

A Guide to Your CalPERS
Partial Service Retirement



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INTRODUCTION

Partial service retirement is a benefit available to full-time state miscellaneous, state industrial, and public agency members (if your employer contracts for this benefit) who meet the normal retirement age and service requirements.

With partial service retirement, you can reduce your work time, continue working, and receive a “partial” service retirement allowance.

HOW IT WORKS

If you are eligible, you may reduce your work time by at least 20 percent, but not more than 60 percent. In other words, you must work at least 40 percent of full time, but not more than 80 percent. Your agency must approve your request to reduce your work time for partial retirement.

Your allowance is based on the reduction of your work time. For example, if you reduce your work time by 30 percent (working 70 percent of full time), your allowance would be 30 percent of what you would receive if you took a full service retirement.

Once your partial service retirement begins, you may decrease your already-reduced work time once each fiscal year. You may increase your work time only once every five years.

With your employer’s approval, you may end your partial service retirement at any time and return to full-time employment. Once you withdraw, you cannot reapply for five years.

ELIGIBILITY REQUIREMENTS

You are eligible for partial service retirement if you meet the following requirements:

- You work full time in one of the following CalPERS membership categories: state miscellaneous, state industrial, or public agency member (if the public agency employer contracts for this benefit).
- You have reached the normal retirement age for your retirement benefit formula. The normal retirement age is the age at which you can retire without a reduction for retiring early. If your benefit formula is 2% at 55, your normal retirement age is 55. If your benefit formula is 2% at 60, your normal retirement age is 60.
- You have accrued the minimum number of years of service credit to be eligible for service retirement in your membership category. For most state miscellaneous, state industrial, and public agency members, you must have a minimum of five years of CalPERS-credited service.

Note: University of California and California State University employees are not eligible for partial service retirement.

HOW TO APPLY

Your personnel office has the necessary *Partial Service Retirement Application* form. This form is also available from the California Department of Human Resources at www.calhr.ca.gov. To ensure timely processing, submit your completed application to CalPERS at least 60 days before the effective date of partial retirement. The effective date must be the same date of your work time reduction and must be the first day of any pay period.

Remember, you must receive employer approval before you can apply.

Note: When corresponding with CalPERS, be sure to include your Social Security number or CalPERS ID and daytime telephone numbers on all written inquiries and documents.

ESTIMATING YOUR ALLOWANCE

The easiest way to estimate your partial service retirement allowance is to use the Retirement Estimate Calculator at www.calpers.ca.gov to determine your full service retirement Unmodified Allowance benefit. Then, multiply your partial retirement percentage times the Unmodified Allowance.

To manually estimate your partial service retirement allowance, you will need to know your years of service credit, benefit factor, and final compensation. Examples and space to estimate your allowance are on page 5.

Service Credit

This is the amount of CalPERS-covered service you have earned. Your most current service credit will be reflected on your my|CalPERS account. You can view your current service credit by logging in to my|CalPERS at my.calpers.ca.gov or you can refer to your latest CalPERS Annual Member Statement and add any service credit you have earned since that time.

Benefit Factor

Your benefit factor, also known as “age factor,” is the percentage of pay you’ll receive for each year of service credit earned. It is determined by your age at partial service retirement. Benefit factor charts are located in your CalPERS member benefit publication.

Final Compensation

Your final compensation is your highest average annual compensation during any consecutive 12- or 36-month period of employment, depending on your employer’s contract with CalPERS. If you are not sure, ask your personnel office. If your CalPERS employer(s) withheld Social Security taxes, your final compensation is reduced by \$133.33 when computing your allowance.

If your employer(s) did not withhold Social Security taxes, your final compensation is not reduced.

Member benefit publications for each membership category are available on our website at www.calpers.ca.gov. You can also order publications through your my|CalPERS account or call us at **888 CalPERS** (or **888-225-7377**).

ALLOWANCE ESTIMATES

We have used the following information for our examples:

Retirement formula	= 2% at 55
Age at partial service retirement	= 55
Years of service credit	= 25
Final compensation	= \$3,000
Reduction of work time	= 40%

Example I: State First Tier and Public Agency Members Coordinated With Social Security

$$25 \times 2.000\% = 50\% \times \$2,866.67^* = \$1,433.34 \times 40\% = \$573.34$$

Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
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Example II: State First Tier and Public Agency Members Not Coordinated With Social Security

$$25 \times 2.000\% = 50\% \times \$3,000 = \$1,500 \times 40\% = \$600$$

Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
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Example III: State Second Tier Members (1.25% at 65)

$$25 \times 0.750\% = 18.75\% \times \$3,000 = \$562.50 \times 40\% = \$225$$

Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance
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Estimate Your Case

	x	=	x	=	x	=			
Service Credit	Benefit Factor		Final Compensation		Full Service Retirement Allowance		Work Time Reduction		Partial Retirement Allowance

*If your employer(s) withheld Social Security taxes, you are subject to a one-time Social Security offset. This means your final compensation is reduced by \$133.33 when calculating your allowance.

OTHER CONSIDERATIONS

Annual Member Statement

A portion of your contributions and interest will be used to fund your partial service retirement. This portion is equal to the percentage of your reduced work time. For example, if you reduce your work schedule by 20 percent, we set aside 20 percent of your total contributions and interest during the time you are partially retired. Your Annual Member Statement will reflect the amount of contributions and interest remaining on your member account. If you return to full-time employment, any remaining contributions will be returned to your member account.

Allowance Adjustments

Your partial service retirement allowance will be based on your age, salary, and service at the date of your initial entry into the program. A salary increase after entering the program will not change your partial service retirement allowance. If you increase or decrease your work time, your new allowance will be based on the original allowance calculation. There are no provisions for cost-of-living increases for partial service retirement allowances.

Changing Jobs

You may transfer from one agency to another and continue your partial service retirement, with employer approval, as long as you remain a state miscellaneous, state industrial, or contracting public agency member.

Separating From Employment

If you permanently separate from state or public agency employment, you cannot continue your partial service retirement. You may, however, apply for a full service retirement (see your CalPERS member benefit publication), terminate your CalPERS membership and receive a refund of your contributions plus interest, or leave your contributions on deposit with CalPERS and apply for retirement or a refund at some time in the future.

Full Service Retirement

You may apply for full service retirement at any time. However, it is to your advantage to earn at least one year of service credit under partial retirement before doing so. If you have earned at least one year of service credit after entering partial service retirement, we will provide you with a brand new retirement calculation when you go to full service retirement. This is based on your age, final compensation, and total years of service as of the full service retirement effective date.

If you have earned less than one year of service credit before going to full service retirement, your retirement will be calculated differently. The new

When you're ready to fully retire, apply for service retirement online through my|CalPERS or submit the retirement application in the publication ***A Guide to Completing Your CalPERS Service Retirement Election Application*** (PUB 43).

service earned will be calculated based on your age and final compensation as of the full service retirement effective date. That amount will be added to the original full service retirement Unmodified Allowance used for the partial retirement calculation to get your full service retirement allowance. Members who earn less than a full year of service credit during their partial service retirement may see a substantial reduction in their full service retirement allowance compared to members who have earned at least one full year of service credit.

Note: The less than one year of service calculation also applies if you ended your partial retirement, returned to full-time employment, and earned less than one year of service credit before applying for retirement.

Your full service retirement will be based mainly on the initial partial service retirement calculation if you have earned less than one year of service credit under partial service retirement.

Percent of Partial Retirement	Required Months to Earn One Year of Service Credit
20	13
25	14
30	15
40	17
50	20
60	25

If you are within one year of your expected retirement date, you may request a CalPERS-generated retirement estimate by completing a *Retirement Allowance Estimate Request* form and mailing it to the address on the form. You can find this form on our website at www.calpers.ca.gov.

A CalPERS-generated retirement estimate uses your most current CalPERS account information, but does not include projections of salary increases, special compensation, or other job-related changes. It allows you to make informed retirement decisions and verify that our records properly reflect or match yours.

You are limited to two CalPERS-generated estimate requests in a 12-month period and must be within one year of retirement.

Note: Since your work time under partial service retirement is less than full time, it will take more than one fiscal year to earn one year of CalPERS service credit.

Important Tax Information

Partial service retirement allowance is taxable income and must be reported to the tax authorities annually. A partial retiree remains in active member status. Distributions received by active members prior to age 59½ from a qualified retirement plan such as CalPERS are considered “early” distributions under Section 72(t) of the Internal Revenue Code. Early distributions from a qualified retirement plan are subject to an additional 10 percent federal tax and 2½ percent California state tax on the taxable portion of the distribution, plus any income tax due on the distribution.

Only federal and California state taxes can be deducted from your partial service retirement allowance. You may elect not to have tax withholding. However, if we do not receive a signed withholding election, CalPERS is required to withhold taxes based on the tax tables for a married person with 3 exemptions. California residents who do not file a tax withholding election will have an additional 2 percent withheld for state taxes when early distributions apply. For individuals who reside outside of California, no California state tax will be withheld unless specifically requested.

You will receive an annual Form 1099-R that reports the gross amount of partial service retirement allowance you have received and the amount of federal and/or California state tax deductions for each tax year in which you participate. The Form 1099-R filed by CalPERS will report your partial service retirement allowance as an early distribution until you attain age 59½ as of December 31 of the tax year being reported.

While CalPERS can provide you with information on some tax laws that relate to your partial retirement, you should request additional information regarding the taxability of your partial service retirement allowance from the Internal Revenue Service (IRS), California Franchise Tax Board, or your tax advisor. You may contact the IRS by calling toll free (800) 829-1040 or by visiting their website at www.irs.gov. If you have California state tax questions, please call the California Franchise Tax Board at (800) 852-5711 or visit their website at www.ftb.ca.gov.

Mailing of Warrants or Direct Deposit Authorization

Direct deposit electronically transfers your partial retirement benefit allowance directly into your checking or savings account, avoiding the need for you to sign and deposit your benefit check at your bank. You can establish and maintain your direct deposit online through my|CalPERS at my.calpers.ca.gov or download the *Direct Deposit Authorization* form from our website at www.calpers.ca.gov. You may also call us toll free at **888 CalPERS** (or **888-225-7377**) and ask us to mail you a copy. Your financial institution must be a member of the Automated Clearinghouse Association to accept a direct deposit from CalPERS.

Payroll Deductions

Any payroll deductions you have (health and life insurance premiums, union dues, credit union payments, deferred compensation, etc.) must be taken from your salary. If you have any questions regarding payroll deductions, contact your personnel office.

Health, Dental, and Long-Term Care Coverage

Your health, dental, and long-term care coverage (if enrolled) is not affected by partial service retirement. Remember, though, that any premium payments will be deducted from your salary and not from your partial retirement allowance.

Social Security

You may draw Social Security benefits while receiving your partial service retirement allowance; however, your earnings—salary and partial retirement allowance combined—may cause an offset to your Social Security benefits. Contact your local Social Security office for information.

Injury, Illness, or Leaves of Absence

If you are unable to perform your job because of an injury or illness, you may be eligible for disability retirement. For more information see the publication *A Guide to Completing Your CalPERS Disability Retirement Election Application* (PUB 35).

If your injury or illness requires that you take a leave of absence or go on non-industrial disability leave, you can continue your partial service retirement with your employer's consent. You may also remain in the program if you require other types of leave. Contact your personnel office for information.

Provisions for Beneficiaries

There is no provision under partial service retirement to provide benefits to someone after your death. All death benefits payable will be paid in the same manner as active member pre-retirement death benefits. See your CalPERS member benefit publication for more information.

BECOME A MORE INFORMED MEMBER

CalPERS Website

Visit www.calpers.ca.gov for information on all our benefits and services. You can also sign up to receive email newsletters and alerts.

my|CalPERS

Log in at my.calpers.ca.gov to access real-time details and balances of your CalPERS accounts. With my|CalPERS you can:

- View, print, and save current and past statements.
- Select mailing preferences for your statements, newsletters, and retirement checks.
- Search for medical premium rates and health plans available in your area and confirm which dependents are covered on your health plan.
- Estimate your future retirement benefit and save estimates to view later.
- Send and receive secure messages.
- Order and download publications.
- Send account information to third parties, such as banks.
- Apply for service retirement.
- Change your beneficiary designation.
- Retirees can update contact information, set up direct deposit, change tax withholdings, and view annual tax statements.

CalPERS Education Center

Whether you're in the early stages of your career or getting ready to retire, visit the CalPERS Education Center in my|CalPERS to:

- Take online classes that help you have a better understanding of your CalPERS benefits.
- Register for instructor-led classes and download class materials.
- Register to attend a CalPERS Benefits Education Event at a location near you.
- Schedule a one-on-one appointment with a representative at your nearest CalPERS Regional Office.

Experience CalPERS Through Social Media

- Facebook: www.facebook.com/myCalPERS
- Twitter: www.twitter.com/CalPERS
- Instagram: www.instagram.com/CalPERS
- YouTube: www.youtube.com/CalPERS
- LinkedIn: www.linkedin.com/company/CalPERS

Reach Us by Phone

Call us toll free at **888 CalPERS** (or 888-225-7377).
Monday through Friday, 8:00 a.m. to 5:00 p.m.
TTY: (877) 249-7442

Visit Your Nearest CalPERS Regional Office

Fresno Regional Office

10 River Park Place East, Suite 230
Fresno, CA 93720

Glendale Regional Office

Glendale Plaza
655 North Central Avenue, Suite 1400
Glendale, CA 91203

Orange Regional Office

500 North State College Boulevard, Suite 750
Orange, CA 92868

Sacramento Regional Office

Lincoln Plaza East
400 Q Street, Room 1820
Sacramento, CA 95811

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408

San Diego Regional Office

7676 Hazard Center Drive, Suite 350
San Diego, CA 92108

San Jose Regional Office

181 Metro Drive, Suite 520
San Jose, CA 95110

Walnut Creek Regional Office

Pacific Plaza
1340 Treat Boulevard, Suite 200
Walnut Creek, CA 94597

Visit the CalPERS website for directions to your local office.

Regional Office hours are Monday through Friday, 8:00 a.m. to 5:00 p.m.

PRIVACY NOTICE

The privacy of personal information is of the utmost importance to CalPERS. The following information is provided to you in compliance with the Information Practices Act of 1977 and the Federal Privacy Act of 1974.

Information Purpose

The information requested is collected pursuant to the Government Code (sections 20000 et seq.) and will be used for administration of Board duties under the Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to comply may result in CalPERS being unable to perform its functions regarding your status. Please do not include information that is not requested.

Social Security Numbers

Social Security numbers are collected on a mandatory and voluntary basis. If this is CalPERS' first request for disclosure of your Social Security number, then disclosure is mandatory. If your Social Security number has already been provided, disclosure is voluntary. Due to the use of Social Security numbers by other agencies for identification purposes, we may be unable to verify eligibility for benefits without the number.

Social Security numbers are used for the following purposes:

1. Enrollee identification
2. Payroll deduction/state contributions
3. Billing of contracting agencies for employee/employer contributions
4. Reports to CalPERS and other state agencies
5. Coordination of benefits among carriers
6. Resolving member appeals, complaints, or grievances with health plan carriers

Information Disclosure

Portions of this information may be transferred to other state agencies (such as your employer), physicians, and insurance carriers, but only in strict accordance with current statutes regarding confidentiality.

Your Rights

You have the right to review your membership files maintained by the System. For questions about this notice, our Privacy Policy, or your rights, please write to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811 or call us at **888 CalPERS** (or **888-225-7377**).

CalPERS is governed by the Public Employees' Retirement Law and the Alternate Retirement Program provisions in the Government Code, together referred to as the Retirement Law. The statements in this publication are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this publication, any decisions will be based on the law and not this publication. If you have a question that is not answered by this general description, you may make a written request for advice regarding your specific situation directly to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811.

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