

A Guide to Your CalPERS  
Partial Service Retirement



This page intentionally left blank to facilitate double-sided printing.

## TABLE OF CONTENTS

<b>Introduction</b> .....	2
<b>How It Works</b> .....	2
<b>Eligibility Requirements</b> .....	3
<b>How to Apply</b> .....	3
<b>Estimating Your Allowance</b> .....	4
Service Credit .....	4
Benefit Factor .....	4
Final Compensation .....	4
<b>Allowance Estimates</b> .....	5
Example I: State First Tier and Public Agency Members Coordinated With Social Security .....	5
Example II: State First Tier and Public Agency Members Not Coordinated With Social Security .....	5
Example III: State Second Tier Members .....	5
Estimate Your Case .....	5
<b>Other Considerations</b> .....	6
Annual Member Statement .....	6
Allowance Adjustments .....	6
Changing Jobs .....	6
Separating From Employment .....	6
Full Service Retirement .....	6
Important Tax Information .....	8
Mailing of Warrants or Direct Deposit Authorization .....	8
Payroll Deductions .....	9
Health, Dental, and Long-Term Care Coverage .....	9
Social Security .....	9
Injury, Illness, or Leaves of Absence .....	9
Provisions for Beneficiaries .....	9
<b>Become a More Informed Member</b> .....	10
CalPERS Website .....	10
myCalPERS .....	10
CalPERS Education Center .....	10
Experience CalPERS Through Social Media .....	10
Reach Us by Phone .....	10
Visit Your Nearest CalPERS Regional Office .....	11
<b>Information Practices Statement</b> .....	12

## INTRODUCTION

Partial service retirement is a benefit available to full-time state miscellaneous, state industrial, and public agency members (if your employer contracts for this benefit) who meet the normal retirement age and service requirements.

With partial service retirement, you can reduce your work time, continue working, and receive a “partial” service retirement allowance.

## HOW IT WORKS

If you are eligible, you may reduce your work time by at least 20 percent, but not more than 60 percent. In other words, you must work at least 40 percent of full time, but not more than 80 percent. Your agency must approve your request to reduce your work time for partial retirement.

Your allowance is based on the reduction of your work time. For example, if you reduce your work time by 30 percent (working 70 percent of full time), your allowance would be 30 percent of what you would receive if you took a full service retirement.

Once your partial service retirement begins, you may decrease your already-reduced work time once each fiscal year. You may increase your work time only once every five years.

With your employer’s approval, you may end your partial service retirement at any time and return to full-time employment. Once you withdraw, you cannot reapply for five years.

## ELIGIBILITY REQUIREMENTS

You are eligible for partial service retirement if you meet the following requirements:

- You work full time in one of the following CalPERS membership categories: state miscellaneous, state industrial, or public agency member (if the public agency employer contracts for this benefit).
- You have reached the normal retirement age for your retirement benefit formula. The normal retirement age is the age at which you can retire without a reduction for retiring early. If your benefit formula is 2% at 55, your normal retirement age is 55. If your benefit formula is 2% at 60, your normal retirement age is 60.
- You have accrued the minimum number of years of service credit to be eligible for service retirement in your membership category. For most state miscellaneous, state industrial, and public agency members, you must have a minimum of five years of CalPERS-credited service.

**Note:** University of California and California State University employees are not eligible for partial service retirement.

## HOW TO APPLY

Your human resources department has the necessary Partial Service Retirement Application form. This form is also available from the California Department of Human Resources at [www.calhr.ca.gov](http://www.calhr.ca.gov). To ensure timely processing, submit your completed application to CalPERS at least 60 days before the effective date of partial retirement. The effective date must be the same date of your work time reduction and must be the first day of any pay period.

**Remember, you must receive employer approval before you can apply.**

**Note:** When corresponding with CalPERS, be sure to include your Social Security number or CalPERS ID and daytime telephone numbers on all written inquiries and documents.

## ESTIMATING YOUR ALLOWANCE

The easiest way to estimate your partial service retirement allowance is to use the Retirement Estimate Calculator at [www.calpers.ca.gov](http://www.calpers.ca.gov) to determine your full service retirement benefit. Then, multiply your partial retirement percentage times the Unmodified Allowance.

To manually estimate your partial service retirement allowance, you will need to know your years of service credit, benefit factor, and final compensation. Examples and space to estimate your allowance are on page 5.

### Service Credit

This is the amount of CalPERS-covered service you have earned. Your most current service credit will be reflected on your myCalPERS account. You can view your current service credit by logging in to myCalPERS or you can refer to your latest CalPERS Annual Member Statement and add any service credit you have earned since that time.

### Benefit Factor

Your benefit factor is the percentage of pay you are entitled to receive for each year of service. It is determined by your age at partial service retirement. Refer to your member benefit publication for your benefit factor table. This publication is available through your employer, any CalPERS Regional Office, or on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

### Final Compensation

Final compensation is your highest average full-time monthly pay rate and special compensation (if applicable) for either 12 or 36 consecutive months of employment, depending on your employer's contract with CalPERS. If you are not sure, ask your personnel office. myCalPERS automatically finds and uses the highest compensation period during your employment with CalPERS. If your CalPERS state first tier or public agency service was coordinated with Social Security, you must reduce your final compensation by \$133.33 when computing your allowance. (You did not pay contributions on the first \$133.33 of your earnings.)

If your CalPERS state first tier or public agency service was not coordinated with Social Security, or you are a state second tier member, do not reduce your final compensation.

## ALLOWANCE ESTIMATES

We have used the following information for our examples:

Retirement formula	=	2%@55
Age at partial service retirement	=	55
Years of service credit	=	25
Final compensation	=	\$3,000
Reduction of work time	=	40%

### Example I: State First Tier and Public Agency Members Coordinated With Social Security

$$25 \times 2.000\% = 50\% \times \$2,866.67 = \$1,433.34 \times 40\% = \$573.34$$


---

Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
-------------------	-------------------	-----------------------	-----------------------------------------	---------------------------	------------------------------------

### Example II: State First Tier and Public Agency Members Not Coordinated With Social Security

$$25 \times 2.000\% = 50\% \times \$3,000 = \$1,500 \times 40\% = \$600$$


---

Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
-------------------	-------------------	-----------------------	-----------------------------------------	---------------------------	------------------------------------

### Example III: State Second Tier Members (1.25% at 65)

$$25 \times 0.750\% = 18.75\% \times \$3,000 = \$562.50 \times 40\% = \$225$$


---

Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
-------------------	-------------------	-----------------------	-----------------------------------------	---------------------------	------------------------------------

### Estimate Your Case

	x	=	x	=	x	=
Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance	

\*Remember, if your service was coordinated with Social Security, you must reduce your final compensation by \$133.33 when computing your allowance.

## OTHER CONSIDERATIONS

### Annual Member Statement

A portion of your contributions and interest will be used to fund your partial service retirement. This portion is equal to the percentage of your reduced work time. For example, if you reduce your work schedule by 20 percent, we set aside 20 percent of your total contributions and interest during the time you are partially retired. Your Annual Member Statement will reflect the amount of contributions and interest remaining on your member account. If you return to full-time employment, any remaining contributions will be returned to your member account.

### Allowance Adjustments

Your partial service retirement allowance will be based on your age, salary, and service at the date of your initial entry into the program. A salary increase after entering the program will not change your partial service retirement allowance. If you increase or decrease your work time, your new allowance will be based on the original allowance calculation. There are no provisions for cost-of-living increases for partial service retirement allowances.

### Changing Jobs

You may transfer from one agency to another and continue your partial service retirement, with employer approval, as long as you remain a state miscellaneous, state industrial, or contracting public agency member.

### Separating from Employment

If you permanently separate from state or public agency employment, you cannot continue your partial service retirement. You may, however, apply for a full service retirement (see your CalPERS member benefit publication), terminate your CalPERS membership and receive a refund of your contributions plus interest, or leave your contributions on deposit with CalPERS and apply for retirement or a refund at some time in the future.

### Full Service Retirement

You may apply for full service retirement at any time. However, it is to your advantage to earn at least one year of service credit under partial retirement before doing so. If you have earned at least one year of service credit after entering partial service retirement, we will provide you with a brand new retirement calculation when you go to full service retirement. This is based on your age, final compensation, and total years of service as of the full service retirement effective date.

If you have earned less than one year of service credit before going to full service retirement, your retirement will be calculated differently. The new

When you're ready to fully retire, apply for service retirement online through my|CalPERS or submit the retirement application in the publication ***A Guide to Completing Your CalPERS Service Retirement Election Application.***



service earned will be calculated based on your age and final compensation as of the full service retirement effective date. That amount will be added to the original full service retirement Unmodified Allowance used for the partial retirement calculation to get your full service retirement allowance. Members who earn less than a full year of service credit during their partial service retirement may see a substantial reduction in their full service retirement allowance compared to members who have earned at least one full year of service credit.

**Note:** The less than one year of service calculation also applies if you ended your partial retirement, returned to full-time employment, and earned less than one year of service credit before applying for retirement.

Your full service retirement will be based mainly on the initial partial service retirement calculation if you have earned less than one year of service credit under partial service 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 on our website 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.

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

**Note:** Since your work time under partial service retirement is less than full time, it will take more than one fiscal year to earn one year of CalPERS service credit.

Percent of Partial Retirement	Required Months to Earn One Year of Service Credit
20	13
25	14
30	15
40	17
50	20
60	25

## Important Tax Information

Partial service retirement allowance is taxable income and must be reported to the tax authorities annually. A partial retiree remains in active member status. Distributions received by active members prior to age 59½ from a qualified retirement plan such as CalPERS are considered “early” distributions under Section 72(t) of the Internal Revenue Code. Early distributions from a qualified retirement plan are subject to an additional 10 percent federal tax and 2½ percent California state tax on the taxable portion of the distribution, plus any income tax due on the distribution.

Only federal and California state taxes can be deducted from your partial service retirement allowance. You may elect not to have tax withholding. However, if we do not receive a signed withholding election, CalPERS is required to withhold taxes based on the tax tables for a married person with 3 exemptions. California residents who do not file a tax withholding election will have an additional 2 percent withheld for state taxes when early distributions apply. For individuals who reside outside of California, no California state tax will be withheld unless specifically requested.

You will receive an annual Form 1099R that reports the gross amount of partial service retirement allowance you have received and the amount of federal and/or California state tax deductions for each tax year in which you participate. The Form 1099R filed by CalPERS will report your partial service retirement allowance as an early distribution until you attain age 59½ as of December 31 of the tax year being reported.

While CalPERS can provide you with information on some tax laws that relate to your partial retirement, you should request additional information regarding the taxability of your partial service retirement allowance from the Internal Revenue Service (IRS), California Franchise Tax Board, or your tax advisor. You may contact the IRS by calling toll free (800) 829-1040 or by visiting their website at [www.irs.gov](http://www.irs.gov). If you have California state tax questions, please call the California Franchise Tax Board at (800) 852-5711 or visit their website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## Mailing of Warrants or Direct Deposit Authorization

You can choose to have your partial retirement warrant mailed to you or electronically transferred into your checking or savings account via direct deposit. Direct deposit electronically transfers your partial retirement benefit allowance directly into your checking or savings account, avoiding the need for you to sign and deposit your benefit check at your bank. You can establish and maintain your direct deposit through myCalPERS or you can download the *Direct Deposit Authorization* form from our website at [www.calpers.ca.gov](http://www.calpers.ca.gov). You may also call our toll free number **888 CalPERS** (or 888-225-7377) and ask us to mail you a copy.

## Payroll Deductions

Any payroll deductions you have (health and life insurance premiums, union dues, credit union payments, deferred compensation, etc.) must be taken from your salary. If you have any questions regarding payroll deductions, contact your human resources department.

## Health, Dental, and Long-Term Care Coverage

Your health, dental, and long-term care coverage (if enrolled) are not affected by partial service retirement. Remember, though, that any premium payments will be deducted from your salary and not from your partial retirement allowance.

## Social Security

You may draw Social Security benefits while receiving your partial service retirement allowance; however, your earnings—salary and partial retirement allowance combined—may cause an offset to your Social Security benefits. Contact your local Social Security office for information.

## Injury, Illness, or Leaves of Absence

If you are unable to perform your job because of an injury or illness, you may be eligible for disability retirement. For more information see the CalPERS publication *A Guide to Completing Your Disability Retirement Election Application*.

If your injury or illness requires that you take a leave of absence or go on Non-Industrial Disability Leave, you can continue your partial service retirement with your employer's consent. You may also remain in the program if you require other types of leave. Contact your human resources department for information.

## Provisions for Beneficiaries

There is no provision under partial service retirement to provide benefits to someone after your death. All death benefits payable will be paid in the same manner as active member pre-retirement death benefits. See your CalPERS member benefit publication for more information.

## BECOME A MORE INFORMED MEMBER

### CalPERS Website

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

### my|CalPERS

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




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

### CalPERS Education Center

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

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

### Experience CalPERS Through Social Media

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

### Reach Us by Phone

Call us toll free at **888 CalPERS** (or **888-225-7377**).  
Monday through Friday, 8:00 a.m. to 5:00 p.m.  
TTY: (877) 249-7442

**Visit Your Nearest CalPERS Regional Office**

**Fresno Regional Office**

10 River Park Place East, Suite 230  
Fresno, CA 93720

**Glendale Regional Office**

Glendale Plaza  
655 North Central Avenue, Suite 1400  
Glendale, CA 91203

**Orange Regional Office**

500 North State College Boulevard, Suite 750  
Orange, CA 92868

**Sacramento Regional Office**

Lincoln Plaza East  
400 Q Street, Room 1820  
Sacramento, CA 95811

**San Bernardino Regional Office**

650 East Hospitality Lane, Suite 330  
San Bernardino, CA 92408

**San Diego Regional Office**

7676 Hazard Center Drive, Suite 350  
San Diego, CA 92108

**San Jose Regional Office**

181 Metro Drive, Suite 520  
San Jose, CA 95110

**Walnut Creek Regional Office**

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

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

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

## 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.*

This page intentionally left blank to facilitate double-sided printing.



**California Public Employees' Retirement System**

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

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

PUB 14  
August 2015



2015.8.1



Printed at CalPERS