

A Guide to Your CalPERS Temporary Annuity



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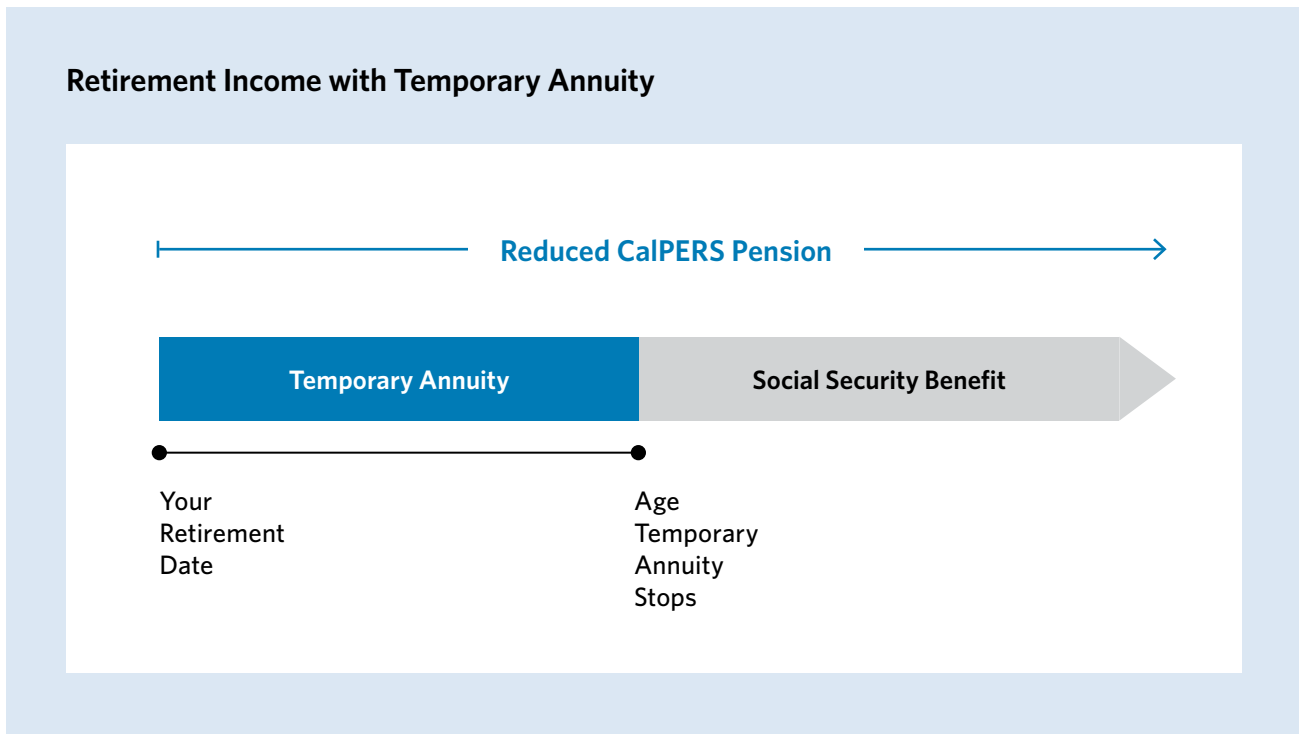
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What Is Temporary Annuity?

When you retire from CalPERS, you may elect to temporarily receive an additional dollar amount to enhance your monthly CalPERS pension. This is called temporary annuity. You pick the dollar amount and length of time to receive it when you apply for

retirement. The general purpose of temporary annuity is to supplement your CalPERS pension and allow you to retire before you collect other retirement income sources, such as your Social Security benefit. The graphic below illustrates the concept.



Think of temporary annuity as an “advance” on your future pension payments. Advancing yourself money costs you by permanently lowering your overall retirement benefit. Your lower allowance begins when you retire, not when the temporary annuity payments stop. The cost depends on:

- Your age at retirement,
- The dollar amount of temporary annuity you choose, and
- The length of time you choose to receive it.

Temporary annuity is available only if you are retiring on a full service retirement. Temporary annuity is not available with partial service, disability, or industrial disability retirement.

What Is Temporary Annuity? (continued)

Your CalPERS membership date determines to what age you can receive temporary annuity. Review the chart below to see which temporary annuity benefit applies to you.

| CalPERS Membership Date | Temporary Annuity Benefit |
|---------------------------|--|
| January 1, 2002, or later | <ul style="list-style-type: none">• Temporary annuity is paid from your retirement date to a specific age that you select — whole age from 62 to 70.• Your CalPERS service must be coordinated with Social Security. If you are unsure, please contact your personnel office.• Temporary annuity benefit cannot be more than your estimated Social Security benefit. Request an estimate of your Social Security benefit from the Social Security Administration before applying for a CalPERS service retirement. |
| Prior to January 1, 2002 | <ul style="list-style-type: none">• Temporary annuity is paid from your retirement date to a specific age you select — age 59½ or any whole age from 60 to 68.• Your Social Security benefit does not limit the amount you can receive. |

You can contact the Social Security Administration at (800) 772-1213 or visit their website at www.ssa.gov.

What Is the Cost?

The following charts show the estimated cost of temporary annuity if you retire at exactly age 55 or 60 and receive a temporary annuity payment of \$500 or \$1,000.

Temporary Annuity Cost Chart 1*

Age at Retirement — 55

| Age Temporary Annuity Payments Stop | Estimated Cost Per \$100 | Overall Cost to Your Retirement Benefit (\$500 Temporary Annuity) | Overall Cost to Your Retirement Benefit (\$1,000 Temporary Annuity) |
|-------------------------------------|--------------------------|---|---|
| 62 | \$38.63 | \$193.13 | \$386.25 |
| 63 | \$43.15 | \$215.73 | \$431.46 |
| 64 | \$47.46 | \$237.28 | \$474.56 |
| 65 | \$51.56 | \$257.82 | \$515.64 |
| 66 | \$55.48 | \$277.40 | \$554.80 |
| 67 | \$59.21 | \$296.07 | \$592.14 |

Figures are based on a retirement age of exactly 55 years in 2024.

Temporary Annuity Cost Chart 2*

Age at Retirement — 60

| Age Temporary Annuity Payments Stop | Estimated Cost Per \$100 | Overall Cost to Your Retirement Benefit (\$500 Temporary Annuity) | Overall Cost to Your Retirement Benefit (\$1,000 Temporary Annuity) |
|-------------------------------------|--------------------------|---|---|
| 62 | \$13.40 | \$66.98 | \$133.97 |
| 63 | \$19.57 | \$97.83 | \$195.66 |
| 64 | \$25.45 | \$127.24 | \$254.47 |
| 65 | \$31.05 | \$155.27 | \$310.53 |
| 66 | \$36.40 | \$181.99 | \$363.98 |
| 67 | \$41.49 | \$207.46 | \$414.92 |

Figures are based on a retirement age of exactly 60 years in 2024.

* The data used in these charts is hypothetical and is not based on any real people. It is intended to illustrate how the cost of temporary annuity increases based on age at retirement, temporary annuity amount, and the length of time it is received. Actual costs are determined at retirement.

Get a Temporary Annuity Estimate

If you are deciding whether temporary annuity is right for you and are unsure of how much to ask for, we recommend that you first estimate what your total retirement income and anticipated budgetary expenses will be in retirement.

If you want to collect your CalPERS pension before collecting your Social Security benefit, you'll want to estimate your CalPERS pension and get a Social Security estimate to figure how much additional income you might need and for how long.

You can estimate your basic CalPERS retirement benefit at any time by logging in to your personal myCalPERS account at [my.calpers.ca.gov](https://www.calpers.ca.gov).

If you're within 12 months of your retirement date, you can request a CalPERS Estimate Letter through your myCalPERS account 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** (or **888-225-7377**) to request a copy by mail.

We recommend requesting one estimate with temporary annuity and one without. You may request up to two estimates in a 12-month period.

By law, you cannot reduce your Unmodified Allowance by more than 50% to pay for your temporary annuity. If the amount you ask for would exceed this maximum, we will limit the amount and notify you by mail.

Temporary Annuity Calculation Sample

Sally calculates that she'll need approximately \$2,450 per month to meet her retirement budget requirements. She is age 55 and plans to collect Social Security at age 62. Based on her CalPERS retirement estimate, she knows that at age 55, her Unmodified Allowance is expected to be \$2,200 month. She needs an additional \$250 per month.

She looks at the Cost Chart #1 for retirement at age 55 and sees that a temporary annuity payment of \$500 until age 62 will permanently reduce her Unmodified Allowance by approximately \$193.13, but provides the additional income she'll need if she wants to retire now. Sally decides to take the \$500 temporary annuity until age 62. See what her benefit looks like below:

Example:

| | |
|---|-------------------|
| Unmodified Allowance at Age 55 | \$2,200.00 |
| Cost of \$500 Temporary Annuity | - 193.13 |
| Permanently Reduced Unmodified Allowance | \$2,006.87 |
| Temporary Annuity Payment | + 500.00 |
| Retirement Benefit from Age 55 to 62 | \$2,506.87 |

Sally receives temporary annuity payments for seven years, which is the length of time between her exact age at retirement and when her temporary annuity payment ends. Sally's last \$500 payment will be on the retirement check in the month she turns 62. This means that if her birthday is June 5, her last temporary annuity payment will be on her June 1 check. Beginning with her July 1 check, her retirement allowance will be \$2,006.87, plus applicable cost-of-living adjustments.

Note: The above example presumes Sally wants the Unmodified Allowance. If you choose a payment option that will provide a lump sum or ongoing monthly benefit for a beneficiary upon your death, the cost to provide this benefit is taken from your permanently reduced Unmodified Allowance.

Other Things to Know About Temporary Annuity

Cost-of-Living Adjustment (COLA)

While you are receiving temporary annuity, your cost-of-living adjustment (COLA) is based on your increased retirement allowance. When your temporary annuity payment stops, the COLA will be recalculated based on your retirement allowance without temporary annuity.

Example: Sally's COLA was initially based on her retirement allowance of \$2,506.87, which included her \$500 temporary annuity. When her temporary annuity payment stops, her COLA will be based on her regular retirement allowance of \$2,006.87.

Tax Withholding

Your regular retirement allowance and temporary annuity is taxable income. Please consider this when making your tax withholding elections. Consult the Internal Revenue Service, the California Franchise Tax Board, or your tax advisor for tax withholding advice.

Leaving Your Temporary Annuity to a Beneficiary

If you die before your temporary annuity ends, the remaining payments will be paid in a lump sum to your eligible beneficiary(ies). You can name a beneficiary for this benefit when you apply for service retirement or through your personal myCalPERS account once you are retired.

Changing Your Temporary Annuity Payment

If you want to change your temporary annuity amount or your ending age, or cancel the temporary annuity payments entirely, you must notify us immediately upon getting your initial retirement check because making changes affects your retirement benefit calculation.

Notification of Last Payment

Your last temporary annuity payment is paid on the retirement check issued at the beginning of your birth month. For example, if your birthday is June 28, your last temporary annuity payment will be included on your June 1 dated check.

We mail a letter to you 60 days before your last temporary annuity payment to remind you the annuity payments are ending and provide the amount of your future retirement benefit, including any cost-of-living adjustments.

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, CA 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 to conduct CalPERS Board of Administration duties under the Public Employees' Retirement Law, the Social Security Act, and/or the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to submit the required information 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 either on a mandatory or 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 CalPERS. For questions about this notice, our Privacy Policy, or your rights, please write to:

CalPERS
CalPERS Privacy Officer
400 Q Street
Sacramento, CA 95811

You may also 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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