

7. After You Retire

Annual Benefit Adjustment

State law provides for an automatic benefit increase equal to 2 percent of your initial benefit, beginning on September 1 after the first anniversary of your retirement. The adjustment will appear in your October 1 payment. These adjustments are not compounded or tied to changes in the cost of living.

The California Legislature can reduce or eliminate the amount of the annual benefit adjustment for new and existing members, even if they have already retired, if economic conditions dictate.

Purchasing Power Protection

Purchasing power is a measurement of how your retirement benefit keeps pace with inflation. For example, if your benefit stays the same, but prices have doubled, your purchasing power is only 50 percent of what it was.

In addition to the annual benefit adjustment, two types of postretirement benefit enhancements support the purchasing power of retired CalSTRS members:

- One-year supplemental benefit payments, payable in quarterly installments. CalSTRS makes these payments to retired members and beneficiaries whose benefits have fallen below a certain level of purchasing power. Purchasing power protection level is currently set at up to 85 percent of your initial benefit.
- The Legislature occasionally grants ad hoc, or one-time, permanent increases to your monthly benefit.

Medicare Premium Payment Program

Under the CalSTRS Medicare Premium Payment Program, CalSTRS will pay your Medicare Part A premium if you are not eligible for premium-free Medicare Part A and meeting the CalSTRS requirements. See [“Medicare Premium Payment Program”](#) in Section 5.

Working After Retirement

Your only restriction on working after service retirement is within the California public school system. State law prohibits retired members from working in a classified position except, under certain circumstances, as a teacher's aide.

Purchasing power is a measurement of how your retirement benefit keeps pace with inflation.

The law restricts the amount you can earn without affecting your CalSTRS retirement benefit if you work in a CalSTRS-covered position as an employee of a public school district, an independent contractor, or an employee of a third party.

If you received additional service credit under the CalSTRS Retirement Incentive Program, you will lose the additional service credit if you return to work within five years of retirement for the employer that offered the incentive.

Separation From Service Requirement

Federal law prohibits pension plans from distributing benefits before either the normal retirement age or a separation from service. To ensure that separation from service has occurred, if you are under age 60, your CalSTRS retirement benefit will be reduced by the amount that you earn in CalSTRS-covered employment for six months immediately following your retirement effective date or until your 60th birthday, whichever is sooner. The requirement for this deduction began July 1, 2010, regardless of your retirement date. There are no exemptions.

Earnings Limit

If you return to work in a CalSTRS-covered position, there is a limit to the amount you can earn in a school year without affecting your benefit. Your CalSTRS benefit will be reduced dollar for dollar by the amount of creditable earnings from public school employment in excess of the earnings limit.

If you are under age 60 and do not have a separation from service, you will be subject to the earnings limit as well as the separation of service requirement.

The Teachers' Retirement Board adjusts the earnings limit annually. The earnings limit for the 2010-11 school year is \$31,020.

Exemptions From the Earnings Limit

You may qualify for an earnings limit exemption under certain circumstances.

Contact your employer if you believe you qualify. If you are under age 60, however, there are no exemptions from the separation from service requirement.

In most cases, your employer must submit documentation to substantiate your eligibility for an exemption by June 30 of the applicable school year. It is up to you to contact your employer to verify that the required documentation has been submitted.

CalSTRS has the final authority to approve an exemption request. Keep in mind you are subject to the earnings limit unless CalSTRS approves your exemption.

The following postretirement earnings are exempt from the earnings limit subject to CalSTRS approval:

- If you do not perform CalSTRS-covered employment for at least 12 consecutive months after your most recent retirement, you are automatically exempt from the earnings limit (this exemption does not require employer documentation).
- If you retired on or before January 1, 2009, and return to any of the following:
 - » Provide direct instruction in a K-12 classroom.
 - » Provide direct remedial education in a classroom for grades 2 through 12.
 - » Support or assess new teachers in the Beginning Teacher Support and Assessment Program.
 - » Provide support to individuals completing student teaching assignments, in alternate certification programs or in the School Paraprofessional Teacher Training Program.
 - » Provide pupil services and instruction in Special Education or instruction in English Language Learner programs.
- If you return to work as a trustee or administrator for a financially insolvent employer, or under the Immediate Intervention/Underperforming Schools

Program or the High Priority Schools Grant Program (this exemption is limited to a 24-month term).

- If you return to work in certain emergency situations in an administrative position requiring highly specialized skills as long as your termination did not create the vacancy (this exemption may not exceed one-half of the full-time position and is limited to a 24-month term).

These exemptions are available through June 30, 2012, unless extended by law.

NOTE

In some cases, these exemptions may be limited by collective bargaining agreements.

Reinstatement to Active Member Status

If you plan to reinstate to active member status, first make an appointment with a CalSTRS benefits counselor. The counselor will discuss important considerations, including how your future benefits may be affected by your reinstatement. Call your local CalSTRS benefits counseling office or 800-228-5453 to make an appointment.

You may also request an estimate of your future benefits by writing to CalSTRS. In your letter, include your full name, Client ID or Social Security number, address and telephone number. In addition, provide your estimated salary, how long you plan to be an active member again and if you currently have an option or intend to elect an option before your subsequent retirement.

You can reinstate to active membership by submitting the *Reinstatement After Retirement* form available at CalSTRS.com or by calling us. After we receive your request, your retirement and monthly benefits will end.

NOTE
For security and privacy, all members are given a randomly generated Client ID number for identification. Your number is available on any letter from us and on your annual *Retirement Progress Report*. You may use it in communications to us about your account.

One Year Before Your Next Retirement

At least one year must elapse from the date of your reinstatement to active member status from either service retirement or disability retirement before you may retire again from CalSTRS.

Disability or Survivor Benefits

You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability or survivor benefits.

Retirement Incentive Program

If you retired on or after January 1, 1985, and reinstate, you will lose any additional service credit you may have acquired by participating in the Retirement Incentive Program.

Preretirement Election of an Option

You are not eligible to file a preretirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired with an option, that option will automatically become a preretirement election when you reinstate.

Coverage A or B

For most members, if you retire and then reinstate, you will maintain the coverage you had prior to your retirement. Under certain circumstances, if you retired under Coverage A, your coverage may change to Coverage B for survivor and disability benefits. Contact CalSTRS for further information regarding your specific situation.

Discontinuing Deductions for Health Insurance Premiums

If CalSTRS is paying your Medicare Part A premium or deducting health insurance premiums from your benefit and you decide to reinstate, you will need to make premium payment arrangements with your health insurance carrier.

Discontinuing Payment for Deduction of Medicare Premiums

If CalSTRS is paying your Medicare Part A premiums or deducting your Medicare Part B premiums under the Medicare Premium Payment Program, you will have to pay these premiums yourself when you reinstate. To arrange payment, contact the Social Security Administration at 800-772-1213. When you retire again, you may reapply for the Medicare Premium Payment Program.

Benefit Calculation If Reinstating

Reinstate for Fewer Than Two Years

When you retire a second time with fewer than two years of new service credit, your new service retirement benefit will be equal to the sum of both the following:

- An amount equal to the last Member-Only Benefit received immediately before reinstatement, increased by the 2 percent annual benefit adjustment that would have been applied to the benefit if you had not reinstated.

- An amount based on service earned since your last reinstatement, your age at the subsequent retirement, and your final compensation. If your total service credit is 30 or more years, you may be eligible for the career factor on the service credit earned following reinstatement. Also, if you retired with 30 years of service credit on or before December 31, 2010, and reinstate, you may be eligible for the increased longevity bonus (\$300 for 31 years, \$400 for 32 or more years) upon subsequent retirement.

Reinstate for Two Years or More

If you service retire with two or more years of service credit after your most recent reinstatement, your monthly benefit will be equal to the sum of:

- An amount based on the service credit you earned before your last retirement, multiplied by an adjusted age factor, multiplied by your highest final compensation.
- An amount based on the service credit you earned since your last reinstatement, your age at subsequent retirement, and your highest final compensation.