

California State Teachers Retirement System (STRS)

California teachers pay into STRS

California teachers do not pay into Social Security

Defined Benefit from STRS (aka pension)

A defined amount of money every month that you can never outlive.

Service credit x Age factor x Final compensation = your defined benefit

STRS Contributions

Teacher and district each contribute a certain amount every month.

Teacher contribution: 10.25%

District contribution:

Starting July 2018 -16.28%

Starting July 2019 -18.13%

Starting July 2020 -19.3%

Defined Benefit

Two ways to receive your benefit:
Unmodified or modified.

Unmodified: You get a monthly payment until you die, and then payments stop.

Modified: You get a monthly payment until you die, then a beneficiary continues receiving a payment until they die.

Defined Benefit - Modified

Four types of modified benefit
50%, 75%, 100%, and custom.

Defined Benefit - Modified

The monthly payment of the modified pension is lower than the unmodified pension

In addition to the factors for the unmodified benefit, the calculation of the modified benefit takes into account:

When you select an option

Age of your beneficiary

Defined Benefit - Modified

Selecting a modified option

You are eligible to select an option at age 55.

The sooner you select an option, the higher the calculation will be and the higher the monthly payment.

If your beneficiary dies before you do, the pension converts to the unmodified amount.

Comparing the options

Unmodified: Based on 30 years of service credit, 59.0 years old, \$125,000.00 salary

Modified: Three factors above plus: selection made at retirement & a 59.0 year old beneficiary

Unmodified	\$79,380	63%
Modified - 50%	\$75,720	60%
Modified - 75%	\$73,584	58%
Modified - 100%	\$71,124	56%

Planning for The Gap

“The Gap” is the difference between what you earn while working and the amount of your pension.

Your salary while working includes a 10.25% contribution to STRS, making a \$125,000 salary effectively \$112,500.

Your pension from STRS does not include a contribution to STRS.

Closes The Gap by 10.25%

Defined Benefit Supplement (DBS)

To further close the gap, STRS provides an account containing an additional amount of money that can increase your pension and decrease the gap.

You have money in your defined supplement account if:

1. You taught between 1/1/2001 and 12/31/2010 (2% of your salary went to DBS)
2. You have been paid for extra duty work.
(16% goes in this account - 8% from you and 8%, from the district)

Defined Benefit Supplement (DBS)

Upon retirement, you can take the amount as:

1. a lump sum, which is taxable.
2. monthly payments paid out over a selected number of years or for your entire life
3. an amount rolled into a qualifying 403(b) account

Planning for the Gap



The DBS will not fully close the gap.

A 403(b) retirement savings account can ensure that your retirement is comfortable.

