

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 On-Line at [www.calpers.ca.gov](http://www.calpers.ca.gov).

### **Emergency Retirement**

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.

## **Second Tier Service**

### **Retirement**

To receive state agency second tier benefits, you must be at least age 55 and have a minimum of 10 years of CalPERS-credited service to be eligible for a service retirement.

Other resources online or by calling CalPERS are:

- **myCalPERS**—Contains your password-secured 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. If you became a member on or after January 1, 2013, and all of your CalPERS service is credited after that date, you must be at least age 52. 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 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.

### **Your Retirement Calculation**

CalPERS multiplies the following three factors to calculate your retirement benefit. As you compare the estimates you receive using the Retirement Estimate Calculator on our website, 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 view your current service credit at any time by logging in to myCalPERS at [my.calpers.ca.gov](http://my.calpers.ca.gov) or by referring to your CalPERS Annual Member Statement to verify your current service credit totals as of 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 agreement with CalPERS.
- Certain types of leaves of absence, public service employment, Peace Corps, AmeriCorps\*VISTA, AmeriCorps, or military service.
- Service 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 website. 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. It is determined by your age at retirement and the retirement formula based on your membership date with each employer. Refer to your CalPERS Annual Member Statement to verify your retirement formula(s).

This factor increases each quarter year from your minimum retirement age, up to a maximum age determined by your retirement formula. For example if your birthday is March 6, your benefit factor increases on every June 6, September 6, December 6, and March 6 until you reach the maximum age of your retirement formula. You can learn more about the benefit factors specific to your retirement formula(s) in your CalPERS member publication, available in the Forms & Publications Center on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov). You can also call us toll free at **888 CalPERS** (or **888-225-7377**) to request a copy.

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

Your final compensation is the highest average pay rate and special compensation during any consecutive one-year or three-year period. Which compensation period we use depends on your retirement formula(s). If you are not sure, ask your personnel office. We use your full-time pay rate, not your earnings. If you work part time, we will use your full-time equivalent pay rate to determine your final compensation. myCalPERS automatically finds and uses the highest compensation period during your employment with CalPERS.

If your membership date is prior to January 1, 2013, and 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.)

If your membership date is on or after January 1, 2013, there is a cap on the compensation used to calculate your benefit. If your service is coordinated with Social Security, the compensation cap used to calculate your benefit is equal to the 2013 Social Security wage base, adjusted by the Consumer Price Index for All Urban Consumers: City Average. For 2014, the cap was \$115,064. If your service credit is not coordinated with Social Security, the compensation cap used to calculate your benefit is equal to 120 percent of the 2013 Social Security wage base, adjusted by the Consumer Price Index for All Urban Consumers: City Average, which was \$138,077 in 2014. The compensation limit is calculated based on the limit in effect for each calendar year included in the final compensation period.

## 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.

\* Exception: Does not apply to State of California miscellaneous members.



## 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.**

If you are employed in more than one position under CalPERS, even if the other position is considered as overtime and not reportable to CalPERS, you must separate from all employment in order to retire.

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 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 30 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.

## **COLA**

Cost-of-living adjustments are provided by law and are based on the Consumer Price Index for All United States Cities. The standard cost-of-living adjustment is a maximum of 2 percent per year. If the Consumer Price Index registers a lower rate of inflation, you could receive a lower percentage.

## **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 takes effect on May 1 of the second calendar year following your retirement. If you retire December 31, 2015, for example, your first COLA would be reflected on your May 1, 2017 retirement warrant. If you waited one day and retired on January 1, 2016, your first COLA would be reflected on your May 1, 2018 retirement warrant. You may decide that the increase in your retirement allowance from working into the new year outweighs the benefit of receiving an earlier 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 the "Reciprocity" section).

## 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.
- 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.

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 *Changing Your Beneficiary or Monthly Benefit After Retirement*.

### 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 1

This retirement option provides a lump-sum payment of your remaining member contributions to your beneficiary after your death. The reduction to your Unmodified Allowance to provide this payment is based on your life expectancy and the amount of your contributions. You may designate more than one person as beneficiary, and you may change your beneficiary at any time.

Prior to July 1, 2013, state second tier members did not pay contributions to CalPERS. You must have contributions on account to be eligible for Option 1.

To check your current account balance, check your Annual Member Statement at [my.calpers.ca.gov](http://my.calpers.ca.gov) or contact CalPERS toll free at **888 CalPERS** (or **888-225-7377**).

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 *Post-Retirement Lump-Sum Beneficiary Designation* form. This form is available at [my.calpers.ca.gov](http://my.calpers.ca.gov) or in the publication *Changing Your Beneficiary or Monthly Benefit After Retirement*. You may access the publication in the Forms & Publications Center on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov). If applicable, Survivor Continuance would be paid to an eligible survivor, in addition to the lump-sum benefit.

*Options 2, 2W, 3, 3W, and 4 provide lifetime monthly benefits to your designated beneficiary. The reduction to your Unmodified Allowance to provide a monthly allowance to your beneficiary is based on both your life expectancy at retirement and your beneficiary's—the younger your beneficiary, the greater the reduction. In most cases, you can name only one beneficiary, and you cannot change your designation after retirement, except under limited circumstances.*

#### **Option 2**

Option 2 requires the greatest reduction from the Unmodified Allowance. 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 Continuance: the survivor continuance portion and the option portion.** If Survivor Continuance applies, the survivor continuance 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 Continuance 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.

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 Continuance: the survivor continuance portion and the option portion.** Upon the retiree's death, 1/2 of the option portion is paid to the beneficiary. If applicable, survivor continuance 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.

### **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.

**Note: There is no provision with any variation of Option 4 for your allowance to increase to the Unmodified Allowance under the situations described in Option 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—must be less than 100 percent
- Reduced allowance for fixed period of time
- Reduced allowance upon death of retiree or beneficiary
- Multiple lifetime beneficiaries

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

### **Survivor Continuance**

Some CalPERS employers contract for Survivor Continuance. 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:

- A spouse who was married to you at least one year prior to your service retirement, or on or before the effective date of your disability or industrial disability retirement, and continuously until your death; or
- A domestic partner who was legally recognized in California as your domestic partner at least one year prior to your service retirement, or on or before the effective date of your disability or industrial disability retirement, and continuously until your death; or
- If you do not have an eligible spouse or registered domestic partner, your natural or adopted unmarried children under age 18 may receive this benefit until marriage or age 18. Or your unmarried child who was disabled prior to age 18 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

### More Than One Year From Retirement

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

The first option is to use the CalPERS Retirement Estimate Calculator on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov). This online calculator allows you to generate multiple estimates, customizing them to include projections based on:

- Career plans
- Expected promotions or pay increases
- Special compensation
- Possible changes to your time base
- Any expected formula changes
- Alternative retirement dates
- Additional service credit

You can print but not save estimates produced using this calculator.

The second option is to log in to my|CalPERS at [my.calpers.ca.gov](http://my.calpers.ca.gov), which requires a username and password, to obtain an estimate that incorporates data your employer already reported to CalPERS. You can generate a variety of scenarios and save them in my|CalPERS for future reference.

### Within One Year of Retirement

If you are within one year of your expected retirement date, you may request a CalPERS-generated retirement estimate by completing a *Retirement Allowance Estimate Request* form and mailing it to the address on the form. You can find this form in the Forms & Publications Center at [www.calpers.ca.gov](http://www.calpers.ca.gov).

A CalPERS-generated retirement estimate uses your most current CalPERS account information, but does not include projections of salary increases, special compensation, or other job-related changes. It allows you to make informed retirement decisions and verify that our records properly reflect or match yours.

When you eventually submit your retirement election application, you must specify a retirement option and designate a beneficiary. The CalPERS-generated estimate may display options that are not available when you use the online Retirement Estimate Calculator.

You are limited to **two** CalPERS-generated estimate requests during a 12-month period and must be within one year of retirement.

**Note:** An estimate request for the following Option 4 retirement options requires a complex actuarial calculation. For this reason, you must be within six months of your retirement date to request a CalPERS-generated estimate for these options:

- Reduced Allowance for Fixed Period of Time
- Reduced Allowance Upon Death of Member or Beneficiary

## RETIREMENT PLANNING CHECKLIST

### One Year Before Retiring

- Review your most recent CalPERS Annual Member Statement. You can log in to myCalPERS to view your statement at [my.calpers.ca.gov](http://my.calpers.ca.gov) or you can 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, 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 Estimate Calculator on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov) 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 using 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**).
- If you have a community property claim on your retirement account, you must provide to CalPERS a copy of the court order that resolves the claim so we can determine if the order is acceptable for dividing retirement benefits. If the order is not acceptable, a further order will be required, which will delay the release of retirement benefits to all parties. No retirement, health, or dental benefits will be released or paid until the community property issue is resolved. If you are unsure whether CalPERS received an acceptable court order, or if you have questions about your court order or your benefits, please contact CalPERS toll free at **888 CalPERS** (or **888-225-7377**).

**Note:** If you have an acceptable court order that requires you to elect a specific option and name a specific beneficiary at retirement, you must complete your retirement application in accordance with these requirements. Otherwise, CalPERS will reject your retirement application and ask you to submit supplemental retirement information.



## Nine Months Before Retiring

- If you are also a member of another public retirement system in California, you should review the publication *A Guide to CalPERS When You Change Retirement Systems*. 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, and you must submit an application to each system.
- If you have Social Security or other non-CalPERS benefits coming later after retirement, you may want to increase your CalPERS income until those benefits begin. You can review the publication *A Guide to Your CalPERS Temporary Annuity*.

## Six Months Before Retiring

- If you have not already done so, it is time to think about obtaining a CalPERS-generated estimate by completing the *Retirement Allowance Estimate Request* form and mailing it to the address on the form. You can find the form in the Forms & Publications Center at [www.calpers.ca.gov](http://www.calpers.ca.gov). The information contained in an estimate can help you choose your retirement date and select your retirement plan.

## Four to Five Months Before Retiring

- Begin to gather and make copies of the required documents you will need to submit with your *Service Retirement Election Application*. Refer to the “Death Benefit Documentation Section” in *A Guide to Completing Your CalPERS Service Retirement Election Application* publication for a list of required documents. **Remember, only send CalPERS copies of these documents—never send originals. Always include your Social Security number or CalPERS ID on every document you submit.**
- 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 Registered Domestic Partner’s Signature*.
- 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. CalPERS will automatically default your federal and state tax withholding to married with three exemptions unless you make a specific election.

You may now apply for service retirement online. Just log in to **my.calpers.ca.gov** and follow the step-by-step instructions.

### Three Months Before Retiring

- Now it's time to submit your online application or send your completed and notarized *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 in a timely manner. Any delay in submitting your application could result in a delay of your first retirement check.
- Contact your employer (California Department of Human Resources or CalHR for State of California 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
- 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.

## AFTER RETIREMENT

### One to Four Months After Retirement

If you submitted your retirement application 90 days in advance of your requested retirement date, in most cases you should receive your first retirement check within 45 days of 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.

You **cannot** cancel your retirement or change your retirement payment option, your designated lifetime beneficiary, or the retirement date you request on the *Service Retirement Election Application* more than 30 days after the issuance of your first retirement benefit check.

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.

Upon receipt of the election form, CalPERS will adjust your retirement allowance retroactive to your retirement date. The adjustment is generally processed within 60 days.

### Four to Six Months After Retirement

Your retirement check will reflect payroll and service credit information posted to your account 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 four to six months for all final payroll to be processed and adjustments made to your retirement. If after you have received six retirement checks 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 CONSIDERATIONS

### 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. However, you must have a minimum of five years of CalPERS service credit. If you are employed on a part-time basis, and you have worked at least five years, contact CalPERS to find out if an exception will apply to you. For more information, refer to the CalPERS publication *A Guide to Completing Your Disability Retirement Election Application*.

### Industrial Disability Retirement

This type of retirement applies to you if you become disabled from a job-related injury or illness and can no longer perform the duties of your job. Industrial disability retirement has no minimum age or service credit requirement. Talk to your employer to find out if they have contracted for this benefit.

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

If you first became a member of CalPERS on or after July 1, 1996, IRC section 401(a)(17) places limits on the amount of member contributions you can pay into CalPERS, a tax-qualified pension plan. This section applies to annual salaries (earnings) that exceed \$250,000. The actual dollar limit is set each year by the Internal Revenue Service. This section does not limit or place a cap on 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 monitoring when your salary reaches or exceeds this annual limit and for refunding any excess contributions. Each year CalPERS issues a Circular Letter to all employers announcing the IRC section 401(a)(17) limit for the calendar year.

At retirement, your highest average salary (final compensation amount) used to calculate your benefit will be the IRC section 401(a)(17) salary limit for that year. For example, if you became a member of CalPERS in August 1996, your annual salary is \$300,000, and the IRC section 401(a)(17) limit in the year you retire is \$250,000, you will pay contributions on \$250,000 of your salary and your retirement benefit calculation would use \$250,000 as your highest final compensation, if your compensation period is 12 months. If your compensation period is 36 months, your final compensation will be subject to the section 401(a)(17) limit in effect for each of those calendar years.

## 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 limit generally applies to retirement benefits of approximately \$210,000 or more a year for employees retiring at their Social Security normal retirement age of 62 through 65. **Note:** The determination of whether your retirement benefit will be subject to this limit can only be made at retirement.

This dollar limit is set each year by the Internal Revenue Service and is adjusted for several factors including inflation, age at retirement, and after-tax contributions. If your retirement benefit must be limited under section 415(b), you will be enrolled in the IRC section 415(b) Replacement Benefit Plan, an employer-funded plan, if eligible. The CalPERS Replacement Benefit Plan provides a replacement benefit that will, to the extent possible, make up the amount your CalPERS benefit is limited, and is only available if your membership date is prior to January 1, 2013.

For additional 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).

## 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*.

## Reciprocity—Other California Public Retirement Systems

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

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

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

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

## Withdrawn Contributions

If you are no longer a member of CalPERS because you withdrew contributions, you may be able to redeposit contributions to establish reciprocity. Read the publication ***A Guide to Your CalPERS Service Credit Purchase Options***, available in the CalPERS Forms & Publications Center.

## 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 Forms & Publications Center on our website.

## Employment After Retirement

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

- Ask if they contract with CalPERS for retirement benefits.
- Inform the employer that you are receiving retirement benefits from CalPERS and specify the type of retirement, i.e., service, disability, or industrial disability.
- Ensure employment will be in compliance with retirement law.
- Understand the following:
  - A 180-day waiting period is required between your retirement date and the date the post-retirement employment will begin, with certain exceptions.
  - All service retirees who are under normal retirement age at retirement must meet the bona fide separation in service requirement even if an exception to the 180-day waiting period applies.
    - Before retirement, you did not have a pre-arranged agreement with the employer to return to work after retirement.
  - You cannot work more than 960 hours in any fiscal year, July 1 through June 30.
  - You cannot be employed in a permanent part-time or other regular staff position even if the required hours are fewer than 960 per fiscal year. You must be employed in a retired annuitant-designated position.
  - If you work for a CalPERS employer as a contract employee, an independent contractor or as a consultant, your employment is subject to the CalPERS post-retirement employment restrictions.
  - If you work for a CalPERS employer through a third-party employer, your employment is subject to the CalPERS post-retirement restrictions if your employment will constitute a common law employer-employee relationship.
  - The compensation you can receive as a retired annuitant is limited to the hourly rate paid employees doing comparable duties and that no other benefits or compensation are allowable.
  - Ensure you are in compliance with the statutes governing post-retirement employment in order to avoid mandatory reinstatement from retirement.

For more information, review the publications *A Guide to CalPERS Employment After Retirement* and *A Guide to CalPERS Reinstatement From Retirement*, which are available in our Forms & Publications Center at [www.calpers.ca.gov](http://www.calpers.ca.gov).

## 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)

If you are convicted for such a crime, you and the prosecuting agency must notify your employer within 60 days of your conviction, and your employer must notify CalPERS within 90 days of your conviction.

CalPERS will remove the service credit and return any contributions you made during the forfeiture period, without interest. If after the removal of forfeited service and contributions you remain vested for retirement, you may apply for retirement once you reach minimum retirement age. If after the removal of forfeited service you are not vested for retirement, you may elect a refund of your remaining member contributions.

Should your conviction be overturned, your forfeited service will be restored to your account if you elect to redeposit the returned contributions, with interest.

## 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
- Are eligible for health enrollment upon separation of employment

You can obtain health benefits publications, required forms, and other information about your CalPERS health benefits through our website at [www.calpers.ca.gov](http://www.calpers.ca.gov) or by calling CalPERS at **888 CalPERS** (or **888-225-7377**).

- *Health Program Guide* describes CalPERS Basic health plan eligibility, enrollment, and choices. It provides an overview of CalPERS health plan types and tells you how and when you can make changes to your plan (including what forms and documentation you will need). It also describes how life changes or changes in your employment status can affect your benefits and eligibility.
- *Health Benefit Summary* provides valuable information to help you make an informed choice about your health plan and compare benefits, covered services, and co-payment information for all CalPERS health plans.
- *CalPERS Medicare Enrollment Guide* provides information about how Medicare works with your CalPERS health benefits.

## Health Benefit Vesting

If you are a State of California 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, two dates are particularly important: your separation date (last day of employment) and your retirement date. If you are not sure when these dates occur, talk to your employer. The following are your health plan enrollment options when you retire:

- If your separation date and your retirement date are within 30 days of each other and you are enrolled in a CalPERS health plan at the time of retirement, your coverage will continue into retirement without a break. If you do not want your health benefits to continue into retirement, you have the option to cancel your coverage by:
  - Submitting a *Health Benefits Plan Enrollment* form to your employer (if you are still employed)
  - Declining health coverage on the CalPERS service retirement application
  - Writing or calling CalPERS to request to cancel health coverage (if you are retired)
- If your separation date and your retirement date are between 31 and 120 days of each other and you are enrolled in a CalPERS health plan at separation, your coverage will not automatically continue. You may re-enroll by either writing to CalPERS Health Account Services within 60 days of your retirement date and requesting re-enrollment, or waiting for the next Open Enrollment period. Refer to the CalPERS *Health Program Guide* for basic health plan eligibility, enrollment, and choices.
- To enroll in a health plan during Open Enrollment, complete and submit the *Health Benefits Plan Enrollment for Retirees* form to CalPERS Health Account Services. 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

If you (and your dependents) are enrolled in a CalPERS Basic health plan when you retire and become Medicare eligible, 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.

If you do not qualify for premium-free Medicare Part A (Hospital) based on your Social Security/Medicare work record or the record of your current, former, or deceased spouse, you may remain in a CalPERS Basic health plan. If you later qualify for Medicare Part A at no cost, you must enroll in Medicare Part B and in a CalPERS Medicare health plan.

The Social Security Administration (SSA) bases Medicare Part B (Medical) on your annual income. If your income exceeds established thresholds, the SSA adjusts the standard Medicare Part B premium by an income-related monthly adjustment amount. Payment of this amount is mandatory to protect your eligibility to remain enrolled in a CalPERS Medicare health plan.

CalPERS participates in a Medicare Part D prescription drug plan. If you are a Medicare-eligible subscriber or dependent, you are automatically enrolled into an Employer Group Waiver Plan (EGWP). If you choose to opt out of coverage, you will be financially responsible for all of your prescription drug costs. In addition, if you enroll in a non-CalPERS Medicare Part D plan, you are no longer eligible to remain enrolled in a CalPERS Medicare health plan. Consequently, you and all of your covered dependents will be terminated from CalPERS health coverage.

Medicare Part D standard premiums vary based on the prescription drug plan and are paid to your health carrier as part of the CalPERS health premium. As with Medicare Part B, if your income exceeds established thresholds, the SSA will assess an additional income-related monthly adjustment amount. Payment of this amount is mandatory to protect your Medicare enrollment and eligibility to remain enrolled in a CalPERS Medicare health plan. If you do not pay the additional amount, you will be disenrolled from EGWP and be financially responsible for all of your prescription drug costs.

CalPERS offers several ways to supplement Medicare. Please see the *CalPERS Medicare Enrollment Guide* for more detailed information. For additional information regarding Medicare, Medicare premiums, enrollment or eligibility, contact the SSA at (800) 772-1213 or TTY (800) 325-0778 or visit their website at [www.ssa.gov](http://www.ssa.gov).

## Disability

If you become eligible for Medicare due to a disability, special rules apply for you to continue your health benefits. Contact CalPERS for additional information.

## Dental Benefits Eligibility

State 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 benefits. Continuation of your dental coverage into retirement is not automatic. Your personnel office must complete a new *Dental Plan Enrollment Authorization* form, which you should send to CalPERS Health Account Services at least 30 days prior to your retirement.

## Dental Benefit Vesting Requirements

If you are a State of California 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. The state contribution is based on the date you were first hired, your bargaining unit at retirement, and your years of service. The date you were first hired means the date you were employed with the State of California for the first time. If that employment did not qualify you for CalPERS membership or you withdrew your contributions for that period, it is still considered your first hire date. Contact your personnel office for assistance.

## Vision Plan

If you are a State of California or CSU 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 California Department of Human Resources and the Chancellor's Office for CSU coordinate the program through VSP. More information and enrollment forms are available at [www.vsp.com](http://www.vsp.com) 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.

## **CalPERS Long-Term Care**

If you are enrolled in CalPERS Long-Term Care, and have premiums deducted from your paycheck, you will need to call customer service 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 website at [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 and newsletters.
- Confirm which dependents are covered on your health plan and what health plans are available in your area.
- 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.
- Search for medical premium rates.
- Apply for service retirement.
- Change your lump-sum beneficiary designation.

### 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)
- Google Plus: [www.calpers.ca.gov/googleplus](http://www.calpers.ca.gov/googleplus)
- 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.

## INFORMATION PRACTICES STATEMENT

The Information Practices Act of 1977 and the Federal Privacy Act of 1974 require the California Public Employees' Retirement System (CalPERS) to provide the following information to individuals who are asked to supply information to CalPERS. 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 entities including, but not limited to, State and public agency employers, State Attorney General, Office of the State Controller, 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 perform services on behalf of 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 CalPERS information practices, please contact the Information Practices Act Coordinator, CalPERS, 400 Q Street, P.O. Box 942702, Sacramento, CA 94229-2702.

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

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**California Public Employees' Retirement System**

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**[www.calpers.ca.gov](http://www.calpers.ca.gov)**

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