

# Your Retirement Formula: How It Works

## CalSTRS 2% at 60

Faye is a first-grade teacher with 29 years of service credit. She just turned 58, and though not in a hurry to retire, she's been thinking more about retirement lately. Her monthly pay is \$4,708.

Here are three examples for her retirement benefit calculation, not including any sick leave she may have that will be converted to service credit at retirement, and assuming her pay stays the same.

If Faye retires with at least 30 years of service credit, a 0.2 percent career factor will be added to her age factor, up to a maximum age factor of 2.4 percent.

### EXAMPLE 1

If Faye were to retire today, her monthly retirement benefit would be:

<b>29</b>	x	<b>1.76%</b>	x	<b>\$4,708</b>	=	<b>\$2,403</b>
service credit		age factor		final compensation		retirement benefit

### EXAMPLE 2

If she continued working until her 60th birthday, she would qualify for the career factor. Her monthly retirement benefit would be:

<b>31</b>	x	<b>2.2%</b>	x	<b>\$4,708</b>	=	<b>\$3,211</b>
service credit		age factor + career factor		final compensation		retirement benefit

### EXAMPLE 3

If she continued working until her 62nd birthday, she would be eligible for the maximum combined age factor and career factor of 2.40 percent, giving her a monthly retirement benefit of:

<b>33</b>	x	<b>2.4%</b>	x	<b>\$4,708</b>	=	<b>\$3,729</b>
service credit		age factor + career factor		final compensation		retirement benefit

## CalSTRS 2% at 62

Bill was first hired to teach high school chemistry in March 2013, so he falls under the CalSTRS 2% at 62 benefit structure. He is 30 years old and would like to retire at age 62 or later. Under CalSTRS 2% at 62, there is no career factor or one-year final compensation benefit enhancement.

### EXAMPLE 1

If Bill continues working until his 62nd birthday, he would be eligible for the age factor of 2 percent. If his final compensation is \$5,100, his monthly retirement benefit would be:

<b>32</b>	x	<b>2%</b>	x	<b>\$5,100</b>	=	<b>\$3,264</b>
service credit		age factor		final compensation		retirement benefit

### EXAMPLE 2

If Bill continues working until he turns 65, he would be eligible for the maximum age factor of 2.4 percent. If his final compensation was still \$5,100, his monthly retirement benefit would be:

<b>35</b>	x	<b>2.4%</b>	x	<b>\$5,100</b>	=	<b>\$4,284</b>
service credit		age factor		final compensation		retirement benefit

- Find the "Age Factor" and "Career Factor" tables on pages 71–72.

## Benefit Estimate Worksheet

Learn more about your benefits by attending a workshop to prepare for your retirement. If you still have questions, make an appointment to talk to a CalSTRS benefits specialist.

Your Member-Only Benefit Estimate	
You plan to retire at age _____	
<b>Step 1: Determine Service Credit and Age Factor</b>	
Service Credit (years of service)	= _____
Age Factor (See Age Factor Table, next page. If applicable, include career factor.)	= _____
<b>Step 2: Determine Final Compensation</b>	
Enter your highest average annual compensation earnable for 36 consecutive months (or 12 consecutive months, if eligible for one-year final compensation). See "Final Compensation" on page 61.	
	\$ _____
	\$ _____
	\$ _____
Total Compensation Earnable	= \$ _____
(If eligible, use one-year final compensation ÷ 12 months.)	÷ 36 months
Monthly Final Compensation	= \$ _____
<b>Step 3: Calculate Benefit</b>	
Service Credit	_____
x Age Factor	x _____
x Final Compensation	x _____
+ Longevity Bonus (if eligible)	+ _____
<b>Your Member-Only Monthly Benefit</b>	= \$ _____

Example	
Mary is retiring at age 60 with 24.250 years of service.	
<b>Step 1: Determine Service Credit and Age Factor</b>	
Service Credit (years of service)	= 24.250
Age Factor (based on Mary's age at retirement, see Age Factor Table, next page)	= 2%
<b>Step 2: Determine Final Compensation</b>	
Mary's highest 36 consecutive months of compensation earnable	
2016-17	\$ 48,000
2015-16	\$ 47,000
2014-15	\$ 45,000
Total Compensation Earnable	= \$ 140,000
	÷ 36 months
Monthly Final Compensation	= \$ 3,888.89
<b>Step 3: Calculate Benefit</b>	
Service Credit	24.250
x Age Factor	x .02
x Final Compensation	x \$ 3,888.89
+ Longevity Bonus (if eligible)	0
<b>Mary's Member-Only Monthly Benefit</b>	= \$ 1,886.11