My Retirement Gal
RETIREMENT EDUCATION

RETIREMENT PLANNING GUIDE FOR SCHOOL EMPLOYEES

Why Retirement Planning Matters

Your pension is an important foundation.
The rest of your retirement still needs a plan.

$5,740
Average monthly CalSTRS benefit for members retiring in FY 2024-25

$2,155
Average monthly CalPERS benefit for school retirees in FY 2024-25

21.8-24.7 yrs
Average remaining life expectancy at age 60, depending on sex

Heather J. Sullivan PRESENTER & RETIREMENT EDUCATOR

START WITH THE BIG PICTURE

Retirement is more than a date.

A successful retirement plan connects the income you expect, the life you want, and the risks that can change the outcome. Your pension may be the foundation, but it is rarely the entire picture.

01
What will come in?
Estimate pension, Social Security when applicable, and income from savings or other sources.

02
What will go out?
Translate your desired lifestyle into a realistic monthly income need, including taxes and health costs.

03
What could change?
Test inflation, longevity, survivor needs, market changes, and an earlier-than-planned retirement.

04
What closes the gap?
Coordinate retirement timing, savings, and income strategies before your choices become limited.

Three facts worth thinking about

24.9 years
Average service for CalSTRS members who retired in FY 2024-25

60.1
Average retirement age for a typical CalPERS service retiree

20.8 years
Typical CalPERS service retiree public-service career

THE PLANNING LESSON
A pension check is not the same as a complete retirement plan. The important question is whether all of your income sources, after taxes, can support the life you want for as long as you may need them.

This guide gives you the questions to begin asking. The workshop will show you how the pieces work together.

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YOUR PENSION FORMULA

Understand how your pension is calculated.

CalSTRS and CalPERS are defined benefit pensions. Your benefit is determined by a formula - not simply by the amount shown on your paycheck or the balance of an account.

SERVICE CREDIT	AGE / BENEFIT FACTOR	FINAL COMPENSATION
How much creditable service you have earned.	The percentage tied to your retirement age and benefit structure.	The compensation period used by your system and membership rules.
YEARS	**x PERCENT**	**x PAY**

CalSTRS formula

Service Credit x Age Factor x Final Compensation = Monthly Member-Only Benefit

CalSTRS has two main benefit structures: 2% at 60 and 2% at 62. Your first creditable service date usually determines which applies.

CalPERS formula

Service Credit x Benefit Factor x Final Compensation = Unmodified Allowance

Your benefit factor depends on your employer, membership date, formula, and retirement age. The unmodified allowance is the highest amount before a survivor option.

A simple CalSTRS example

ILLUSTRATION

30 years of service x 2.00% age factor x $8,000 final compensation = $4,800 estimated monthly Member-Only Benefit. That is 60% of the illustrated final compensation before taxes or any survivor reduction.

Why this matters: A small change in service credit, retirement age, or final compensation can change lifetime income. Your official estimate should be reviewed well before you submit retirement paperwork.

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RETIREMENT TIMING

Your retirement age changes your age factor.

For CalSTRS 2% at 60 members, the published age factor increases as retirement age increases. The examples below show only that one part of the pension formula.

CalSTRS 2% at 60 age-factor examples

AGE 55	AGE 60	AGE 62	AGE 63
1.400%	**2.000%**	**2.267%**	**2.400%**
AGE FACTOR	AGE FACTOR	AGE FACTOR	AGE FACTOR

These examples show the published factor at each exact age shown, before any applicable career-factor enhancement. Your pension estimate also depends on service credit, final compensation, benefit structure, and any survivor option selected.

Before selecting a retirement date

01	**Confirm your formula**	Identify your correct benefit structure and use its official factor chart.
02	**Compare proposed dates**	Request estimates for the dates you are genuinely considering.
03	**Review the full picture**	Consider how the date affects your pension, savings timeline, health coverage, and household plan.

PLANNING TAKEAWAY

Retirement age is not only a calendar decision. Confirm the factor attached to each proposed date before choosing one.

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RETIREMENT INCOME

Find the retirement-income gap.

A retirement-income gap is the difference between the income you want and the dependable income you expect. Seeing the gap early gives you time and more choices.



$4,800
Estimated pension
75% of target

$1,600
Monthly income gap
25% of target

Illustration based on an $8,000 final monthly pay and an 80% starting target

This is an illustration, not a recommendation. A commonly discussed range is roughly 70% to 90% of pre-retirement earnings, but your actual need depends on your household, taxes, debt, housing, health costs, and goals.

Build the picture source by source

Pension	Social Security	Savings	Other income
Use an official estimate and model the survivor option you may select.	Include only verified eligibility and the age you expect to claim.	Decide how supplemental balances may become reliable monthly income.	Consider a spouse, rental income, part-time work, or other resources.

THE USEFUL QUESTION

Not simply “How much have I saved?” Ask: “How much dependable monthly income will each source provide, when will it begin, how long can it last, and what happens to my spouse?”

Your first calculation: Monthly income needed - pension - Social Security - other dependable income = the amount your savings or other strategy may need to provide.

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INFLATION

Inflation changes what your income can buy.

Retirement may last decades. Even modest inflation can raise the cost of the same lifestyle while pension adjustments may follow different rules.



Illustration only: $5,000 compounded at 3% annually. Actual inflation will vary.

CalSTRS inflation protection

CalSTRS provides a 2% annual increase based on the original benefit. Because it is non-compounded, it may not fully match changes in actual living costs.

CalPERS inflation protection

More than 95% of CalPERS retirees receive a 2% COLA. Most state and all school agencies contract for a maximum 2% COLA that compounds, but it may not match national inflation each year.

What to plan for

- Expenses that may rise faster than general inflation, including health care, housing, insurance, and utilities.
- A pension COLA that may not keep pace with your actual household costs.
- A strategy for income to grow over time, not only income for the first year of retirement.

PLANNING PRINCIPLE

Retirement income should be tested in future dollars. A plan that works at age 60 may not work the same way at age 80.

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LONGEVITY AND SURVIVOR PLANNING

Plan for a long retirement.

Your income may need to last for decades. For married households, the plan should also consider what continues after the first spouse dies.

21.79 years	24.73 years
Average remaining life expectancy for a 60-year-old man	Average remaining life expectancy for a 60-year-old woman

Life expectancy figures are population averages from the Social Security Administration 2023 period life table used in the 2026 Trustees Report. Individuals may live much shorter or longer.

Three decisions that deserve attention

01	**Survivor income**	Compare pension beneficiary choices and understand how much income would continue to another person.
02	**Income duration**	Consider how long savings may need to produce income, not simply the account balance today.
03	**Household coordination**	Coordinate both spouses' retirement dates, income sources, health coverage, and beneficiaries.

ASK BEFORE YOU ELECT

What income continues to my spouse, what stops at my death, and are all beneficiary designations current?

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TAXES AND SPENDABLE INCOME

Plan with spendable income, not only gross income.

The amount deposited into your account is what supports your lifestyle. Pension income, Social Security, traditional retirement accounts, Roth accounts, and taxable savings may be treated differently.

Pension income

All or part of pension or annuity payments may be taxable. Withholding elections affect cash flow but do not determine the final tax owed.

Traditional accounts

Distributions from pretax 403(b), 457(b), IRA, or similar accounts are generally taxable as ordinary income.

Roth accounts

Qualified Roth distributions may be tax-free, subject to applicable rules. Tax diversification can create flexibility.

Social Security

A portion of benefits may be federally taxable depending on your other income. California does not tax Social Security benefits.

A simple way to think about it

GROSS RETIREMENT INCOME	LESS	YOUR SPENDABLE INCOME
Pension + Social Security + account withdrawals + other income	Federal and state taxes + health premiums + recurring obligations	The amount available for housing, food, travel, family, and everyday life

AVOID THE SURPRISE Estimate taxes and health premiums before deciding whether your projected income is enough. Coordinate retirement distributions with a qualified tax professional when appropriate.

Important: Tax rules are personal and can change. This guide is educational and is not tax advice.

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SUPPLEMENTAL SAVINGS

Give every supplemental account a job.

A 403(b), 457(b), IRA, Roth account, bank account, or other asset is most useful when you understand how it fits into your income plan.

Growth

How is the account expected to grow before and during retirement? What market risk is involved?

Income

How much monthly income might it reasonably provide, when should it begin, and is any portion guaranteed?

Access

What can be withdrawn for emergencies? Are there surrender charges, taxes, penalties, or other limits?

Legacy

What remains for a spouse or beneficiaries? Are beneficiary designations current and coordinated?

BALANCE IS NOT INCOME

Two accounts with the same balance can produce different retirement outcomes because of fees, taxes, market exposure, withdrawal strategy, guarantees, and how long the income must last.

Social Security still belongs in the household picture

School employee coverage varies. Review your own Social Security Statement rather than assuming you will - or will not - receive a benefit. Benefits may begin as early as age 62, while delaying up to age 70 can increase the monthly amount for life.

- The Social Security Fairness Act repealed WEP and GPO for benefits payable for January 2024 and later.
- Eligibility, claiming age, spouse or survivor benefits, work history, and taxes still require individual review.
- For households, coordinate both spouses' pensions, Social Security records, retirement dates, and survivor income.

YOUR ACTION STEP

Create or review your account at ssa.gov/myaccount, confirm your earnings history, and bring your estimate to the workshop if Social Security may apply to you.

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YOUR RETIREMENT READINESS SNAPSHOT

You do not need every answer yet.

Use this page to identify what you know and what you want to learn. Bring it to the webinar, or keep it as a guide for your next planning conversation.

Target retirement age or date	
Pension system and benefit structure	
Estimated monthly pension ($)	
Estimated Social Security, if applicable ($)	
Current supplemental retirement savings ($)	
Estimated monthly income needed ($)	
Estimated monthly income gap ($)	

For your personal use: Information entered into this worksheet is not transmitted or shared unless you choose to send it.

Questions I want answered

- [ ] How much of my current income might my pension replace?
- [ ] How would retiring earlier or later change my pension and savings needs?
- [ ] How much monthly income may need to come from my supplemental accounts?
- [ ] How will inflation, taxes, and health costs affect my spendable income?
- [ ] What income would continue for my spouse or beneficiaries?
- [ ] How should Social Security fit into our household plan, if applicable?

THE GOAL Leave the webinar knowing which numbers to gather, which decisions deserve closer attention, and what your most useful next step may be.

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YOUR WORKSHOP IS THE NEXT STEP

Come ready to connect the pieces.

The webinar is designed to make retirement planning easier to understand. You will see how pension benefits, timing, income gaps, inflation, longevity, taxes, Social Security, and savings work together.

Before the webinar

If available, locate a recent pension estimate, your approximate retirement-account balances, and your Social Security estimate. Do not worry if you do not have them yet.

During the webinar

Listen for the factors that apply to your situation and write down the questions you want to explore in more detail.

After the webinar

You may use the checklist on the prior page independently or request an optional individual retirement review at no cost and with no obligation.

Your information

Any individual review is separate from the district workshop. Personal information is not shared with the district, school, union, or employee association.

YOUR NEXT STEP

Schedule Your Retirement Review

Ready to see how these pieces fit your situation? Request an optional individual retirement review at no cost and with no obligation.

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SCHEDULE MY RETIREMENT REVIEW

SCAN TO SCHEDULE

Selected sources and notes

CalSTRS: The Age Factor; Retirement Benefits; Understanding the Formula 2025; “CalSTRS earns 13.9% net return” (FY 2024-25 member retirement statistics); “The many benefits of a defined benefit plan.” CalSTRS.com.

CalPERS: Facts at a Glance - Retirement Plan Members, FY 2024-25; Service & Disability Retirement; Cost-of-Living Adjustment; “Your Retirement by the Numbers”; “5 Key Facts About Your COLA.” CalPERS.ca.gov and news.CalPERS.ca.gov.

Social Security Administration: 2023 Period Life Table used in the 2026 Trustees Report; Retirement Ready Fact Sheet; Social Security Fairness Act guidance. SSA.gov.

Internal Revenue Service: Topic No. 410, Pensions and Annuities; Publication 575, Pension and Annuity Income. IRS.gov.

Statistics and rules are current as of October 2026 and are presented for general education. Verify current rules and your personal estimates directly with the applicable system or qualified professional.

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