

A Guide to Your CalPERS Partial Service Retirement



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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.

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How It Works

If you are eligible, you may reduce your work time by at least 20%, but not more than 60%. In other words, you must work at least 40% of full time, but not more than 80%. 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% (working 70% of full time), your allowance would be 30% 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 personnel office 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. 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 to determine your full service retirement Unmodified Allowance 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 at my.calpers.ca.gov.

Benefit Factor

Your benefit factor, also known as “age factor,” is the percentage of pay you’ll receive for each year of service credit earned. It is determined by your age at partial service retirement. Go to www.calpers.ca.gov/benefitcharts to view the retirement formula charts for your benefit factor.

Final Compensation

Your final compensation is your highest average annual compensation during any consecutive 12-month or 36-month period of employment, depending on your employer’s contract with CalPERS. If you are not sure, ask your personnel office. If your CalPERS employer(s) withheld Social Security taxes, your final compensation is reduced by \$133.33 when computing your allowance.

If your employer(s) did not withhold Social Security taxes, your final compensation is not reduced.

Example Allowance Estimates

We have used the following information for our examples:

- Retirement formula = 2% at 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

Service Credit	Benefit Factor		Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
25	2.000%	= 50%	\$2,866.67*	\$1,433.34	40%	\$573.34

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

Service Credit	Benefit Factor		Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
25	2.000%	= 50%	\$3,000.00	\$1,500.00	40%	\$600

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

Service Credit	Benefit Factor		Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
25	0.750%	= 18.75%	\$3,000.00	\$562.50	40%	\$225

Estimate Your Case

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

* If your employer(s) withheld Social Security taxes, you are subject to a one-time Social Security offset. This means your final compensation is reduced by \$133.33 when calculating 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%, we set aside 20% 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, 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.

When you're ready to fully retire, apply for service retirement online through myCalPERS or submit the retirement application in the publication ***A Guide to Completing Your CalPERS Service Retirement Election Application*** (PUB 43).

Other Considerations (continued)

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 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.

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

If you're within one year of your expected retirement date, you can request a CalPERS Estimate Letter through your myCalPERS account at my.calpers.ca.gov or complete and mail the **Retirement Allowance Estimate Request** form. You can find the form at www.calpers.ca.gov, or you can call us at **888 CalPERS (888-225-7377)** to request a copy by mail.

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.

Other Considerations (continued)

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.

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% federal tax and 2½% 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 single person with no adjustments. California residents who do not file a tax withholding election will have an additional 2% 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 1099-R 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 1099-R 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. 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.

Mailing of Warrants or Direct Deposit Authorization

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 online through myCalPERS at my.calpers.ca.gov or download the **Direct Deposit Authorization** form from our website at www.calpers.ca.gov. You may also call us toll free at **888 CalPERS** (or 888-225-7377) and ask us to mail you a copy. Your financial institution must be a member of the Automated Clearinghouse Association to accept a direct deposit from CalPERS.

Other Considerations (continued)

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 personnel office.

Health, Dental, and Long-Term Care Coverage

Your health, dental, and long-term care coverage (if enrolled) is 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 publication ***A Guide to Completing Your CalPERS Disability Retirement Election Application*** (PUB 35).

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 personnel office 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. Visit **www.calpers.ca.gov/deathbenefits** for more information.

How to Contact Us

Find Us Online

www.calpers.ca.gov

Learn about your benefits and subscribe to email alerts. You'll also find all our publications and forms.

my.calpers.ca.gov

Log in to access your account information or send us a secure message.

news.calpers.ca.gov

Stay up to date on CalPERS news that matters to you.

Call Us

Our offices are open Monday through Friday, 8:00 a.m. to 5:00 p.m. We're closed on state holidays.

Toll free: **888 CalPERS** (or **888-225-7377**)

TTY: (877) 249-7442

Fax: (800) 959-6545

International Calls: +1 916-795-3000

¿Hablas Español?

Para servicio en español marque:

888 CalPERS (o **888-225-7377**)

Write to Us

California Public Employees' Retirement System

Retirement Benefit Services Division

P.O. Box 942711

Sacramento, California 94229-2711

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Visit Your Nearest CalPERS Regional Office

Go to www.calpers.ca.gov/regionaloffices to learn how to make an appointment and prepare for your visit.



Privacy Notice

The privacy of personal information is of the utmost importance to CalPERS. The following information is provided to you in compliance with the Information Practices Act of 1977 and the Federal Privacy Act of 1974.

Information Purpose

The information requested is collected pursuant to the Government Code (sections 20000 et seq.) and will be used for administration of Board duties under the 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 comply may result in CalPERS being unable to perform its functions regarding your status. Please do not include information that is not requested.

Social Security Numbers

Social Security numbers are collected on a mandatory and voluntary basis. If this is CalPERS' first request for disclosure of your Social Security number, then disclosure is mandatory. If your Social Security number has already been provided, disclosure is voluntary. Due to the use of Social Security numbers by other agencies for identification purposes, we may be

unable to verify eligibility for benefits without the number. Social Security numbers are used for the following purposes:

1. Enrollee identification
2. Payroll deduction/state contributions
3. Billing of contracting agencies for employee/ employer contributions
4. Reports to CalPERS and other state agencies
5. Coordination of benefits among carriers
6. Resolving member appeals, complaints, or grievances with health plan carriers

Information Disclosure

Portions of this information may be transferred to other state agencies (such as your employer), physicians, and insurance carriers, but only in strict accordance with current statutes regarding confidentiality.

Your Rights

You have the right to review your membership files maintained by the System. For questions about this notice, our Privacy Policy, or your rights, please write to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811 or call us at **888 CalPERS** (or **888-225-7377**).

CalPERS is 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 the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811.

**California Public Employees'
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