.00	18.58	19.13	19.69	20.25	20.83	21.38	21.94	22.50
10	11.00	12.80	14.60	16.40	18.20	20.00	20.64	21.26	21.88	22.50	23.14	23.76	24.38	25.00
11	12.10	14.08	16.06	18.04	20.02	22.00	22.70	23.39	24.07	24.75	25.45	26.14	26.82	27.50
12	13.20	15.36	17.52	19.68	21.84	24.00	24.77	25.51	26.26	27.00	27.77	28.51	29.26	30.00
13	14.30	16.64	18.98	21.32	23.66	26.00	26.83	27.64	28.44	29.25	30.08	30.89	31.69	32.50
14	15.40	17.92	20.44	22.96	25.48	28.00	28.90	29.76	30.63	31.50	32.40	33.26	34.13	35.00
15	16.50	19.20	21.90	24.60	27.30	30.00	30.96	31.89	32.82	33.75	34.71	35.64	36.57	37.50
16	17.60	20.48	23.36	26.24	29.12	32.00	33.02	34.02	35.01	36.00	37.02	38.02	39.01	40.00
17	18.70	21.76	24.82	27.88	30.94	34.00	35.09	36.14	37.20	38.25	39.34	40.39	41.45	42.50
18	19.80	23.04	26.28	29.52	32.76	36.00	37.15	38.27	39.38	40.50	41.65	42.77	43.88	45.00
19	20.90	24.32	27.74	31.16	34.58	38.00	39.22	40.39	41.57	42.75	43.97	45.14	46.32	47.50
20	22.00	25.60	29.20	32.80	36.40	40.00	41.28	42.52	43.76	45.00	46.28	47.52	48.76	50.00
21	23.10	26.88	30.66	34.44	38.22	42.00	43.34	44.65	45.95	47.25	48.59	49.90	51.20	52.50
22	24.20	28.16	32.12	36.08	40.04	44.00	45.41	46.77	48.14	49.50	50.91	52.27	53.64	55.00
23	25.30	29.44	33.58	37.72	41.86	46.00	47.47	48.90	50.32	51.75	53.22	54.65	56.07	57.50
24	26.40	30.72	35.04	39.36	43.68	48.00	49.54	51.02	52.51	54.00	55.54	57.02	58.51	60.00
25	27.50	32.00	36.50	41.00	45.50	50.00	51.60	53.15	54.70	56.25	57.85	59.40	60.95	62.50
26	28.60	33.28	37.96	42.64	47.32	52.00	53.66	55.28	56.89	58.50	60.16	61.78	63.39	65.00
27	29.70	34.56	39.42	44.28	49.14	54.00	55.73	57.40	59.08	60.75	62.48	64.15	65.83	67.50
28	30.80	35.84	40.88	45.92	50.96	56.00	57.79	59.53	61.26	63.00	64.79	66.53	68.26	70.00
29	31.90	37.12	42.34	47.56	52.78	58.00	59.86	61.65	63.45	65.25	67.11	68.90	70.70	72.50
30	33.00	38.40	43.80	49.20	54.60	60.00	61.92	63.78	65.64	67.50	69.42	71.28	73.14	75.00
31	34.10	39.68	45.26	50.84	56.42	62.00	63.98	65.91	67.83	69.75	71.73	73.66	75.58	77.50
32	35.20	40.96	46.72	52.48	58.24	64.00	66.05	68.03	70.02	72.00	74.05	76.03	78.02	80.00
33	36.30	42.24	48.18	54.12	60.06	66.00	68.11	70.16	72.20	74.25	76.36	78.41	80.45	82.50
34	—	43.52	49.64	55.76	61.88	68.00	70.18	72.28	74.39	76.50	78.68	80.78	82.89	85.00
35	—	—	51.10	57.40	63.70	70.00	72.24	74.41	76.58	78.75	80.99	83.16	85.33	87.50
36	—	—	—	59.04	65.52	72.00	74.30	76.54	78.77	81.00	83.30	85.54	87.77	90.00
37	—	—	—	—	67.34	74.00	76.37	78.66	80.96	83.25	85.62	87.91	90.21	92.50
38	—	—	—	—	—	76.00	78.43	80.79	83.14	85.50	87.93	90.29	92.64	95.00
39	—	—	—	—	—	—	80.49	82.91	85.33	87.75	90.25	92.66	95.08	97.50
40	—	—	—	—	—	—	—	85.04	87.52	90.00	92.56	95.04	97.52	100.0

Examples of pension:
Tier 1: Retiring at age 63 (with the unmodified option)

P&B

Examples at $6000/mo. highest base salary:

a. **10 years** x $6000 x 2.5% = $1500/month for life (25% of HBS)

b. **15 years** x $6000 x 2.5% = $2250/month for life (37.5% of HBS)

c. **20 years** x $6000 x 2.5% = $3000/month for life (50% of HBS)

d. **30 years** x $6000 x 2.5% = $4500/month for life (75% of HBS)

e. At **40 years** of service credit your monthly lifetime pension is 100% of your highest base salary ($6000/mo.) with the unmodified option.

f. Each additional year of service credit boosts your pension by 2.5% at age 63+

Examples of pension:Tier 2: Retiring at age 63 (with the unmodified option)

https://www.calpers.ca.gov/docs/forms-publications/benefit-factors-state-misc-industrial-2-at-60.pdf

Examples at $6000/mo. highest base salary:

a. **10 years** x $6000 x 2.418%=$1450.80/month 4 life (24.18% of HBS)

b. **15 years** x $6000 x 2.418 %=$1875/month 4 life (36.27% of HBS)

c. **20 years** x $6000 x 2.418 %=$2901.60/month (48.36% of HBS)

d. **30 years** x $6000 x 2.418 %=$4352.40/month 4 life (72.54% of HBS)

e. At **40 years** of service credit your monthly lifetime pension is 96.72% of your highest base salary ($5803.20/mo.) with the unmodified option. By working an additional semester = 100% ($6000/month).

f. Each additional year of service credit boosts your pension by 2.418%

Effect of "Pension Reform" from 2010 PEPRA: "Tier 2" To see the chart of benefit factors: https://www.calpers.ca.gov/docs/forms-publications/benefit-factors-state-misc-industrial-2-at-60.pdf

- 2nd Tier for new members/employees as of 1/15/11:
- "Reintroduces New" formula: **2% at 60** rather than 2% at 55
- Reintroduces from pre-1999 the highest average base salary over 3 years rather than 1 year from the 2010 Budget Act.
- Maintains earliest vesting age: 50; maximum benefit factor at age 63

Effect of "Pension Reform" from 2012 AB340, PEPRA: "Tier 3" To see the chart of benefit factors: https://www.calpers.ca.gov/docs/forms-publications/benefit-factors-state-misc-industrial-2-at-62.pdf

- No changes for current CalPERS members, as of 12/31/12
- An increase in employee contributions to ½ of the normal cost (8%) vs 5% for Tiers 1 & 2. Due to a CSU carve-out**, this will not be a mandatory subject of bargaining for Tiers 1 & 2 until 1/1/18, but operationally not until 2021 at the earliest (Note: this has never been brought up in bargaining.**
- New 3rd Tier for new members/employees as of 1/1/13:
- New formula: **2% at 62** rather than 2% at 60 or 2% at 55
- Continues highest average base salary over 3 years rather than 1 year from the 2010 Budget Act.
- Earliest vesting age: 52/maximum benefit factor at age 67

Examples of pension:
Tier 3: Retiring at age 67 (with the unmodified option)

P&B

Examples at $6000/mo. highest base salary:

a. **10 years** x $6000 x 2.5% = $1500/month for life (25% of HBS)

b. **15 years** x $6000 x 2.5 % = $2250/month for life (37.5% of HBS)

c. **20 years** x $6000 x 2.5 % = $3000/month for life (50% of HBS)

d. **30 years** x $6000 x 2.5 % = $4500/month for life (75% of HBS)

e. At **40 years** of service credit your monthly lifetime pension is 100% of your highest base salary ($6000/mo.) with the unmodified option.

f. Each additional year of service credit boosts your pension by 2.5% at age 63+

Service Credit Payment Options:

(Pub 12, page 7-8):
https://www.calpers.ca.gov/docs/forms-publications/service-credit-purchase-options.pdf

- Lump Sum (check, credit card, or debit card)
- Payment schedule up to 180 months (15 years); two options, each with pros and cons, including interest payments:
- Pre-tax: reduces your tax burden but unable to pay off early.
- NOTE: As of 1/1/20, you'll have to pay remaining balance at retirement date or elect to receive a reduced monthly benefit.
- Post-tax: doesn't reduce your tax burden, but able to pay off early

Service Credit Purchases:
(Pub 12, pp. 3-5 & 19-24)

- You have to submit your application to purchase SC before you retire. PERS recommends at least 1-year pre-retirement. Earlier will be less expensive than waiting until later.

- It takes 3-12 months for CalPERS to send you a cost statement, informing you how much SC you can purchase and the cost.

- Once you receive the cost statement you have 60 days to make the purchase.

- Even if you have been retired for a year when you finally purchase it, CalPERS will make you whole back to your retirement date!

+ Purchasing Service Credit:
Rolling over other funds

- You can roll over ANY qualified investment (401K, 403B, 457, TIAA-CREF, trad. IRAs but **not Roth**.) to help pay for any service credit purchase. **Now rolling over PST-Savings Plus $ will NOT expose you to the WEP: Windfall Elimination Provision, and a reduction in your Social Security pension!** So now you can roll over your PST account to purchase Service Prior to membership!

P&B

Service Credit Payment Options:

(Pub 12, pp. 19)

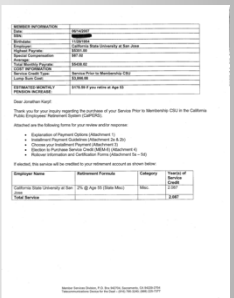
If interested in roll-over to buy service credit, contact CalPERS to get form. See: URL below for info:

https://www.calpers.ca.gov/docs/forms-publications/rollover-certification-form.pdf

You should contact your plan early in the process to ensure that the funds are available to roll over by the time you receive the CalPERS cost statement, as you only have 60 days once you receive the cost statement to make the purchase. It's a good idea to request the roll-over form and submit it nol later than when you apply to purchase service credit, as it often takes awhile for your money to be released.

Purchasing Service Credit:
Service prior to membership [Pub. 12: pp. 3 & 12-13]

- Especially important for all PT lecturers who taught for a while **before** becoming a **CalPERS** member, and for those who were lecturers prior to becoming TT faculty. Purchase as early as possible.



- Least expensive kind of service credit to purchase: you only pay the lower employee cost, and not the 30% employer cost, plus is based on HBS at time you became a **CalPERS** member, rather than your current Highest FT Base Salary.

- See Pub. 12, page 13.

Service Credit Purchase Options:
Service Prior to Membership

1) First fill out the application on the CalPERS web site: https://www.calpers.ca.members/retirement-benefits/service-credit

2) Scroll down to the 11th link for Prior Service and follow instructions, print out the purchase application and send to CalPERS via certified mail.

(See Pub. 12 for info, but use the website to apply: Under "Service Credit" select "Make a Service Credit Purchase"

3)Text me at 408-398-9449 if you need help filling out the application

Purchasing Service Credit:

You can also buy back service credit from:

- DIP's (Difference in Pay Leaves) if you lost service credit Pub. 12, (pp. 7-9: use the **Sabbatical** Leave purchase option on website)

- Year-long or 2-quarter, partially-funded sabbaticals Pub. 12, (pp.7-9: use the **Sabbatical** Leave purchase option on website)

- Unpaid maternity/paternity leaves or any unpaid professional or medical leaves (Pub. 12 pp. 9-10: use the **Leave of Absence** purchase option on website)

- **All of these will be cheaper if done earlier**, due to your lower base salary. See Pub. 12: pp. 9-10 & 24. Use the PERS website.

Purchasing Service Credit:
You can buy back service credit from:

- Peace Corps, Americorps & VISTA: you may buy up to 3 years of CalPERS service credit (Pub. 12, pp. 3,8, 37-38): https://www.calpers.ca.gov/page/active-members/retirement-benefits/service-credit Click on: Peace Corps, AmericorpsVIsta link

- Active Military service: you can buy up to 4 years (Pub. 12, pg. 5, but see **Pub. 15: https://www.calpers.ca.gov/docs/forms-publications/military-service-credit-guide.pdf**) But **not** if you have 20 years service and hence a military pension.

- Also, contact **CalPERS** for info on these purchases.

- These use your current salary for costing though.

The Added Benefit of Unused Sick Leave: See Pub.1, page 6, by clicking the link below: https://www.calpers.ca.gov/docs/forms-publications/planning-service-retirement.pdf

- We earn 8 hours of sick leave for every monthly pay period at full-time (12 periods/year)

a. 96 hours per year for a 1.0 appointment. More or less Pro-rata per fiscal year for less than full-time appointments.

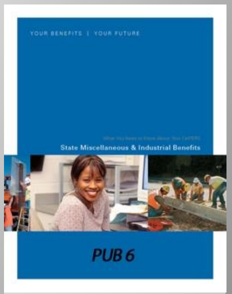
- At retirement our unused sick leave translates into additional service credit at a rate of .004 years for each unused sick leave day (i.e., 8 hours) – but only if you retire within 120 days of separation!

a. 250 days of sick leave (2000 hours) = one year of service credit, so 4000 hrs = two years of service credit. Maximum = 4800 hours.

b. Check with your HR Dept. to make sure their records are accurate – ***trust but verify***

Your Pension; Definition of Terms: Beneficiary vs. Survivor

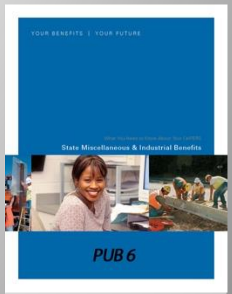
- **Beneficiary**: someone who may receive a monthly pension check after your death for the rest of their life
- A beneficiary can be anybody: a spouse, domestic partner, child, friend, your estate, a trust, etc.
- **Survivor**: someone who will receive the Survivor Continuance after your death. (pub. 6, pg. 10)
- Your survivor can be the same person as your beneficiary or someone else, but is defined by law
- Your survivor will receive 25% of your unmodified pension amount as a monthly check for the rest of their life, but does NOT reduce your pension check as does having a beneficiary!



Definition of Terms:
Beneficiary vs. Survivor; Pub. 6, pg. 11

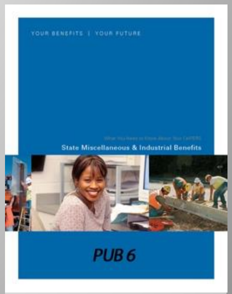
- By law, a survivor is (in the following **order**):

1) a legal spouse, married at least 1 year pre-retirement
2) a domestic partner, at least 1 year pre-retirement
3) an unmarried minor child, biological or adopted, under 18 years of age; only continues until 18th birthday
4) an unmarried child who was disabled before age 18: until disability end or until marriage
5) if none of the above, qualifying economically-dependent parents
6) If none of the above: **no** survivor



A Brief Overview: Survivor Continuance

- The CSU opted in to "Survivor Continuance" with PERS
- This means if you die before your CalPERS legal "survivor", your survivor will receive a monthly check that is 25% of your unmodified pension check, even if you chose another retirement option to retire under.
- This is independent of the beneficiary benefit check that stems from choosing those options, but your beneficiary <u>total cannot exceed your pension amount</u>
- **This means that one could choose the unmodified option,** and still convey medical and dental benefits to a surviving spouse or domestic partner.
- I have verified this with CalPERS.



A Brief Overview: The 7 Retirement Options: https://www.calpers.ca.gov/docs/forms-publications/service-retirement-election-app.pdf

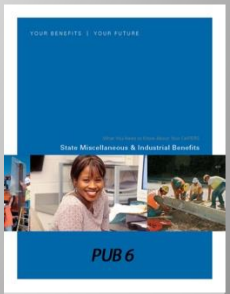
- -w/less than 20 yrs., If you die before being vested your beneficiary receives $5000 group life + 6 mos. Pay; 20+ yrs. You receive $5000 group life only. (Pub. 6, pg. 12-13)

Slide 51

- The Unmodified option yields the highest possible pension; this is what the tables on pg. 29,31,33 Pub. 6 2019 refer to, because there is no beneficiary. But due to the survivor continuance, health benefits will continue to survivor

- "Return of Remaining Contributions Option 1" gives a slightly lower pension and a lump sum of remaining EE contributions to beneficiary. These are gone after an average of 10 years, as the EE contributions are used 1st, then ER, and lastly market $.

- Options with beneficiaries: trade offs between the amount of your pension vs. your beneficiary.



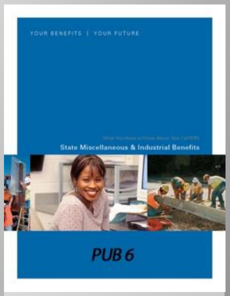
A Brief Overview: The 7 Retirement Options

- 100% Beneficiary Option 2) provides the highest possible beneficiary benefits, and it is the default option if you die before retiring, but are vested. This option has the **2nd greatest hit on your pension. Useful if your spouse/DP has no retirement security on their own.**

- Gives same pension you received to your beneficiary, but if beneficiary pre-deceases, your monthly pension remains at this level. If both die, remaining EE goes to secondary beneficiary, for example children.

- 100% Beneficiary w/Benefit Allowance Increase Option 2) provides you with a slightly lower pension than above, and beneficiary receives the same check as you did; has **the greatest hit on your pension. Only if your beneficiary dies before you!**

- This one is lower than the former because if your beneficiary pre-deceases you, or marital status changes, such that there is no beneficiary, your pension goes up to the unmodified monthly rate. And no remaining EE contributions go to to 2° benificary.



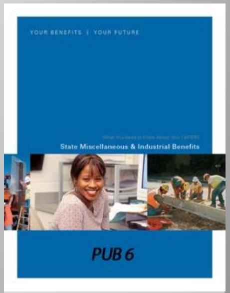
A Brief Overview: The 7 Retirement Options

- 50% Beneficiary Option 3) provides higher pension to retiree than the 100% beneficiary options because less goes to survivor (these options give **1/2** of your pension to the beneficiary. But in these options the survivor continuance adds $ on top of the beneficiary check: 25% of the unmodified option: ~63-75% of yours. Useful if your spouse has some retirement security on their own.

- 50% Beneficiary Option 3 w/Benefit Allowance Increase) gives you less than the former option, and therefore ½ of a lower pension to your beneficiary.

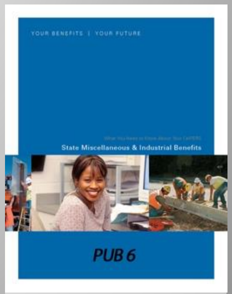
- BECAUSE: if beneficiary dies before you, in the former yours stays the same while in the latter yours goes up to the unmodified amount; so your check is higher with former than the latter.

- In the former option, if both die remaining EE contributions go to 1 or more named secondary beneficiaries (such as kids).



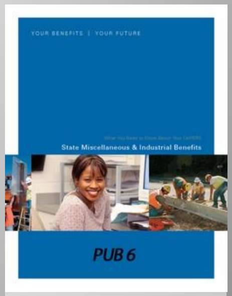
A Brief Overview:
The 7 Retirement Options: Option 4

- Flexible Beneficiary Option 4: allows one to designate multiple beneficiaries by % or cash amount
- Also various Community Property Option 4’s, in case of divorce.
- To compare the different retirement options see the estimator at: https://www.calpers.ca.gov/page/active-members/retirement-benefits/service-disability-retirement/retirement-estimate-calculator



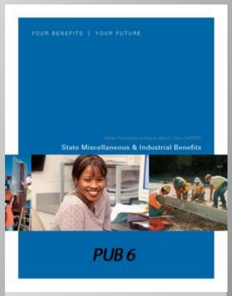
A Brief Overview:
The 7 Retirement Options, Rank ordered

- Highest pension: Unmodified
- 2nd highest: Return of remaining EE contributions Option 1
- 3rd highest: 50% Beneficiary Option 3
- 4th highest: 50% Beneficiary Option 3 w/ Benefit Allowance increase
- 5th highest: 100% Beneficiary Option 2
- Lowest: 100% Beneficiary Option 2 w/ Benefit Allowance increase



A Brief Overview:
The 7 Retirement Options

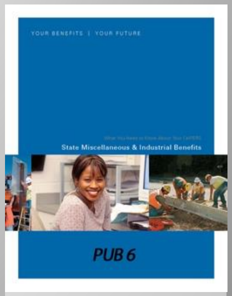
- If your original beneficiary was a spouse or domestic partner and that person is no longer your spouse/partner due to divorce or death, please see: https://www.calpers.ca.gov/docs/forms-publications/changing-beneficiary-after-retirement.pdf



A Brief Overview:
The 7 Retirement Options

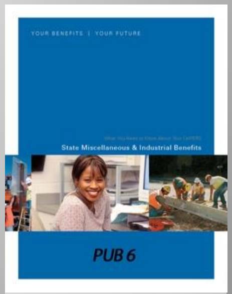
- Which option works best for you depends on your particular life circumstances. Look them over in Pub. 43,or this powerpoint and consult with family and perhaps a financial planner.

- Because the beneficiary can’t receive more than the retiree, with either 100% beneficiary option there is **no** additional benefit of the survivor continuance.



Cost of Living Adjustments (COLAs):. Adjustments to your pension: See Pub 1. pg.18 https://www.calpers.ca.gov/docs/forms-publications/planning-service-retirement.pdf

- Standard COLA is a “max”* of 2% per year, tied to the Consumer Price Index (CPI)
- Payable the second calendar year of your retirement and every year thereafter in May 1 check.
- This is the reason why (only in terms of the COLA) it is preferable to retire on Dec. 31st vs. January 1st
- *Cola can be >2% if there are years of COLA under 2%, but one year it was higher than 2% due to record high inflation, then PERS adds the difference between your COLAs and 2% and will give you a higher than 2% COLA.

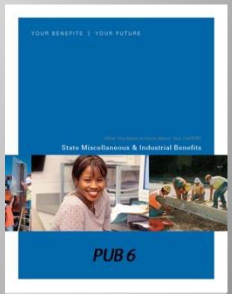


+ COLA's based on year of retirement: 2024

Year of Retirement	COLA
1965-1983*:	4.12%
1984*:	3.68%
1985*:	2.11%
1986*:	2.19%
1987-2007:	2.00%
2008:	2.07%
2009-2022:	2.00%
2023:	2.00%
2014	2.00%
*These retirement years include PPPA adjustments.	

Purchase Power Protection Allowance (PPPA) Adjustments to your pension: https://www.calpers.ca.gov/page/retirees/cost-of-living/pppa

- If your pension ever drops below 75% of the purchasing power it had upon initially retiring
- CalPERS will augment your pension to bring it up to 75%
- With normal inflation of 2% per year, it generally takes 10 years of receiving a pension to erode 25% of the purchasing power. Obviously if inflation is higher, such as currently, the time period is shorter.
- It is augmented in your May 1st pension check, like COLAs.



Reciprocity With Other Retirement Systems

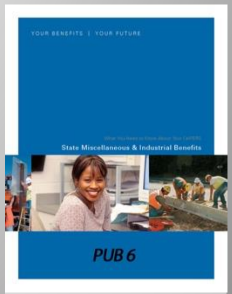
Agreement with CalSTRS:

https://www.calpers.ca.gov/docs/forms-publications/change-retirement-systems.pdf

1. If you have taught in a community college or K-12 system that has **CalSTRS** pensions or UC you can use being vested in one system to become vested in the other! But you must be rehired in the other system within 6 months of leaving the former employer.

Example:

You have 5 years in **CalPERS** but insufficient years in **CalSTRS or UC Retirement**; you are vested in both. And vice versa.



Reciprocity With Other Retirement Systems
Agreement with CalSTRS & UC retirement (cont)

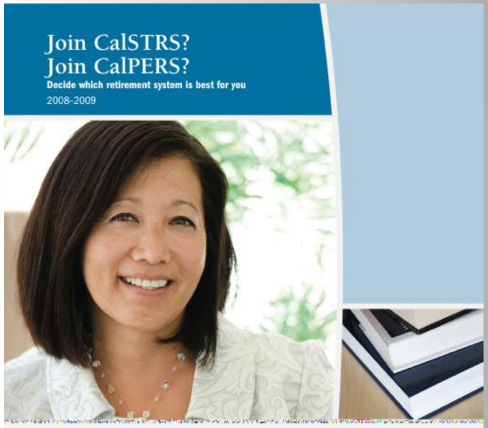
2. You can use your highest base salary in **one system** as the salary basis as your pension in both systems.

a. #2 above may only apply to periods of non-concurrent employment: Check with **CalSTRS** for details: 800-228-5453 (M-F, 7am – 6pm); www.calstrs.com

b. UC: 800-888-8267; M-F, 7am-4:30pm PST; https://ucnet.universityofcalifornia.edu

c. But… All service credit remains in the system you earned it in, and…

d. You will need to retire from both systems on the same day.



Reciprocity With Other Retirement Systems: (cont.)

- Contact **CalPERS** for reciprocity with the University of California (U.C.), and other agencies
- UC retirement is same arrangement as with CalSTRS, if you retire from both on the same date

We hope you found this useful

- Jonathan Karpf, a part-time Lecturer at SJSU for 32 years created a Pension & Benefits workshop in 2007 because too many of his colleagues were in the dark about their retirement security, which comprises ~30% of their compensation package, and campus HR wasn't up to the task.
- This is one of many reasons why we are fortunate to be a wall-to-wall union represented by CFA and the many CFA activists who care about their colleagues' working conditions.
- If you have any questions, please contact Jonathan at: C: 408-398-9449 or jkarpf@calfac.org (NOTE: **texting** is preferable to emailing me.) I am happy to set up a time to talk by phone to answer your questions.

Why you should become a retired CFA member upon retiring!

- We are the only state barraging unit that doesn’t pre-fund our retiree health care; the other 21 units pay 4-8% of their gross wages while working towards their retiree healthcare!
- A certain DINO legislator floated a bill to move us into a 401K and out of a defined benefit pension.
- Due to pension envy plus not prefunding our retiree health, we have a target on our backs.
- The ONLY organization that will continue to fight to defend both our pension and retiree health is CFA!
- Retiree dues with PAC are only $4.87/month; the best money you will ever spend. You must be a member at retirement!
- Go to: www.calfac.org/retired-faculty Scroll down

We hope you found this useful

- Who has questions?
- Please put your questions in the Q&A