

CalPERS Retirement Benefits – Nearing Retirement

Disclaimer: CalPERS is governed by the [Public Employees' Retirement Law \(PERL\)](#). 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.

Note: This Digital Class Notes & Resources document is designed as a supplementary enhancement to the presentation, offering additional support for CalPERS members.

Agenda

This presentation covers information on:

- Retirement Types
- Your Retirement Calculation
- CalPERS Special Power of Attorney
- Retired Lump Sum Death Benefits
- Working After Retirement
- 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:

1. **Service** – This is the “normal” retirement for members who have met the eligibility requirements. If you were hired prior to January 1, 2013, then the minimum eligibility requirements are age 50 with 5 years of service credit. If you were hired after January 1, 2013, as a new miscellaneous member, then you must be age 52 with 5 years of service credit. For safety members, the minimum requirement is still age 50 with 5 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.
2. **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.

3. **Industrial Disability** – This type of retirement is usually only available to safety members, such as police officers or firefighters, or for members whose employer contracts for this benefit. There is no age or service credit requirement, but the disability must be job related.

For more information, read:

- [Planning Your Service Retirement \(PUB1\) \(PDF\)](#),
- [Service Retirement Election Application \(PUB 43\) \(PDF\)](#),
- [Disability Retirement Resource Guide \(PDF\)](#),
- [Disability Retirement Election Application \(PUB 35\) \(PDF\)](#)

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)

Service Credit x Benefit Factor x Final Compensation = 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](#). It's earned on a fiscal year basis from July 1 through June 30. 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

If you earn anything less than this, then you're credited with a partial year.

Service Credit Purchase Options

We offer a variety of service credit purchase options to eligible members. To get an idea of what you may be eligible to purchase and the potential cost, log in to your [myCalPERS](#) account and request to purchase service credit.

- **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 those years of service credit.
- **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, or seasonal position, you may be eligible to purchase Service Prior to Membership.

- **Military Service** – Members who have served in active military service may purchase up to four years of Military Service Credit. If you served active duty during your CalPERS career, you may be eligible to have the time served credited to your account at no cost to you.
- **Other types of service credit** – There are several less common service credit purchase types. For example, certain types of leaves of absence, Optional Member Service, Prior Service, Fellowship, Comprehensive Employment and Training Act (CETA), and Peace Corps.

Find more information on the different purchase types and eligibility on our [service credit](#) webpage and read 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, log in to your myCalPERS account to review purchase options, get an estimate of the cost, and submit your request online.

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

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). AER reduces your retirement benefit every month by an actuarially equivalent amount of the remaining balance owed.

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.

2,000 hours equal 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 2,000.

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
- 1/4 year – June 10
- 1/2 year – September 10
- 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

2% at 55 Retirement Formula – Minimum retirement age is 50 years				
Age	Exact Year	¼ Year	½ Year	¾ 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 or older	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. Once you know your formula, find your [benefit factor chart](#) on our website.

Final Compensation

The last part of your pension calculation is final compensation.

Compensation is defined as payment to employees for service performed during normal work hours or time used for vacation, compensatory time off, or sick leave.

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 and when you became a member. 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 1:

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:

$25 \text{ years} \times 2\% \text{ benefit factor} = 50\%$

$50\% \times \$4,500.00 \text{ final compensation} = \$2,250.00 \text{ unmodified allowance or pension}$

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

Example 2:

If you work under two CalPERS employers with different formulas, a split calculation is used.

2% @ 55 formula - $20 \text{ years} \times 2\% = 40\%$

$40\% \times \$4,500.00 = \$1,800.00$

2% @ 62 formula - $5 \text{ years} \times 1.3\% = 6.5\%$

$6.5\% \times \$4,500.00 = \292.50

When added together, the unmodified allowance is \$2,092.50.

An important step in the retirement process is choosing your retirement option. You can choose to take the unmodified allowance which is the full amount or choose an option to provide a lump sum or lifetime monthly benefit to your beneficiaries upon your death. You can choose:

- 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

NOTE: We cannot apply your PEPR salary toward your classic service and vice versa.

Power of Attorney

A CalPERS [Special Power of Attorney \(PUB 30\) \(PDF\)](#) allows you to designate a representative, known as your attorney-in-fact, to conduct business with us as it relates to your CalPERS benefits. Not all power of attorney forms are the same. This form is specifically designed for CalPERS retirement issues.

Based on the authority given, your designated attorney-in-fact will be able to perform important duties concerning your CalPERS business, including:

- Changing your address
- Submitting 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
- Grant anyone access to your myCalPERS account

Working After Retirement

Once you retire, you may decide you'd like work in retirement. There are rules and laws regarding how this can be done so that it doesn't affect your pension.

You can work in the private sector without restrictions and there is no effect on your CalPERS pension. You can return to work as a retired annuitant with a CalPERS-covered employer. If you're thinking about working after retirement, read [Employment After Retirement \(PUB 33\) \(PDF\)](#).

Retired Annuitant General Requirements and Limitations

If you want to work as a retired annuitant, there is a 180-day waiting period before you can return to work. There are exceptions to this rule, like if the employer can certify that your appointment to the job is necessary to fill a critically needed position before the 180 days have passed.

Even if you're exempt from the 180-day waiting period, you may still be subject to a 60-day bona fide separation of service requirement. This 60-day separation of service limitation only applies if you're under your "normal" retirement age. Your normal retirement age is dictated by your retirement formula. For example, if you have a 2% @ 55 retirement formula, then your normal retirement age is 55. If you're subject to both waiting periods, they can be served concurrently.

As a retired annuitant you can't make more than the maximum monthly base salary paid to other employees performing similar work.

The position must be temporary, and you can't work more than 960 hours in a fiscal year which is from July 1 through June 30.

You don't make any contributions to CalPERS or earn any service credit, and you can't earn additional benefits like sick leave or vacation.

Retired Lump Sum Death Benefits

Besides the option you may choose to provide for a beneficiary, there are also post-retirement lump sum [death benefits](#) payable if you should pass away in retirement.

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

- For the 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. It's payable upon your death to who you designate as your beneficiary.

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 registration of 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 pages:

Home page:

- **Life Events**
 - Learn how certain [life events](#) can impact your coverage or benefits in CalPERS programs

Members and Retirees pages:

- **I Want To...**
 - Provides links to some of the most accessed tools and information
- **Resources**
 - Provides links to important information as an Active Member or a Retiree
- **Forms & Publications**
 - Find all the [forms & publications](#) you'll need to learn about your benefits and prepare for retirement

To find out more information about your benefits, read your member benefits publication. We have three versions depending on your membership category.

- [School Members \(PUB 3\) \(PDF\)](#)
- [State Members \(PUB 4\) \(PDF\)](#)
- [Public Agency Members \(PUB 5\) \(PDF\)](#)

You can also 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 videos, 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 including the ability to:

- Estimate your retirement
- Update your beneficiaries
- Apply for retirement
- Send us a message
- And more...

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

- Your estimated unmodified allowance based on earliest retirement date and information last reported by your employer

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

- Find publications
- Enroll in online and instructor-led [classes](#)
- Schedule an [appointment](#) with a Regional Office counselor

Among the classes we offer is the **Planning Your Retirement** class which provides much more in-depth information. Whether you're a year away or 10, continuing to take classes reinforces the information you've learned and helps you be more prepared for retirement.

We have eight [Regional Offices](#) located across the state that offer phone, virtual, and in-person appointments and instructor-led classes.

Additional Resources:

- [Subscribe](#) to our **Member Education Bulletin**
- [Register](#) for our monthly videos
- Watch our [YouTube Videos](#)
- Schedule an appointment with a [Regional Office](#) counselor
- Customer Contact Center **888 CalPERS** (or **888-225-7377**)