

California State University

**RETIREMENT**

# Retirement

- The CSU participates in the California Public Employees' Retirement System (CalPERS), with membership eligibility based on time base and length of appointment.
- CalPERS membership is mandatory, once an employee qualifies.
- CalPERS is a defined benefit plan which provides retirement benefits that are calculated using a "formula."

# CalPERS Membership

- Eligibility for CalPERS membership is based on appointments that are:
  - Full-time for more than six months, or
  - Half-time for more than one year.
- Lecturers
  - Qualify for membership when appointed for half-time or more for three consecutive semesters (summer sessions do not qualify as a semester). Membership begins at the beginning of the third semester.

# CalPERS Membership

- Part-time or Intermittent Employees:
  - Part-time or intermittent employment exceeding 125 days (if paid on a per diem basis) or 1,000 hours within a fiscal year is covered by CalPERS retirement membership effective the beginning of the first pay period following the completion of 125 days or 1,000 hours of service.
- Not sure if you're eligible for CalPERS Membership?

[View the CSU Website](#) OR [Contact Payroll](#)

# Not Eligible for CalPERS?

- Employees that are not eligible for CalPERS membership are required to participate in the Part-Time Seasonal and Temporary (PST) Retirement Program administered by the Department of Personnel Administration and do not contribute to Social Security.
- Employees enrolled in the Program contribute 7.5% of gross wages on a pre-tax basis to a retirement account that is available upon [separation of employment](#).
- Employees contributing to PST are also subject to Medicare taxes (1.45% of gross); however, they are NOT subject to social security.

# CalPERS Employee Contributions

- Employees contribute 5% of their gross monthly pay in excess of \$513.00 (an exclusion allowance for Social Security Coordination).
- Example: Gross mo. Pay of \$3,513.00 – less \$513 (not subject to contribution) x 5% = \$150/month employee contribution.
- Monthly employee contributions are taken before federal and state taxes are calculated.

# Social Security and Medicare

- CSU employees paying into CalPERS are also subject to Social Security (6.2% on earnings) and Medicare taxes (1.45%), with the exception of Public Safety Officers (Unit 8).
- Public Safety (Unit 8) employees hired on or after April 1, 1986 contribute 1.45% of their gross salary towards the Medicare tax—however, they do not participate in Social Security.

# CalPERS – Benefit Formulas

Eligible Public Safety (Unit 8) and Public Safety Management (M80) employees participate in the 2.5% @ 55, Peace Officer/Firefighter benefit formula and should contact [Benefits](#) for detailed information.



# CalPERS – Benefit Formulas

- If you have state service prior to January 15, 2011, you participate in the 2%@55 State Miscellaneous – Tier I benefit formula (except for Public Safety Officers/Unit 8 and Public Safety Management).
- If your state service began January 15, 2011 or afterward, you participate in the 2%@60 State Miscellaneous – Tier I benefit formula (except for Public Safety Officers/Unit 8 and Public Safety Management).

## For current employees only:

If you are not sure if you have prior state service that may qualify you for the 2% @55 State Miscellaneous – Tier I benefit formula, you may [contact Payroll](#).

*Note: Payroll is only able to provide this information for current employees. Payroll is unable to access this information for prospective employees.*

# Comparing Retirement Plans

<b>2% @55</b>	<b>2% @60</b>
5 Years to be vested	5 Years to be vested
Age 50+ to retire	Age 50+ to retire
Benefit factor reaches 2% at age 55	Benefit factor reaches 2% at age 60
Average highest 12 months salary	Average highest 36 months salary

Examples of each formula to follow.

# CalPERS Retirement – 2%@55

- After five years of qualified service, employees are fully vested in the Plan and eligible for service retirement as early as age 50.
- When you retire, your lifetime retirement benefit is calculated using a formula that includes:
  - Years of CalPERS service credit,
  - Age at retirement, and
  - Final compensation (*your highest average full-time monthly pay rate for any 12 month period*).

# CalPERS Calculation - 2%@55

## *Example Unmodified Retirement Allowance Calculation*

John Smith, a 2%@55 formula member, is retiring at age 55 with 25 years of service and for the last year, John has had a full-time pay rate of \$4,133.33/mo.

25(yrs of svc..) x 2% (age 55 benefit factor) = 50%  
\$4,133.33- \$133.33 (offset for Soc. Sec. Coord.)

$$\mathbf{\$4,000 \times 50\% = \$2,000}$$

Unmodified Monthly Service Retirement Allowance

# CalPERS Retirement – 2%@60

- After five years of qualified service, employees are fully vested in the Plan and eligible for service retirement as early as age 50.
- When you retire, your lifetime retirement benefit is calculated using a formula that includes:
  - Years of CalPERS service credit,
  - Age at retirement, and
  - Final compensation (*your highest average full-time monthly pay rate for any 36 month period*).

# CalPERS Calculation - 2%@60

## *Example Unmodified Retirement Allowance Calculation*

Sarah Smith, a 2%@60 formula member, is retiring at age 60 with 25 years of service and for the past 36 months, Sarah has had a full-time pay rate of \$4,133.33/mo.

25(yrs of svc..) x 2% (age 60 benefit factor) = 50%  
\$4,133.33 - \$133.33 (offset for Soc. Sec. Coord.)

$$\mathbf{\$4,000 \times 50\% = \$2,000}$$

Unmodified Monthly Service Retirement Allowance

# Retiree Medical and Dental

You and your eligible spouse/domestic partner will be eligible for lifetime CalPERS retiree medical benefits and lifetime CSU retiree dental benefits if:

- You retire at age 50 or later with at least five years of CalPERS service credit,
- You were eligible for and enrolled in medical and dental benefits (health or FlexCash) at the time of separation from CSU employment, and
- You retire within 120 days of separation from CSU employment.

*Note: Dependent children are eligible up to age 26.*