

# CalPERS Retirement Benefits – Nearing Retirement

**Disclaimer:** *CalPERS is governed by the Public Employees’ Retirement Law. The statements in this document are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this document, any decisions will be based on the law and not this document.*

## Agenda

This presentation covers information on:

- Retirement Types
- Your Retirement Calculation
- CalPERS Special Power of Attorney
- Pre-Retirement Death Benefits
- Retirement Payment Options
- Post Retirement Death Benefits
- Resources

## Retirement Types

CalPERS is a 401(a) Defined Benefit Plan. This means that your benefit amount is determined by a formula and not what you contribute to the plan. Once you’re eligible and you retire, your benefit is payable for life.

There are three types of retirement:

- **Service** – This is the “normal” or “regular” retirement for members who have met the eligibility requirements. You must be at least age 50 with five years, or if hired on or after January 1, 2013 you must be at least age 52 with five years of service credit. For safety members, the minimum requirement is still age 50 with five years.
  - If you’ve worked part-time for five consecutive years but have earned less than five years of service credit, you still may be eligible to apply for a service retirement.
- **Disability** – This is for members who can no longer perform their usual job duties due to injury or illness that is expected to be permanent or last longer than twelve months. The disability does not have to be job related. There is no age requirement, but you must have at least five years of service credit.
- **Industrial Disability** – No age or service credit requirement but the disability must be job related. This type of retirement is usually only available to safety member such as police officers or firefighters, or for members whose employer contracts for this benefit.

Review the [Service Retirement Election Application \(PUB 43\) \(PDF\)](#), [Disability Retirement Resource Guide \(PDF\)](#) and the [Disability Retirement Election Application \(PUB 35\) \(PDF\)](#) for more information.

## Your Retirement Calculation

Your pension calculation is made up of three factors.

1. Service Credit (years of service)
2. Benefit Factor (percent of final compensation based on your age at retirement)
3. Final Compensation (an average of your highest monthly pay rate)

When you retire, we'll multiply your years of service credit by your benefit factor, then multiply that result by your final compensation which gives your unmodified allowance. The unmodified allowance is the pension you earn over your career and is the highest amount you can receive when you retire.

### Service Credit

When you work for a CalPERS employer, you're earning [service credit](#). You accrue service credit based on how you're paid. If you're paid:

- Hourly – 1,720 hours full time work equals one year of service credit
- Daily – 215 days full time work equals one year of service credit
- Monthly – 10 months full time work equals one year of service credit

You earn service credit on a fiscal year basis from July 1 through June 30. If you earn anything less than this then you're credited with a partial year.

### Service Credit Purchase Options

There are several types of service credit you may be eligible to purchase.

- Redeposit of withdrawn contributions - If you were previously a CalPERS member, left your CalPERS-covered employer, and took a [refund](#) of your contributions and interest, once you've come back into membership you may be eligible to redeposit these funds and restore that time.
- Service prior to membership – If you worked for a CalPERS covered employer in a position that did not qualify you for membership at the time, such as a permanent/intermittent, part-time, temporary, on-call, or seasonal position, you may be able to purchase Service Prior to Membership.
- Military service - Members who have served in active military service may be able to purchase up to 4 years of Military Service Credit.
- Other types of service credit - There are also several less common, for example certain types of Leaves of Absence, Optional Member Service, Prior Service, The Alternate Retirement Program, or time under CETA or spent in the Peace Corps.

It's important to know that in most cases, the more service credit you have the higher your pension. Exceptions may include may retiring on a disability retirement or if you are a safety member who is capped.

The earlier you purchase your service credit the better. Not only will the cost be lower, but you can plan to have it paid off well before you retire. Service credit purchased after January 1, 2020 must be paid in full prior to your retirement date. If the amount is not paid in full, your monthly benefit will be reduced by the

Actuarial Equivalent Reduction (AER). The AER takes your balance due and spreads it out over an actuarial lifetime.

Find more information on the different purchase types and eligibility on our service credit webpage and review the [Service Credit Purchase Options \(PUB 12\) \(PDF\)](#) or [Military Service Credit Options \(PUB 15\) \(PDF\)](#) publications. If you meet eligibility requirements for the types you're interested in, it's helpful for you, and if applicable, your employer to complete the request form before using the [Service Credit Cost Estimator](#) to estimate the cost.

### Sick Leave Conversion

Accrued sick leave can be converted to service credit at the time of your retirement. Sick leave service credit does not change your age factor at retirement or your effective retirement date. It simply increases the amount of service credit used in determining your retirement benefit.

All state and school members are eligible to convert sick leave to service credit. Public agency members are eligible only if their employers contracted for this benefit.

To have sick leave applied you must retire within 120 days of separation from your CalPERS employer.

2000 hours equals one year of service credit. To find out how much service credit your sick leave will provide, take your sick leave hours and divide it by 2000.

Vacation and other types of leave time such as compensatory time off (CTO), personal or annual leave and holiday credits cannot be converted. Check with your employer regarding how these types of leave credits will be dealt with.

### Benefit Factors

The second part of your calculation is your benefit factor which is the percentage of pay you're entitled to for each year of service credit based on your age at retirement. Benefit factors start at age 50 or 52, depending on your employer's formula and when you became a member. Your retirement formula is based on your employer's contract with us and when you were hired. This determines the range of benefits available to you.

If you worked for more than one CalPERS employer, you may have more than one retirement formula. We'll calculate each separately based on the service credit earned under each retirement formula and then add the results together.

Most benefit factors increase with each quarter year of age, or every three months, based on your birthday. For example, if your birthday is March 10, your birthday quarters are:

- Birthday – March 10
- $\frac{1}{4}$  year – June 10
- $\frac{1}{2}$  year – September 10
- $\frac{3}{4}$  year – December 10

Note: The safety formula 3% at 50 does not change with age.

### Example Benefit Factor Chart – State or School 2% @ 55

Age	Exact Year	$\frac{1}{4}$ Year	$\frac{1}{2}$ Year	$\frac{3}{4}$ 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+	2.500%	2.500%	2.500%	2.500%

If you are unsure of your formula, you can find it on your Home page in your myCalPERS account or check with your employer. Find your chart and more information in your member publication.

Five versions are available depending on your employment category:

- [Local Miscellaneous Member Benefits \(PUB 8\) \(PDF\)](#)
- [Local Safety Member Benefits \(PUB9\) \(PDF\)](#)
- [Schools Member Benefits \(PUB 2\) \(PDF\)](#)
- [State Miscellaneous and Industrial Member Benefits \(PUB 6\) \(PDF\)](#)
- [State Safety Member Benefits \(PUB 7\) \(PDF\)](#)

### Final Compensation

The final compensation calculation is based on your highest average full-time monthly pay rate over the highest 12 or 36 consecutive month period depending on your employer’s contract. There are also certain types of special compensation that may be included. Overtime cannot be used for final compensation. If you work part-time, we still use a full-time equivalent pay rate to determine your final compensation, but you’re still earning less service credit.

## Putting it all Together -Your Retirement Calculation

Your pension calculation is made up of the three factors just covered:

*Service Credit x Benefit Factor x Final Compensation = Unmodified Allowance*

Example:

A member is retiring at age 55 under the State 2% @ 55 formula with 25 years of service credit. Their final compensation average is \$4,500.00 a month.

First, multiply the years of service credit by the benefit factor. Then multiply that result by the final compensation to get the unmodified allowance:

25 years × 2% benefit factor = 50%

50% × \$4,500.00 final compensation = \$2,250.00 unmodified allowance or pension.

**Note:** The unmodified allowance is the highest amount payable when you retire.

## Power of Attorney

A CalPERS [Special Power of Attorney \(PUB 30\) \(PDF\)](#) allows you to designate a representative to conduct business with us if you're unable to do so. Not all power of attorney forms are the same. This form is specifically designed for CalPERS retirement issues.

Having this form on file allows the person you designate to do the following based on the specific authority you give them:

- Change your address
- Submit a retirement application and select payment option
- Designating beneficiaries

This form **cannot**:

- Be used to make medical decisions
- Provide authority over real or personal property

## Pre-retirement Death Benefits

It's important to know what's available to your beneficiaries if you should pass away before retirement.

Pre-retirement death benefits may be payable to survivors and/or beneficiaries. It could range from a one-time payout of your contributions plus interest to a monthly payment to a survivor.

Eligibility factors may include your:

- Membership category
- Employer
- Eligibility to retire

Your member benefit publication provides more details on the types of death benefits available. Benefits are set by law for state and school members. If you're a public agency member, check with your employer to see which death benefits are available to you.

## Retirement Payment Options

An important step in the retirement process is choosing your retirement option. You can choose to provide a lump sum or lifetime monthly benefit to your beneficiaries upon your death in retirement. Your choices are:

- Your full pension, which leaves nothing for a beneficiary
- The balance of your contributions to your beneficiary in a lump sum
- 100 or 50 percent of your monthly lifetime benefit
- A specific dollar amount or percentage to one or more persons

## Retirement Estimates

You may want to have an estimate to review your own numbers.

If you are more than a year away from retirement, the Retirement Estimate Calculator in your own [myCalPERS](#) account is a great tool. The calculator provides a detailed estimate with the different retirement options based on your current information. You can do multiple estimates for different scenarios and save them for to review in the future.

If you're within a year of retirement, you can request up to two CalPERS-generated estimates by submitting the [Retirement Allowance Estimate Request \(PDF\)](#) form.

## Post Retirement Lump Sum Death Benefits

A retired lump sum death benefit is payable to your beneficiary and amounts vary.

- For State of California and California State University, the amount is \$2000.
- For public agency members, the amount is \$500 to \$5,000 depending on your employer's contract. Most if not all schools have a \$2000 lump sum benefit, but they can contract for a different amount.

If you had service with more than one employer, the highest amount contracted by any employer will be paid to your beneficiaries. This benefit is payable upon your death to whoever you designate to receive it.

## Beneficiary Designation

It's important to keep your [Beneficiary Designation](#) up to date regardless of whether you're still active or retired. You can designate a person, your trust, your estate, charities or corporations to receive a lump sum. If there is no beneficiary designated, then benefits are paid in the order established by state law.

There are events that can revoke your designation such as:

- Marriage or registered domestic partnership
- Dissolution, annulment or termination of marriage or partnership

- Birth or adoption of a child.

If any of these events occur, you'll need to update your designation. You can add or change your lump sum beneficiaries through your myCalPERS account at any time. If you take a refund of your CalPERS contributions, your membership is terminated, and no benefits are payable to your beneficiary.

## Resources

### CalPERS Website

One of the greatest resources we offer is our [website](#). You'll have streamlined navigation which allows you to find information based on your role as an Active Member or a Retiree.

Find tools and additional information under the following columns on the **Home** page:

- **I Want To...**
  - Provides links to some of the most commonly accessed tools and information.
- [Life Events](#)
  - Provides information on what you need to be aware of when changes happen in your life.
- [Forms & Publications](#)
  - Find all the forms & publications you'll need to learn about your benefits and prepare for retirement.

On our home page, you can sign up for our [email subscriptions](#). These are alerts that we send directly to your e-mail.

Subscriptions offered include the:

- **Member Education Bulletin** which provides notification of upcoming Webinars, instructor led classes and other CalPERS educational events.
- **Board Meeting Notice & Agenda Alert** gives you a direct link to Board of Administration Meeting Notices and Agendas as soon as they're available.
- **CalPERS News** is an informational newsletter that's sent out twice a month.

You can get additional alerts related to employer information, Social Security and more.

### myCalPERS

Your [myCalPERS](#) account provides information specific to you. You can access your real-time account details and balances as of the most recent payroll reported.

There are various tools available include the ability to:

- Estimate your retirement
  - Calculate various scenarios
  - Save to review and compare
- Update your beneficiaries
- Apply for retirement

- Send us a message
- And more...

On your **Home** page you can find the following:

- Time to earliest retirement date
- Balance of your contributions
- Service credit balance
- Your retirement formula

Down at the bottom, you'll find quick links to the most common information.

### [Enroll in an Online or Instructor-led Class](#)

It's important to continue educating yourself about your benefits throughout your career. Under **Education**, you can:

- Enroll in online and instructor-led classes
- Schedule an appointment at your local CalPERS Regional Office
- Register for CalPERS Benefits Education Events

Among the classes we offer is the **Planning Your Retirement** class which provides a much more in-depth information than this overview. Whether you're a year away or ten, continuing to take classes reinforces the information you've learned and helps you be more prepared for retirement.

Choose the **Classes** link then select the Online or Instructor-Led tabs to view what's available and start the enrollment process.

CalPERS has eight [Regional Offices](#) located across the state where you can attend an instructor-led class or appointment.

### [Visit a CalPERS Regional Office](#)

If you want to visit one of our offices, you can you can select the **Appointments** link found under **Education** in your myCalPERS account or give us a call. Pre-scheduled appointments at our offices can fill up over a month in advance, so plan ahead.

We do have walk-in appointments available which are on a first-come, first-served basis This can lead to a long wait.

Before you visit one of our regional offices, here's some hints to help you make the most out of your visit:

- Attend our more in-depth retirement education classes for more detail. This will give a foundation of knowledge about your CalPERS benefits.
- Complete all forms to the best of your ability
- Bring your retirement estimate with you.
- Bring supporting documents such as marriage certificate or beneficiary's birth certificate.
- Bring your picture ID and if you have a spouse or domestic partner, they need to bring theirs.

Write down any questions you have and bring them with you

Other available resources include:

- Customer Contact Center **888 CalPERS** (or **888-225-7377**)
- [Register](#) for our monthly webinars
- Watch our [YouTube Videos](#)
- Follow us on Social Media

