

Considering Retirement?

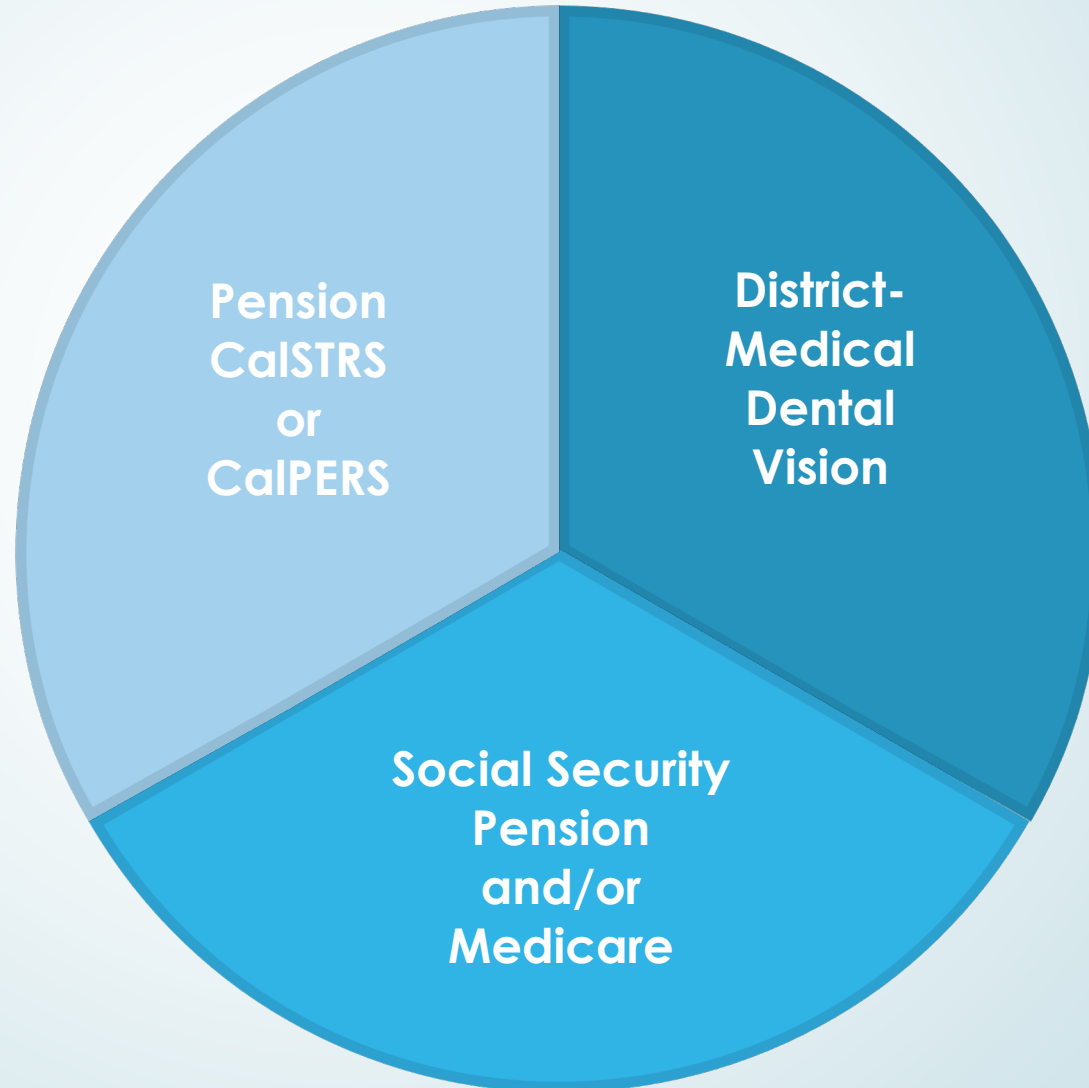




TOPICS

- Types of Retirements
- Things to Consider
- Pension Calculation Information
- Social Security Retirement Benefit
- Medical Coverage into Retirement
- Dental and/or Vision Benefits
- Medicare Coverage
- “To Do List”
- Resources

3 Separate Retirement Programs



Things to Consider

1. Review your Service Credit with CalSTRS/CalPERS to verify accuracy. Several reasons could result in less service credit than expected.
 - i. Full or partial unpaid leaves of absence – consider buying time back
 - ii. This year is not completed yet and will not reflect complete year for pension calculations.
 - iii. Reporting errors are uncommon but once identified must be corrected by the reporting District
2. Review estimated monthly benefit compare future pension amounts
 - i. Will you be reaching benchmark factors soon? 30 years of service or age 60
3. Compare current **net pay** to **pension** = impact to monthly cash flow
 - i. Net pay is cash in your pocket, the amount available to spend every month.
 - ii. Pension amount **less** Federal & State taxes (much lower) **less** health insurance if needed, **plus** gasoline, insurance, wear & tear on vehicle **plus** clothing, class supplies, and misc. expenses that are no longer needed will provide the realistic cash in pocket amount to compare to current net pay.
 - iii. Don't forget to add 403(b), 457 or Social Security benefits if you will be receiving those!

\$ Pension
- Fed. Taxes
- State Taxes
+ Gas, Ins.
+ unneeded
Cash in pocket

PENSION CALCULATION

#1 Final Compensation = Salary + Degree Stipend

#2 Age at time of retirement – STRS age factor is 2% at 60

You can retire early but factor is reduced. Age 50 is 1.1%

Work beyond age 60 and receive 2.2% at age 61 and 2.4% at age 63

If age 60 with 30 years of service at retirement extra .2% = max. factor at age 61.5

#3 Years of Service – includes unused sick leave

Be sure to submit Express Benefit Report to transfer unused sick leave to STRS

27 years of service + 150 sick days = about 27.8 service years (150/186 = about 0.807)

CalSTRS Pension Estimated Examples				
Age at retirement	58	58	60	63
Years of service credit (incl. sick leave)	27	27.8	27.8	27.8
Sick leave days included	0	150	150	150
Age factor	1.76%	1.76%	2.00%	2.40%
Average monthly salary (Final compensation)	\$6,800	\$6,800	\$6,800	\$6,800
Member-Only Benefit	\$3,231.36	\$3,327.10	\$3,780.80	\$4,536.96
Service Credit x Age Factor x Final Compensation = Member-Only Benefit				



Social Security Benefits - Pension

- **Retirement benefits** – may be available if you contributed into program prior to becoming a teacher or if you are a PERS member.
- Review Social Security statement on line to find contributions, salary amounts and number of quarters reported
- Windfall Elimination Provision may reduce benefits for STRS members if qualified for any benefits.
 - You are exempt if you have 30 years of substantial earnings
 - With 21 to 29 years of substantial earnings the reduction of benefits is reduced
 - Does not apply to PERS members

Health Benefits Into Retirement

- You must be at least age 52 with 10 years of service credit with **AUSD** (not STRS/PERS)
- If qualified and enrolled in AUSD sponsored health plan through CalPERS health benefits; the District will contribute the same amount received by active employees at the employee only benefit level. (currently \$414.11) Prorated for PT employees. The benefit will continue until age 65 or Medicare coverage begins.
- The health plans are the same benefits and costs as the active employee plans
- 2 part contributions by AUSD:
 - 1st is PEMHCA minimum paid directly to carrier \$143.00 (2021 calendar year) by AUSD
 - 2nd is the remaining \$271.11 paid to Retiree monthly by ACH deposit or check

Sample: Kaiser Plan

Retiree Rate: \$813.64

Less PEMHCA: \$143.00

Deduction from Pension: \$568.98

Retiree + Spouse Rate: \$1,627.28

Less PEMHCA: \$143.00

Deduction from Pension: \$1,484.28

Remaining contribution of \$271.11 paid on 1st of each month to retiree by AUSD

Please note: Medical plan rates and PEMHCA amounts change annually on January 1st.

Health Benefits Continued

Medical Coverage

- Spouse/Partner and eligible children may remain covered by payment of full medical plan cost.
- After the retiree reaches age 65 AUSD will continue to pay the PEMHCA minimum directly to carrier only if retiree remains in CalPERS Medicare Supplement/Advantage plans.
 - Kaiser Senior Advantage rate \$324.48 less PEMHCA \$143.00 = \$181.48 deduction from STRS/PERS pension.
- PERS Choice PPO and PERS Care PPO are available outside of CA. Kaiser offers limited coverage in some states. Verify by Zip Code on CalPERS website - not on Kaiser website. **All Out of State plans have different rates from CA plans.**

Dental and Vision Plans

Your current plan/s may be continued for as long as you wish with timely payments.

Delta Dental

Retiree Only \$ 82.70

Retiree + 1 dep \$148.80

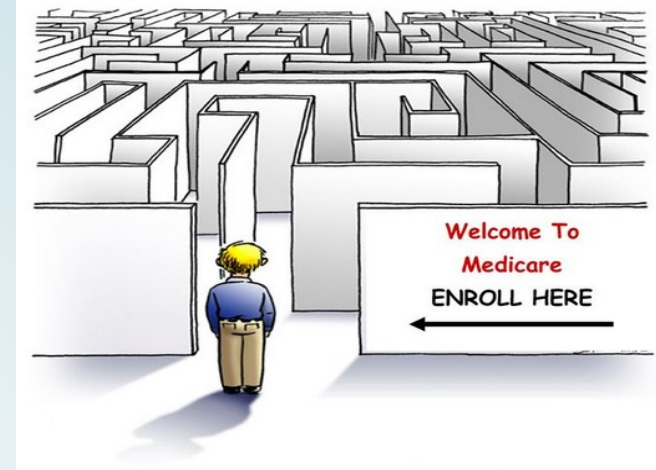
Retiree + family \$213.60

Vision Service Plan (VSP)

Family Rate \$ 28.55

Medicare Ins. Social Security

- **Medicare Benefits** – available to persons age 65 and above and those under 65 who qualified due to disability or certain health conditions.
- If continuing medical coverage into retirement and you and/or your spouse are over age 65; Medicare enrollment is required and must start on or before **8/1/2021**
 - Apply for Medicare and include form L564 to avoid late enrollment penalty
 - Age 65 after retirement - L564 is not needed, enroll 3 months prior to 65th B-day
 - Medical plans that cover both under and over age 65 participants are available
- Types of Medicare Coverage
 - Part A = Inpatient Hospitalization only, no cost to qualified beneficiaries
 - Part B = Doctor visits, lab work, x-rays, medical equipment, etc. Paid at 80%
 - Part D = Prescription Drug coverage
 - Part C = Medicare Advantage plans incl. prescription drug plan Remaining 20%
 - Medicare Supplemental plans usually no prescription drug coverage Remaining 20%
 - Compare benefits as well as costs of private supplemental and Advantage plans they may cost less but the benefits will typically not be as rich as the CalPERS plans offered



To Do List - if Retiring in June 2021

1. Download Retirement Application and schedule an appointment with CalSTRS/CalPERS to get pension estimate and questions answered about their retirement process and deadlines.
2. 3 months > Complete and submit Service Retirement Application STRS/PERS
*Retirement start date must be at least 1 day after last work day.
3. 2–3 months > Submit AUSD resignation form to Sandy Wong. Last day worked must be 06/16/2021 (*teachers*).
4. 1-2 months > If you and/or spouse/partner are over age 65 Apply for Medicare Part B with start date of 08/01/2021. Include the “Request for Employment Information” form L564 (OMB#0938-0787) with Medicare application (*I will provide form to you*).
5. 1-2 months > Send “Express Benefit Report” (STRS only) to Tonya Morgan
6. 1 month > Receive the Retiree Benefits letter to elect any benefit plans that you wish to continue into retirement. Respond by dates indicated, and include 1st check for dental and/or vision coverage with election form.
7. Provide new Medicare ID card directly to CalPERS if applicable

Congratulations! Retirement paperwork is finished.

Resources

- **CalSTRS Website:** <https://www.calstrs.com/>
- Retirement Benefits Calculator
 - <https://resources.calstrs.com/CalSTRSComResourcesWebUI/Calculators/Pages/RetirementBenefit.aspx>
- Retirement Application
 - <https://forms.calstrs.com/CalSTRSOnlineFormRequestWebUI/Root/Pages/OpenAttachment.aspx?FormId=eb03c813-824b-4bfb-a9b4-6fc1c9bdaa14>
- Purchase of Additional Service Credit
 - <https://www.calstrs.com/sites/main/files/file-attachments/purchaseadditionalservicecredit.pdf>
- **Social Security Website:** <https://www.ssa.gov/>
- Windfall Elimination Provision
 - <https://www.ssa.gov/benefits/retirement/planner/anyPiaWepjs04.html>
- **CalPERS Website:** <https://www.calpers.ca.gov/>
- Retirement Benefits Calculator
 - <https://www.calpers.ca.gov/page/active-members/retirement-benefits/service-disability-retirement/retirement-estimate-calculator>
- Retirement Application
 - <https://www.calpers.ca.gov/docs/forms-publications/service-retirement-election-app.pdf>
- Purchase of Additional Service Credit
 - <https://www.calpers.ca.gov/docs/forms-publications/service-credit-purchase-options.pdf>

Any Questions?

