

# Social Security, CalSTRS and You

## Get the Facts on Social Security

As a California public school educator, you do not contribute to Social Security, so you will not receive a Social Security benefit for your CalSTRS-covered employment when you retire.

If you are counting on Social Security through your spouse or other employment, read this fact sheet

carefully. Two federal rules, the Windfall Elimination Provision and the Government Pension Offset, may leave you with a smaller Social Security check or possibly no check at all.

These rules affect only your Social Security benefit. Your CalSTRS retirement benefit will not change.

### Windfall Elimination Provision

Affects your Social Security benefit that is based on your earnings from other employment.

- May reduce your Social Security benefit, but it will not eliminate it. For 2012, the maximum reduction is \$383.50 per month with 20 or fewer years of substantial earnings.
- If your CalSTRS benefit is low, the reduction to your Social Security benefit cannot be more than half of your monthly CalSTRS benefit.
- Does not apply if you have 30 or more years of substantial earnings under Social Security.
- If you paid Social Security taxes on substantial earnings for:
  - » Up to 20 years, this provision reduces the 90 percent factor of the Social Security computation formula to 40 percent. For example, if you turn 62 in 2012 and had 20 years or fewer of substantial earnings, see the table at the right describing how your Social Security benefit would be affected. The dollar value of each part is adjusted annually.
  - » 21 to 29 years, the 40 percent factor increases incrementally from 45 percent to 85 percent.

#### Social Security Substantial Earnings

Social Security substantial earnings are defined each year. Here is a sampling:

1980	\$5,100
1990	\$9,525
2000	\$14,175
2012	\$20,475

#### Worker With Average Indexed Monthly Earnings of \$2,000 and Retiring in 2012

##### Regular Formula

90% of first \$767	\$690.30
32% of next \$3,867	\$394.56
15% of remainder	\$0
<b>Total</b>	<b>\$1,084.86</b>

##### Windfall Elimination Formula

40% of first \$767	\$306.80
32% of next \$3,867	\$394.56
15% of remainder	\$0
<b>Total</b>	<b>\$701.36</b>

### Government Pension Offset

Affects the Social Security benefit you receive as a spouse or surviving spouse.

- May reduce or eliminate your spousal Social Security benefit.
- Will offset your Social Security benefit by two-thirds of your CalSTRS retirement benefit.

For example: Assume your expected spousal Social Security benefit is \$600 and your CalSTRS retirement benefit is \$1,200.

Two-thirds of \$1,200 is \$800. Subtracting \$800 from your spousal \$600 Social Security benefit leaves a negative amount, so you would not get a Social Security check.



# Consider investing the percentage of your salary that would have gone to Social Security into a tax-advantaged 403(b), Roth 403(b) or 457 plan, such as CalSTRS Pension2.



Find details and calculators to help you determine if these federal rules might affect you at [socialsecurity.gov](http://socialsecurity.gov) (select *Government Employees under Information For*).

## Important Things to Consider

- If you're receiving Social Security now, your Social Security benefit may be reduced or eliminated when you begin receiving your CalSTRS benefit. Let the Social Security Administration know when you plan to retire so that your Social Security benefit may be adjusted. Otherwise, you will have to repay any excess Social Security benefits you receive once you begin receiving your CalSTRS benefit.
- If you take a CalSTRS refund, your Social Security benefit may be offset by both rules.
- When you receive your CalSTRS annual benefit adjustment, contact the Social Security Administration. Your Social Security benefit may need to be adjusted.
- These provisions do not affect your Medicare benefits.

## CalSTRS Pension2

Consider investing the percentage of your salary that would have gone to Social Security into a tax-advantaged 403(b), Roth 403(b) or 457 plan, such as CalSTRS Pension2®.

CalSTRS Pension2 is CalSTRS' voluntary defined contribution plan. It offers 403(b), Roth 403(b) and 457 plans for additional retirement savings.

CalSTRS Pension2:

- Complements your CalSTRS retirement benefit.
- Features low fees and expenses, so more of your money works for you.
- Offers tax-advantaged contributions.
- Offers ready-made diversified Easy Choice Portfolios or the option to build your own portfolio from more than 20 investment funds.
- Provides objective advice and planning services at no additional cost.

- > **Pension2.com**  
Learn more about Pension2 plans and low fees.
- > **yourplan.CalSTRS.com**  
Find complete information about the plans offered by your employer.
- > **403bCompare.com**  
Compare fees charged by different mutual funds and insurance products.

## CalSTRS Resources



### WEB

CalSTRS.com  
Click *Contact Us* to email  
403bCompare.com  
Pension2.com  
CalSTRSbenefits.us



### CALL

800-228-5453  
7 a.m. to 6 p.m.  
Monday through Friday  
888-394-2060  
CalSTRS Pension2®  
Personal Wealth Plan  
855-844-2468 (toll free)  
Pension Abuse  
Reporting Hotline



### WRITE

CalSTRS  
P. O. Box 15275  
Sacramento, CA  
95851-0275



### VISIT

Member Services  
100 Waterfront Place  
West Sacramento, CA 95605  
Find your nearest  
CalSTRS office at  
[CalSTRS.com/localoffices](http://CalSTRS.com/localoffices)



### FAX

916-414-5040

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