

RETIRING FROM THE CSU SYSTEM

The Payroll and Benefits Office of CSU, Chico created this document in order to provide information that specifically applies to retirement from the CSU, a CalPERS agency. It is intended to be a supplement to CalPERS' publications regarding retirement. Should you have additional questions, you may wish to contact the CalPERS Regional Office at (888) 225-7377 OR (888) CALPERS, or access the CalPERS website at www.calpers.ca.gov.

The CSU is governed by Public Employees' Retirement Law. The Retirement Law is complex and subject to change. If there is a conflict between the law and the information in this document, any decisions will be based on the law and not this document. The statements made in this Retirement outline are general and are intended to guide you in your retirement planning decisions. Please refer to the CalPERS web links included throughout this document for up to date information.

When contemplating retirement, we recommend the following:

Register for and attend a CalPERS workshop provided 4 times per year in Butte County by accessing the following CalPERS web site: <http://www.calpers.ca.gov/benefits/member-education/retirement-planning.pdf> or calling (888) 225-7377.

Obtain the CalPERS publication, Your Benefits Your Future – State Miscellaneous and Industrial Benefits (PERS-PUB-6) available at the HR Customer Service Counter outside of Kendall 220, on-line at the CalPERS website at www.calpers.ca.gov, or by calling CalPERS at (888) 225-7377 in advance of your retirement date.

Obtain the CalPERS publication, Stepping Into Retirement (PERS-PUB-43), available at the HR Customer Service Counter outside of Kendall Hall 220, on-line at the CalPERS website at www.calpers.ca.gov, or by calling CalPERS at (888) 225-7377 352-2238 in advance of your retirement date. When you have chosen your retirement date and completed the Service Retirement Election Application found in Stepping Into Retirement, the Payroll/Benefits Office will complete Section F, reporting sick leave balances to be converted to service credit. Upon completion of this process, the application will be returned to you. You will then be responsible for submitting the application and accompanying documents to CalPERS. The Service Retirement Election Application must be submitted to CalPERS **no more than 90 days before your retirement date**.

Discuss your retirement decision and settlement of vacation plus any other accruals with your department. The Payroll/Benefits Office will NOT advise your department of your retirement decision.

Each year CalPERS sends you an Annual Member Statement that reports on your CalPERS years of service and member contributions. It is important to review this statement when you receive it. Your service credit amount is an important component in determining your future retirement benefits. There may be ways you can increase the amount of service credit you have with CalPERS. Contact CalPERS if you wish additional service credit information and refer to A Guide to Your CalPERS Service Credit Purchase Options (PERS-PUB-12).

Ask CalPERS to give you an estimate of your retirement benefits by using the Retirement Allowance Estimate Request form found in Stepping Into Retirement. You may also get an estimate by accessing the CalPERS web site Retirement Calculator.

FEDERAL TAX WITHHOLDING INFORMATION

Federal regulations require all payees whose allowances are taxable to either make a specific election for no withholding, elect a specific dollar amount of withholding, or make an election using the tax tables based on marital status and number of exemptions. If no election is filed, CalPERS is required by law to withhold taxes based on tax tables, taxes will not be withheld unless your gross pay exceeds the minimum amount listed on the tax tables for that filing status. There are penalties imposed by the IRS for not paying enough taxes during the year. Estimated tax requirements and penalties are explained in Publication 505. Additionally, Publication 575, Pension and Annuity Income may also be of assistance to you. These publications may be requested by writing to the IRS, P.O. Box 12626, Fresno, CA 93778.

CALIFORNIA STATE TAX WITHHOLDING INFORMATION

California State tax withholding will be handled in the same manner as federal tax withholding (for California residents). As of 1996, if you reside outside California, your CalPERS pension income is no longer subject to California State income tax.

IF YOU HAVE PREVIOUSLY FILED A TAX WITHHOLDING ELECTION, THAT ELECTION WILL REMAIN IN EFFECT UNTIL A NEW ELECTION IS FILED

Contact your Tax Deferred Annuity Company (403[b]) or Department of Personnel Administration (Savings Plus Program) for deferred compensation or 401 (k) plan to discuss your fund distribution upon retirement. **Once retired, earning in the 457 Deferred Compensation Plan are no longer tax-deferred.**

Tax Sheltered Annuity Contributions From Settlement Pay: Employees who are making contributions to a tax sheltered annuity (403{b}) for the pay period prior to retirement, may opt to have their contribution made from each month's worth of settlement pay. As a result, settlement pay would issue shortly after separation as separate checks that would be taxed individually.

Lump Sum and Settlement Pay: Any lump sum (unused vacation credits, personal holiday, or CTO) or settlement pay (residual pay for 10/12, 11/12, or AY employees) will be paid shortly after your separation date. When settlement pay issues as one check instead of in monthly increments, federal and state taxes will be calculated on that amount as though it were one month's pay. Your lump sum/settlement pay will be handled the same as your other paychecks, e.g., if you have signed up for Direct Deposit at least 45 days prior to your separation, your lump sum/settlement pay will be direct deposited. Questions regarding distribution of your final check should directed to the Financial Services Cashiering Office.

Health and Dental Benefits After Retirement: If your date of separation is on or prior to the 10th of the month, your health and dental benefits will not continue through the end of the following month through the University but will be picked up by CalPERS. To participate in health and dental insurance as a retiree, you must be eligible for benefits on the date you separate from the University. Usually, separation is one day before retirement but if you retire **within 30 days after separation** from employment, your health and dental coverage will automatically continue. There may be a short period of time after the retirement date when coverage will not appear in the system because CalPERS has processed your separation but has not entered your retirement information yet. However, there will be no lapse in coverage and your benefits will be reinstated retroactively.

Retirees may change health or dental plans within 30 days of their retirement, when they move, or during annual open enrollment periods. **Once retired, changes to plan coverage or any questions regarding health or dental care should be directed to CalPERS at (800) 352-2238.**

The State currently makes the same contribution toward health plan coverage for retirees as for active employees. Depending on your medical plan, you may be responsible for a portion of the monthly premium. This amount will be deducted from your retirement check.

As your retirement date nears, the Payroll/Benefits Office will submit enrollment forms to CalPERS in order to enroll you in retiree dental benefits. CSU contributions for dental coverage continue into retirement for retirees and their eligible dependents at no cost to the retiree. Employees in Bargaining Unit 8 will experience no change in their level of dental coverage. However, management, administrative employees and bargaining unit employees (other than 8), including non-FERPing faculty, will experience a reduction in dental benefit coverage. **As an added option, you may continue your enhanced dental coverage for a period of 18 months under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA).**

Vision Benefits After Retirement: University contributions for vision coverage end when an employee retires (FERP participants see separate informational document for FERP). Payroll/Benefits will send information to retirees and eligible dependents providing the option of continuing vision coverage for up to 18 months under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Medicare Enrollment: Contact the Social Security Administration at (888) 225-7377 772-1213 for information on [social security benefits](#) and your [Medicare eligibility](#) (At age 65, by law, you must enter both part A (hospital) and part B (medical) of Medicare in order to maintain your eligibility for health benefits under CalPERS); enrollment is not automatic. Initial Medicare Enrollment Period starts 3 months before you turn age 65 and lasts for 7 months. Except in certain cases, if you do not enroll in Medicare Part B during your Initial Enrollment Period, you will have wait until the next General Enrollment Period to enroll. General Enrollment Periods are between January 1 and March 31 each year. If you sign up for Medicare Part B during a General Enrollment Period, your coverage starts on July 1 of that year. Your Medicare Part B premium may go up 10 percent for each 12-month period that you could have had Medicare Part B, but did not take it.

Once you become eligible for Medicare, State law prohibits your continuing in the "basic" health plan. You must enroll in a supplement to Medicare or Managed Medicare Plan of the CalPERS-sponsored health plan in which you are enrolled. Contact the CalPERS Health Benefits Division or CalPERS Regional Office after receiving your federal Medicare card to determine your eligibility and to coordinate the effective date of your Medicare coverage.

Because CalPERS prescription drug coverage is as good as, or better than what will be available under Medicare Part D Prescription Drug Plan, CalPERS health program members should not enroll in a non-CalPERS prescription drug plan. HICAP (Health Insurance Counseling and Advocacy Program), a program of PASSAGES Adult Resource Center, provides assistance with Medicare and coordination with other health insurance. HICAP can be reached at (530) 898-5923.

CalPERS Retirement Checks: Your CalPERS retirement checks are issued at the end of every month. For example, the payment issued on or about the first of June is the May allowance. For tax reasons, the December retirement benefits check is always dated the first of the new year. Retirement checks are subject to federal and state taxes which are withheld according to tax tables. Retirement checks are mailed to the address provided by the retiree. If the retiree has submitted the direct deposit authorization with the retirement application, checks will be direct deposited beginning with the third retirement check. Each January, CalPERS will send a 1099R form containing information about your CalPERS income for the previous calendar year. This replaces the W-2 you are used to receiving from your employer when you were an active member.

Employment After Retirement: There are some basic rules you need to know about working after retirement so you do not jeopardize your CalPERS retirement benefits. After service retirement, you may work without restriction for any employer EXCEPT employers participating in the CalPERS retirement program.

All CSU campuses are CalPERS-covered employers. Limitations to CalPERS covered employment are listed in Employment After Retirement (PERS-PUB-33), available on the CalPERS web site. Specific questions should be directed to CalPERS at (888) CALPERS.

Cost of Living Adjustment (COLA): The Retirement Law provides for the payment of an annual COLA to be paid each May beginning the second year after retirement begins (retirement date of 12/31/2005, first COLA increase will be 5/1/2007; with a retirement date of 1/1/2006, first COLA increase will be 5/1/2008). The COLA increase cannot be greater than the actual national rate of inflation. Currently, CSU retiree allowances are limited to a maximum increase of 2% (compounded) annually.

Continuing Voluntary Deductions From Retirement Checks: If you are enrolled in the CalPERS Long-Term Care Program and have premiums deducted from your paycheck, you will need to call the program's Customer Service Center at (800) 338-2244 before you retire to find out what steps are needed to continue your premium deductions after retirement. Many types of payments can be deducted from your monthly retirement check, such as car payments, retiree association fees, charitable contributions, savings account deposits, etc. To make sure any current deductions continue after you retire, or to add new deductions, you must contact the provider and complete a direct authorization deduction request to be forwarded to CalPERS. You may convert an employer-paid life insurance plan to an individual policy within 30 days of separation or you may continue the Standard voluntary life insurance policy you elected. Call Standard Life Insurance for information at (800) 524-0450.

Contact Numbers and web sites:

-CalPERS Regional Office and Health Benefits Division (888) 225-7377 or (888) CALPERS

-CalPERS Publications – For individual publications, visit the CalPERS on-line Forms and Publications Center at www.calpers.ca.gov.

-CalPERS Long Term Care Program (800) 338-2244 www.calpers.ca.gov/longtermcare (Customer Service Center)

-HICAP (530) 898-5923 2491 Carmichael Dr. Suite 400, Chico, CA 95928

-Social Security Administration (800) 772-1213 www.ssa.gov

-Standard Life Insurance (800) 524-0450

I have reviewed all of the items listed above on pages 1-4 of "Retiring from the CSU System" Name _____ Date _____