



RETIRED Educator

WINTER 2012

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

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2011 Summary Report to Members

Working After Retirement: Exemptions End June 30

All exemptions to the annual postretirement earnings limit will end June 30. Under state law, if you work in any CalSTRS-covered employment on or after July 1, you will be subject to all applicable earnings limits and will no longer be able to apply for any exemptions, which include:

- Direct Classroom and Remedial Exemption
- Emergency Exemption
- Limited-Term Appointment or Assignment Exemption
- 12-Month Break Exemption

In past years the California Education Code provided exemptions to the annual postretirement earnings limit. By law, these exemptions are set to end June 30, 2012.

The following limits apply whether you perform creditable service as an employee of the

public school system, an independent contractor or an employee of a third party.

Annual Postretirement Earnings Limit

The annual postretirement earnings limit for the 2011-12 fiscal year is \$31,020. If you return to work and exceed the earnings limit, CalSTRS must withhold all of your gross monthly retirement benefit until the excess earnings are collected in full, up to the amount of your annual retirement benefit.

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CalSTRS Pensions Benefit State Economy

By Dana Dillon, Teachers' Retirement Board Chair

Retired members and their beneficiaries rely on income from their CalSTRS pensions, but they're not the only ones. Communities throughout the state also realize an economic benefit from the state's nearly 214,000 retired educators.

CalSTRS Mission:
Securing the financial future and sustaining the trust of California's educators

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Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law.

CalSTRS Retired Educator is published twice a year for retired members and benefit recipients of the California State Teachers' Retirement System. Send your comments or suggestions to:

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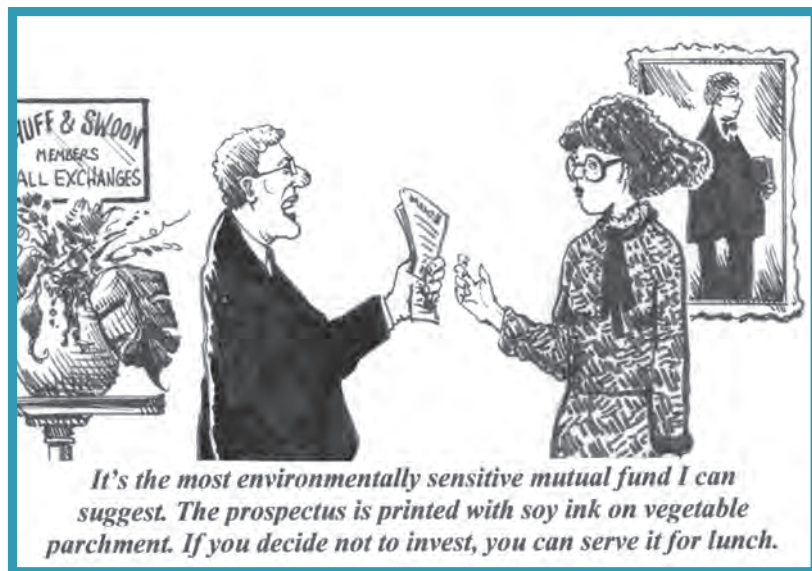
Research Shows Reach of Pensions

Statewide, CalSTRS benefit recipients received \$6.03 billion in payments in 2006. The economic ripple effect in the form of job creation as those benefits were spent totaled \$9.22 billion, according to a 2007 study by the Applied Research Center at California State University, Sacramento.

The study, commissioned by CalSTRS, revealed how pension dollars were leveraged throughout the state. The findings showed that CalSTRS retirement benefits are an economic engine in all 58 California counties, with the most impact felt in rural counties. The state economy gained \$6.71 for every single dollar

committed to pensions by employers and taxpayers, according to the study. Each dollar also generated 44 cents in government revenues.

Payments to CalSTRS benefit recipients grew to more than \$10.2 billion in 2011. The impact of retired members and their pensions is more important today than ever, given the drastic economic downturn of 2008-09 and the resulting recession. The stability of CalSTRS retirement benefits is helping to cushion local economies in these sluggish economic times.



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Federal Rules Might Reduce Your Social Security Benefits

If you expect to receive a Social Security check either through your spouse or your own employment not covered by CalSTRS, two federal rules—the Windfall Elimination Provision and the Government Pension Offset—could leave you with a smaller check or no check at all. These rules have no effect on your CalSTRS pension.

Windfall Elimination Provision

- Affects your Social Security benefits that are based on your earnings from other employment.
- May reduce your Social Security benefits, but it will not eliminate them.

Government Pension Offset

- Affects your spousal, widow or widower Social Security benefits that are based on your spouse's earnings.
- May reduce or eliminate your spousal, widow or widower Social Security benefits.

Important Things to Consider

- California educators in CalSTRS-covered positions do not contribute to Social Security; therefore, you do not receive Social Security benefits for your CalSTRS-covered employment.
- Your annual Social Security statement is based on your projected income and may not accurately reflect the impact of the offsets.
- Contact the Social Security Administration when you receive your annual benefit adjustment each year. Your Social Security benefit may need to be adjusted.

Steps to Take Now

- Read *Social Security, CalSTRS and You* at CalSTRS.com/publications.
- Use the online retirement estimator tool at socialsecurity.gov/estimator to get an estimate of your Social Security benefits.
- For more information, visit Social Security at socialsecurity.gov/gpo-wep or call 800-772-1213.

Glendale Member Service Center Now Open

Our new Glendale Member Service Center fulfills our mission and the needs of CalSTRS members.

Access CalSTRS Your Way

As an extension of CalSTRS Headquarters in West Sacramento, the Glendale center is fully staffed by CalSTRS personnel and:

- Is conveniently located for easy access.
 - » 505 North Brand Blvd., Suite 200, Glendale, CA 91203.
 - » Two blocks from the 134 Freeway.
 - » Two miles from Interstate 5.
 - » Garage parking validated for CalSTRS members.
- Delivers CalSTRS services to retirees, such as:
 - » Forms acceptance and review.
 - » Walk-in assistance.
 - » Full array of publications, forms and applications.
- Offers convenient and consistent hours of operation, year-round.
 - » Monday through Friday, 8 a.m. to 5 p.m.
 - » Saturday by appointment.

Methods to contact CalSTRS remain the same:

- Phone: 800-228-5453.
- Web: CalSTRS.com/contactus.

Sustainable Building

The Glendale center is located in a LEED-certified building. It reflects the same standards and efficiency with which CalSTRS Headquarters was built and is maintained.



Pay Dates for 2012

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2012 Supplemental Pay Dates

Benefit Month	Check Mailing Date		Direct Deposit Date
	Southern California & Out of State*	Northern California **	
March	03/28/2012	03/29/2012	03/30/2012
June	06/27/2012	06/28/2012	06/29/2012
September	09/27/2012	09/28/2012	10/01/2012
December	12/28/2012	12/28/2012	01/02/2013
*ZIP codes 900-930		**ZIP codes 931-961	

Is Your Payment Late?

Paper Checks

If your retirement check is mailed to you and you do not receive it by the fifth business day of the month, contact CalSTRS at 800-228-5453.

Direct Deposit

If you have direct deposit, your financial institution has until the close of the direct deposit date to place the funds in your account. Please contact your financial institution to find out what time it places your funds into your account.

CalSTRS Is Going Green With Online Benefit Payment Statements

As a result of legislation and in support of our commitment to sustainability, beginning February 1, 2012, CalSTRS will no longer mail benefit payment statements (also known as direct deposit advices) to members enrolled in direct deposit.

By eliminating the mailing of benefit payment statements, CalSTRS will reduce paper and postage costs. In addition, you will have less financial paperwork to securely file or destroy.

Your benefit payment will continue to be deposited directly into your bank account on file with CalSTRS. Additionally, you will still receive your 1099-R form by U.S. mail at your mailing address on file with CalSTRS.

View and print current and previous benefit payment statements online using your *myCalSTRS* account on CalSTRS.com. Online statements look the same as the mailed version and are convenient, secure and environmentally responsible.

To view and print your online benefit payment statements using your *myCalSTRS* account:

- Log on to your *myCalSTRS* account at CalSTRS.com.
- Select *Access Your Benefit Payments*.
- Verify the year and benefit type.
- Scroll down to the *Net Payments* box.
- Click on *Stub* to the right of the payment you wish to view or print.

myCalSTRS is your online resource to access and manage your CalSTRS account information. You must activate your *myCalSTRS* account to view your benefit payment information online. If you have not yet activated your *myCalSTRS* account, go to CalSTRS.com to register.

If you currently have direct deposit and receive your benefit payment statement by U.S. mail, a notification letter with details and instructions was included with your benefit payment statement mailed to you on December 1, 2011.

If you would like to receive your benefit payment statements by U.S. mail, submit your request in writing to CalSTRS, P.O. Box 15275, MS 85, Sacramento, CA 95851-0275 or by using your *myCalSTRS* account. Please include the benefit recipient's name, Client ID or SSN, mailing address and sign and date the request.



We're Committed to Preventing Pension Spiking

By Jack Ehnes, CalSTRS CEO

Pension spiking is a serious issue that we've worked long and hard to address. We use—and continue to expand—a multi-faceted approach to prevent, detect and correct spiking:

School district audits. Our robust, risk-based school district audit program identifies inconsistent or accelerated pay increases, particularly during an employee's final compensation period. In 2009-10, 50 school district audits identified nearly \$1.7 million in overpaid monthly allowances, currently in various stages of recovery.

Automated review. Automated programs flag excessive annual salary increases. We conduct reviews to determine whether the increases were appropriate or not.

Plan design. CalSTRS plan design is an inherent defense against spiking because compensation for most members adheres to strict salary schedules established through collective bargaining.

Hybrid plan. In 2001, we created a hybrid plan structure that ensures contributions from summer school compensation and other extra-pay assignments are credited to a

separate cash balance account and are not included when calculating final compensation, a factor in setting pension benefits.

In addition, two new initiatives will further enhance our anti-spiking efforts:

Compensation Review Unit.

Tasked with identifying and resolving potential pension spiking cases, this dedicated team improves our focus and efficiency in this important area.

Pension abuse reporting hotline.

This toll-free hotline enables anyone—the public, CalSTRS members, school district and county office of education employees—to anonymously report suspicions of pension abuse to CalSTRS.

Call 855-844-2468 to speak to CalSTRS staff or leave voicemail 24 hours a day.

Visit the pension abuse reporting Web page at CalSTRS.com/pensionabusereporting.

Pension Changes Require Care

We take great care to be thorough and deliberate in reviewing any suspected case of spiking before changing a member's pension payment. Our members' due process during these reviews is important because any resulting actions will affect their retirement income for life.

In cases where pension spiking is determined, we reduce benefits to the appropriate level in accordance with the California Education Code and collect overpayments in a manner consistent with the law.

Regardless of the amount of a retiree's CalSTRS benefit, we are working hard to ensure the member receives the pension he or she has earned and no more. It's an issue of fairness to all California public school educators.

Pension Abuse Reporting Hotline

Anonymously report suspicions of pension abuse to CalSTRS:



Toll free 855-844-2468



CalSTRS.com/pensionabusereporting

Working After Retirement

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Example

You return to CalSTRS-covered employment during the 2011-12 fiscal year and earn a total of \$80,000, exceeding the earnings limit of \$31,020 by \$48,980. CalSTRS will collect your excess earnings of \$48,980 up to your annual retirement benefit you receive from CalSTRS. If your annual retirement benefit is \$41,000, CalSTRS will only collect \$41,000 of your excess earnings.

Separation From Service Requirement

If you retired before age 60, federal law requires you to wait six months or until your 60th birthday, whichever is sooner, before returning to CalSTRS-covered employment in order to avoid significant benefit reduction. If you return to CalSTRS-covered employment during this period, CalSTRS must reduce your retirement benefit by the amount you earn, up to your annual retirement benefit.

What This Change Means for You

With exemptions no longer available starting with the 2012-13 fiscal year, you should work closely with your employer to track your earnings reported to CalSTRS. Exceeding the annual post-retirement earnings limit can significantly affect your retirement benefit. Find other information related to working after retirement at CalSTRS.com.

Keep in Mind

You can continue to receive your full CalSTRS retirement benefit, with no earnings limitation, if you take a job outside of CalSTRS-covered employment, including work in:

- Private industry
- Private schools
- Public schools outside of California
- University of California or California State University systems

If you have questions, send us an online message using your *myCalSTRS* account or at CalSTRS.com/contactus, or call 800-228-5453.

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
 Pension Abuse Reporting Hotline
- WRITE | CalSTRS
 P.O. Box 15275
 Sacramento, CA 95851-0275
- VISIT | Find your nearest
 CalSTRS office at
 CalSTRS.com/localoffices
- FAX | 916-414-5040

**Pay Dates for
 2012**

The following charts show the pay dates for CalSTRS benefits checks in 2012. Payments are made in arrears, so the payment you receive each month is the payment for the prior month's benefit. The State Controller's Office issues the payments and determines the check mailing and direct deposit dates.

2012 Pay Dates

Benefit Month	Check Mailing Date		
	Southern California & Out of State*	Northern California**	Direct Deposit Date
January	01/30/2012	01/30/2012	02/01/2012
February	02/27/2012	02/28/2012	03/01/2012
March	03/28/2012	03/29/2012	03/30/2012
April	04/27/2012	04/27/2012	05/01/2012
May	05/29/2012	05/30/2012	06/01/2012
June	06/27/2012	06/28/2012	06/29/2012
July	07/30/2012	07/30/2012	08/01/2012
August	08/29/2012	08/30/2012	08/31/2012
September	09/27/2012	09/28/2012	10/01/2012
October	10/29/2012	10/30/2012	11/01/2012
November	11/28/2012	11/29/2012	11/30/2012
December	12/28/2012	12/28/2012	01/02/2013
*ZIP codes 900-930		**ZIP codes 931-961	

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2011

Summary Report to Members

For the fiscal year ended June 30, 2011

This summary provides important details regarding your retirement fund.

Our Mission
Securing the financial future and sustaining the trust of California's educators

Net Assets of Teachers' Retirement Fund



Teachers' Retirement Fund Statement of Changes in Fiduciary Net Assets

For the fiscal years ended June 30, 2011, and 2010

	2011	2010
Net Assets Held in Trust, Beginning of Year	\$129,768,107	\$118,430,073
Additions		
Contributions (member, employer, State of California, federal government)	5,859,524	5,839,324
Investment Income ¹	30,178,765	15,259,785
Other Income	6,546	7,691
Total Additions	36,044,835	21,106,800
Deductions		
Investment Expense	148,490	170,426
Benefits and Refunds	10,208,153	9,458,067
Administrative Expenses	110,484	140,273
Total Deductions	10,467,127	9,768,766
Net Increase	25,577,708	11,338,034
Net Assets Held in Trust, End of Year	\$155,345,815	\$129,768,107

¹ Net of securities lending cost.

(Dollars in Thousands)



Your reward—a
secure retirement
Our reward—getting
you there

Membership in 2011

Fiscal Year	2011	Percent Increase from 2010
Total Membership	856,360	0.47%
Active	429,600	-2.70%
Inactive	173,719	4.04%
Retired	222,222	3.87%
Disabled	8,813	2.70%
Survivors	22,006	3.49%

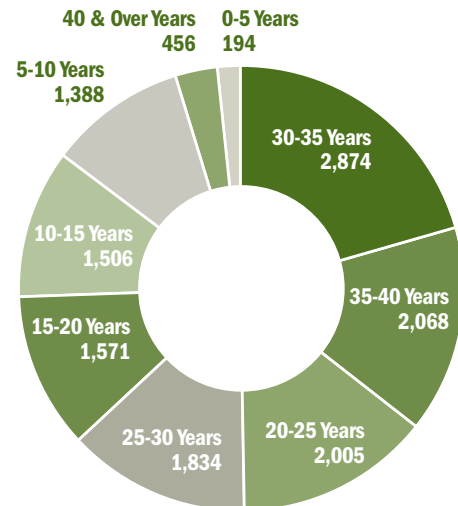
Members Retiring in 2011

Fiscal Year	2011	2010
Number Retiring	13,896	15,493
Median Age	61.9	61.8
Median Years of Service	25.5	26.6
Average Member-Only Benefit	\$4,088	\$4,256

Average Active Member Age and Years of Service

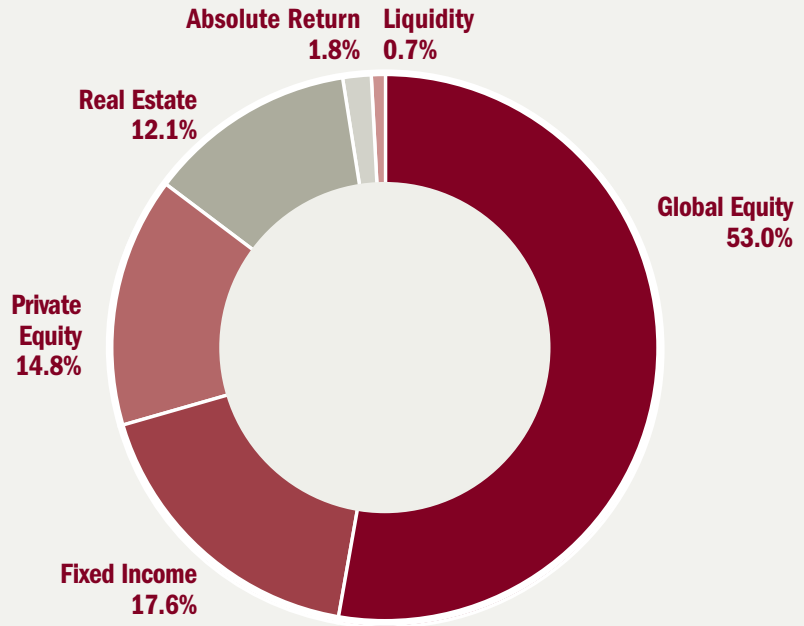
Fiscal Year	2011	2010
Average Age	45.3	45.1
Average Years of Service	11.7	11.3
Average Annual Salary	\$64,069	\$64,156

Years of Service at Retirement in 2011



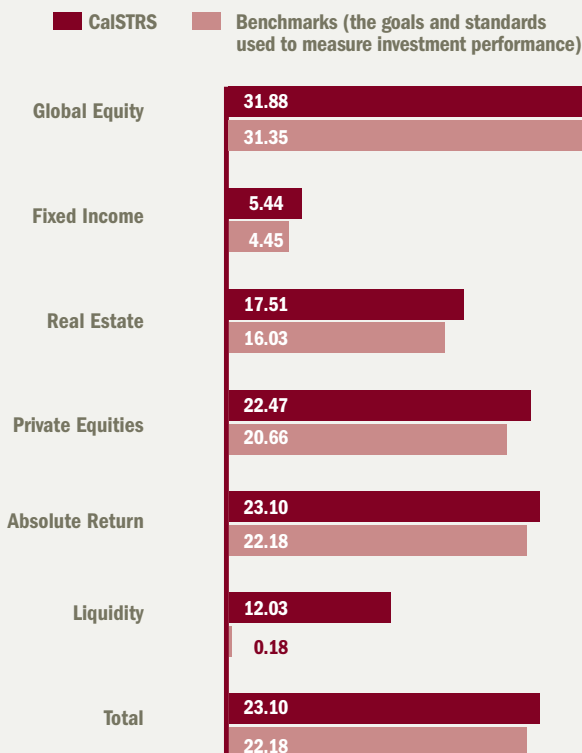
Securing Your Financial Future

Teachers' Retirement Fund Asset Allocation



One-Year Returns

Calculated using a time-weighted rate of return



Assets of Programs Administered by CalSTRS

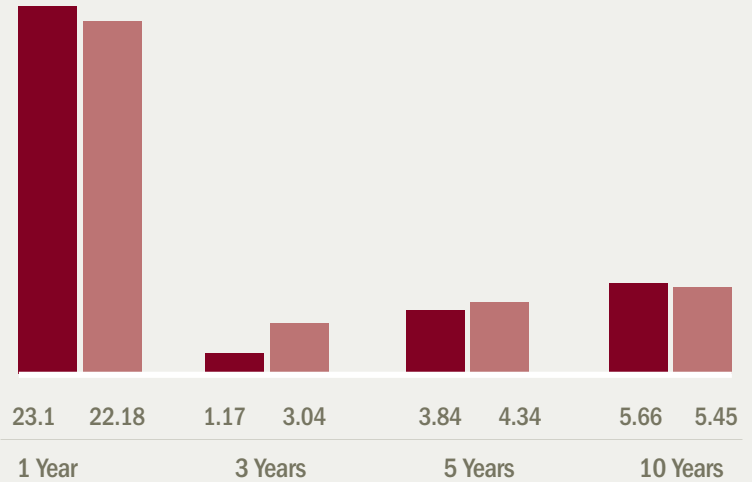
Program	Market Value	Rate of Return
Defined Benefit Program (in billions)	\$147.48	23.10%
Defined Benefit Supplement Program (in billions)	\$7.88	23.85%
Cash Balance Benefit Program (in millions)	\$150.82	23.85%
CalSTRS Pension2® (in millions)	\$309.95	19.20%

Securing Your Financial Future *continued*

Portfolio and Benchmarks

Benchmarks are goals and standards used to measure investment performance.

CalSTRS
Benchmarks



CalSTRS Resources



WEB

CalSTRS.com
Click *Contact Us* to email

CalSTRSBenefits.U
403bCompare.com
Pension2.com



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
Pension Abuse Reporting Hotline



WRITE

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



VISIT

Find your nearest
CalSTRS office at
CalSTRS.com/localoffices



FAX

916-414-5040

Funding Ratio

Actuarial Value of Assets as a Percent of Accrued Liabilities

This chart illustrates the difference between the actuarial value of assets and the amount needed to pay benefits to current CalSTRS members. The ratio of assets to liabilities shown is determined using an asset-smoothing method that considers short-term fluctuations in asset values. Therefore, the total actuarial value of assets will differ from the market value of investments for any given year. No actuarial valuation was performed for June 30, 2002.

