Today’s Topics

- CalPERS Basics
- Calculating My Pension
- Post-Retirement Benefits
- Power of Attorney
- Disability Retirement
- Precautionary Retirement
CalPERS Basics

What is CalPERS?

CalPERS is a defined benefit retirement plan. It provides benefits based on members' years of service, age, and final compensation. In addition, benefits are provided for disability, death, and payments to survivors or beneficiaries of eligible members.

Employees are vested after five years of CalPERS credited service and are eligible to retire at age 50 (52 for New Members) with lifelong health and dental benefits for themselves and their eligible dependents.
CalPERS Eligibility

Eligible Staff and “12-month” Lecturers and Coaches
- Those who have an appointment with a time-base of half-time or greater for longer than 6 months.
- Hourly employees gain PERS membership after 1,000 hours.

Eligible “Academic Year” Faculty Employees
- Those working full-time and appointed for longer than six months.
- Temporary faculty members appointed for half-time or more become eligible with the start of the fourth consecutive quarter.

Note: Employees who are already CalPERS members are automatically enrolled in CalPERS.

CalPERS Formulas

State Misc Tier 1: All except State Public Safety

<table>
<thead>
<tr>
<th>Employees</th>
<th>Hire Date</th>
<th>Formula</th>
<th>Earliest Ret Age</th>
<th>Pension Based On</th>
<th>Employee Contribution</th>
<th>Employer Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSU Eligible Employees</td>
<td>Prior to 1/15/11</td>
<td>2½% at age 55</td>
<td>50</td>
<td>Highest 12 month avg salary</td>
<td>5% of gross pay over a $513 exclusion allowance</td>
<td>26.728% of gross pay</td>
</tr>
<tr>
<td>Except State Public Safety</td>
<td>On or after 1/15/11</td>
<td>2½% at age 60</td>
<td>50</td>
<td>Highest 36 month avg salary</td>
<td>5% of gross pay over a $513 exclusion allowance</td>
<td>26.728% of gross pay</td>
</tr>
<tr>
<td></td>
<td>On or after 1/1/13 as &quot;New&quot; Member</td>
<td>2½% at age 62</td>
<td>52</td>
<td>Highest 36 month avg salary</td>
<td>6.75% of gross pay</td>
<td>26.728% of gross pay</td>
</tr>
</tbody>
</table>

*As required by PEPRA (Public Employees Pension Reform Act), reflects a portion of the current "normal" cost rate. Normal cost rates are determined annually and subject to change. This percentage reflects the rate for the 2016/2017 fiscal year.
### CalPERS Formulas

#### State Safety Peace Officer

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>HIRE DATE</th>
<th>FORMULA</th>
<th>EARLIEST RET AGE</th>
<th>PENSION BASED ON</th>
<th>EMPLOYEE CONTRIBUTION</th>
<th>EMPLOYER CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSU Eligible Employees Public Safety Unit 8</td>
<td>Prior to 7/1/11</td>
<td>3% at age 50</td>
<td>50</td>
<td>Highest 12 month avg salary</td>
<td>8% of gross pay over a $238 exclusion allowance</td>
<td>41.923% of gross pay</td>
</tr>
<tr>
<td>On or after 7/1/11</td>
<td>2.5% at age 55</td>
<td>50</td>
<td>Highest 36 month avg salary</td>
<td>8% of gross pay over a $238 exclusion allowance</td>
<td>41.923% of gross pay</td>
<td></td>
</tr>
<tr>
<td>On or after 1/1/13 as &quot;New&quot; Member</td>
<td>2.5% at age 57</td>
<td>50</td>
<td>Highest 36 month avg salary</td>
<td>11%* of gross pay</td>
<td>41.923% of gross pay</td>
<td></td>
</tr>
</tbody>
</table>

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### CalPERS Formulas

#### State Safety Peace Officer: Management

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<th>FORMULA</th>
<th>EARLIEST RET AGE</th>
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CalPERS Compensation Limits

Classic Members
IRC 401(a)(17) caps the annual compensation that can be taken into account when determining contributions and benefits under tax qualified plans, which includes contributions toward CalPERS Retirement.

- Hired prior to 07/01/1996: No limit
- Hired on or after 07/01/1996 – 01/01/2013: For 2016 limit is $265,000

New PEPRA CalPERS Members
AB 340 limits the annual compensation that can be taken into account when determining final pension.

- Subject to Social Security: $117,020
- Not Subject to Social Security: $140,424

IRC Section 415(b)(1)(A) places a dollar limit on the annual benefit an individual can receive from a tax qualified pension plan such as CalPERS. In 2016 this amount is $210,000.
Calculating My Pension

Three factors are used to calculate your monthly service retirement benefit: years of service, your final compensation, and your benefit factor (based on your age).

Final compensation is your highest average full-time monthly pay rate for a 1-year or 3-year period based on membership date.

The benefit factor is determined by your age at retirement. It is the percent of your final compensation you receive for each year of service.
## Service Retirement

### 2% at Age 55 Benefit Formula
**Minimum Age for Retirement 50**
Membership Date prior to January 15, 2011

<table>
<thead>
<tr>
<th>Age</th>
<th>Exact Year</th>
<th>¼ Year</th>
<th>½ Year</th>
<th>¾ Year</th>
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<tbody>
<tr>
<td>50</td>
<td>1.000%</td>
<td>1.100%</td>
<td>1.146%</td>
<td>1.190%</td>
</tr>
<tr>
<td>51</td>
<td>1.280%</td>
<td>1.326%</td>
<td>1.370%</td>
<td>1.416%</td>
</tr>
<tr>
<td>52</td>
<td>1.460%</td>
<td>1.506%</td>
<td>1.550%</td>
<td>1.596%</td>
</tr>
<tr>
<td>53</td>
<td>1.640%</td>
<td>1.686%</td>
<td>1.730%</td>
<td>1.776%</td>
</tr>
<tr>
<td>54</td>
<td>1.820%</td>
<td>1.866%</td>
<td>1.910%</td>
<td>1.956%</td>
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<tr>
<td>55</td>
<td>2.000%</td>
<td>2.016%</td>
<td>2.032%</td>
<td>2.048%</td>
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<tr>
<td>56</td>
<td>2.064%</td>
<td>2.080%</td>
<td>2.096%</td>
<td>2.110%</td>
</tr>
<tr>
<td>57</td>
<td>2.128%</td>
<td>2.142%</td>
<td>2.158%</td>
<td>2.172%</td>
</tr>
<tr>
<td>58</td>
<td>2.188%</td>
<td>2.204%</td>
<td>2.220%</td>
<td>2.236%</td>
</tr>
<tr>
<td>59</td>
<td>2.250%</td>
<td>2.268%</td>
<td>2.282%</td>
<td>2.298%</td>
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<tr>
<td>60</td>
<td>2.314%</td>
<td>2.330%</td>
<td>2.346%</td>
<td>2.360%</td>
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<tr>
<td>61</td>
<td>2.376%</td>
<td>2.392%</td>
<td>2.406%</td>
<td>2.422%</td>
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<tr>
<td>62</td>
<td>2.438%</td>
<td>2.454%</td>
<td>2.470%</td>
<td>2.486%</td>
</tr>
<tr>
<td>63 or older</td>
<td>2.500%</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

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### 2% at Age 60 Benefit Formula
**Minimum Age for Retirement 50**
Membership Date January 15, 2011 - December 31, 2012

<table>
<thead>
<tr>
<th>Age</th>
<th>Exact Year</th>
<th>¼ Year</th>
<th>½ Year</th>
<th>¾ Year</th>
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<tbody>
<tr>
<td>50</td>
<td>1.092%</td>
<td>1.108%</td>
<td>1.124%</td>
<td>1.140%</td>
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<td>1.156%</td>
<td>1.172%</td>
<td>1.190%</td>
<td>1.206%</td>
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<tr>
<td>52</td>
<td>1.224%</td>
<td>1.242%</td>
<td>1.260%</td>
<td>1.278%</td>
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<tr>
<td>53</td>
<td>1.296%</td>
<td>1.316%</td>
<td>1.336%</td>
<td>1.356%</td>
</tr>
<tr>
<td>54</td>
<td>1.366%</td>
<td>1.386%</td>
<td>1.416%</td>
<td>1.448%</td>
</tr>
<tr>
<td>55</td>
<td>1.460%</td>
<td>1.482%</td>
<td>1.505%</td>
<td>1.528%</td>
</tr>
<tr>
<td>56</td>
<td>1.552%</td>
<td>1.576%</td>
<td>1.600%</td>
<td>1.626%</td>
</tr>
<tr>
<td>57</td>
<td>1.650%</td>
<td>1.678%</td>
<td>1.704%</td>
<td>1.730%</td>
</tr>
<tr>
<td>58</td>
<td>1.750%</td>
<td>1.786%</td>
<td>1.816%</td>
<td>1.846%</td>
</tr>
<tr>
<td>59</td>
<td>1.874%</td>
<td>1.906%</td>
<td>1.938%</td>
<td>1.970%</td>
</tr>
<tr>
<td>60</td>
<td>2.000%</td>
<td>2.034%</td>
<td>2.068%</td>
<td>2.100%</td>
</tr>
<tr>
<td>61</td>
<td>2.134%</td>
<td>2.168%</td>
<td>2.202%</td>
<td>2.238%</td>
</tr>
<tr>
<td>62</td>
<td>2.272%</td>
<td>2.308%</td>
<td>2.346%</td>
<td>2.382%</td>
</tr>
<tr>
<td>63 or older</td>
<td>2.418%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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### Service Retirement

*Due to PEPRA regulations CSU employees hired after 1/1/13 have a cap on their retirement compensation. PEPRA places a limit on the amount of compensation that can be used in the calculation of retirement benefits paid from the CalPERS retirement plan. The 2016 calendar year compensation limits are as follows:

- $117,020 for employees subject to Social Security
- $140,424 for employees who are not subject to Social Security*
Retirement Estimates

- Create your MyCalPERS account at https://my.calpers.ca.gov
- Select the “Retirement” tab
- Select Retirement Estimator Calculator

Follow the user friendly guidelines from there. You will be able to get an estimate by age or date. The site populates your 12 or 36 months of highest pay, but you may change this amount if you want to project out.

Service Retirement Example

Formula: 2% @ 55
Age: 57 1/4
Years of Service: 20
1 Year Highest Average Compensation (monthly): $3,000
Benefit Factor: 2.142% (Based on age: 57 ¼)

Calculation
$3000 - $133.33 (offset for Social Security) = $2866.67
$2866.67 x (20 x 2.142%) = $1228/month (unmodified option)
Post Retirement Benefits

- **Health Benefit** – premium cost is the same as an active employee up to the age of 65.
- **Basic Dental** – no premium cost.
- **Vision** – Minimal premium retiree pays.
- Able to change/delete/add during the open enrollment period.
- If Medicare age, CalPERS currently reimburses the cost of Medicare.
What is CalPERS Power of Attorney?

- The CalPERS power of attorney is a special power of attorney, which authorizes your attorney-in-fact to handle only your CalPERS retirement affairs.
- Employees should have a CalPERS Power of Attorney in place in the event they are incapacitated (durability clause).
- If a non-CalPERS Power of Attorney exists, the employee must be sure that this covers financial situations specifically having to do with CalPERS retirement decisions.
- There is no cost associated with a CalPERS Power of Attorney.
- Spouses/Domestic Partners are not automatically given rights to make decision on behalf of their spouse/domestic partner.
Power of Attorney (Cont.)

- An employee can designate a person to do any mix of the following options on their behalf:
  - Select a payment option concerning their retirement
  - Designate/change a beneficiary
  - Designate him/herself as beneficiary

- The CalPERS Special Power of Attorney only applies to CalPERS, it is not binding with any other financial/legal matters.

- Requires two witnesses or a notarization.

Disability Retirement
Disability Retirement

- Must be vested.
- No age requirement.
- Must be unable to perform essential job functions (determined by CalPERS).
- CalPERS has final say on approval/denial.
- Preserves job if disability ceases.
- Employees are given a benefit based on the number of service credit years they have. For some a service retirement may be more beneficial.

Precautionary Retirement
Precautionary Retirement

- If an employee is undergoing life threatening surgery, it is in their interest to contact HR for the submission of a precautionary retirement. This will preserve their benefits in the event of their death for a spouse/domestic partner (children also).
- Employee must be vested.
- Employee does not have to be of retirement age.

What Happens if I Die Before I Retire
What Happens if I Die Before I Retire?

- If married/registered domestic partnership; spouse/domestic partner has option of a lump sum payout or option 2W (Must be retirement age and vested).
- If single, payout of employee’s contribution, plus interest, to beneficiary in lump sum.
- $5,000 CalPERS death benefit.

Questions?

The Benefits website provides further information and useful links!

https://afd.calpoly.edu/hr/benefits.asp?pid=3

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(805) 756-5436

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