

This is the first installment of a monthly newsletter that AFA will send out by email to adjuncts during the fall and spring semesters. Each installment will cover a topic of broad interest to adjuncts. If you have a topic you are interested in seeing us cover, please contact us by email.

This month's topic is retirement plans. Adjunct faculty have multiple plan choices with different benefits and costs, which can be a bit confusing. AFA provided information about adjunct retirement plans a few years ago on our website, so an update is due. While we can't replace the advice of an expert, we have pulled together answers to some basic questions. We also provide phone numbers and links where you can get more detailed information.

What retirement plans are available to adjuncts?

There are three plans available:

- 1) The CalSTRS defined benefit plan; this is the same plan available to full-time faculty.
- 2) The CalSTRS cash balance plan.
- 3) The Fidelity plan.

How do I find out what retirement plan I am enrolled in?

The easiest way is to look at your paystub, which shows withholding for your retirement plan in the same place that withholding for state and federal taxes appears. If you have a deduction line item labeled "STRS" you are enrolled in the CalSTRS defined benefit plan. If you have a deduction labeled "Cash balance", you are enrolled in the CalSTRS cash balance plan. If you have a deduction labeled "Fidelity Retirement", you are enrolled in the Fidelity plan.

What are the differences among those plans?

There are a lot more details, but here are the basics and some links to more information:

- 1) The CalSTRS defined benefit plan pays out a fixed amount each month after you retire. You contribute 10.25% pre-tax from each paycheck if you were originally employed and enrolled in the plan before 2013, or 10.205% if you were originally employed and enrolled in the plan in 2013 or later. SRJC contributes a higher percentage (16.28% this year, rising to 19.1% in 2020). To qualify for a monthly retirement check from the plan, you must be at least 55 and you must have at least the equivalent of 5 years of full-time service. For example, if you have a 40% load each year as an adjunct and do not work in the summer, it will take you 15 years to qualify. Your monthly benefit is determined by a formula that includes your years of service, your age

when you first retire, and your highest salary while you were employed as a member of the plan. Find out more about the defined benefit plan [here](#) and [here](#).

2) The CalSTRS cash balance plan has no minimum service requirement. You contribute 4% pre-tax from each paycheck; SRJC matches your contribution. If your account balance is greater than \$3500 and you are over 55 when you retire, you are eligible to receive a monthly retirement check, but the payment will be considerably less than you would receive from the CalSTRS defined benefit plan. Other options after you retire are to withdraw your funds over time, take a lump sum, or roll over your balance into an Individual Retirement Account (IRA) or another qualified retirement plan. There are tax consequences to the lump-sum and rollover choices, so consult a tax adviser. Your account balance earns interest at a rate that resets every year; in 2018-19, the interest rate is 2.89%. Find out more about the cash balance plan [here](#). This [Q&A about the cash balance plan](#) may also be useful.

3) The Fidelity plan is a 403b) plan administered by Fidelity Investments, which is one of the largest U.S. private investment firms. 403b) plans are similar to the 401k) plans offered to employees of for-profit corporations. You contribute 3.75% pre-tax from each paycheck; SRJC matches your contribution. Like the CalSTRS cash balance plan, the Fidelity plan has no minimum service requirement. When you retire, you may withdraw the funds over time, take your account balance as a lump sum, roll it over into a traditional IRA or other qualified retirement plan. You can also select an annuity that pays a fixed amount monthly, but the monthly payout is likely to be small. As with the CalSTRS cash balance plan, there are tax consequences to the lump-sum and rollover choices, so consult a tax adviser. The balance in the Fidelity plan doesn't earn a guaranteed rate of return. You select investment options that include stock and bond mutual funds, both of which carry investment risk. Fidelity also charges a monthly administration fee. Find out more about the Fidelity plan [here](#).

Can I switch plans?

If you are enrolled in either the CalSTRS cash balance plan or the Fidelity plan, you can switch into the CalSTRS defined benefit plan. But members of the CalSTRS defined benefit plan cannot switch out of that plan. Talk to a CalSTRS specialist at 800-228-5453 about the details of switching into the CalSTRS defined benefit plan.

How do I find info on my account balance, service credits, projected retirement benefits, etc.?

If you are enrolled in a CalSTRS plan, call CalSTRS at 800-228-5453 and speak with a specialist, or register at my.calstrs.com. At my.calstrs.com, you can view a report online, updated annually, that shows your service credits, account balance, and a projected retirement benefit. If you are enrolled in the Fidelity plan, you can register online at fidelity.com where you can view your account balance. Or you can call Fidelity at 800-343-0860.

I'm thinking of retiring in the next few months. What should I do?

To start the process, call Lisa Hotchkiss in the payroll department, who is the local expert on retirement plans at SRJC. Lisa's number is 707-527-4200.

Can I cash out of my retirement plan if I leave SRJC before I retire?

Yes, but if you teach again, reinstatement is difficult. And if you cash out before you turn 59½, both the IRS and the State of California impose a tax penalty on top of taxing the distribution as income. If you cash out by rolling over the funds into an IRA or another qualified retirement plan, you can avoid the taxes. Talk to a tax expert. When you cash out of the CalSTRS cash balance plan or the Fidelity plan, you receive the entire balance of your account, including the amount contributed by SRJC plus interest. If you cash out of the CalSTRS defined benefit plan, you receive only your own contributions plus interest. There is a 180-day waiting period after you leave your faculty position before you can cash out of the CalSTRS cash balance plan.

How much will I get from social security when I retire?

You need the equivalent of 10 years of employment in jobs where you paid more than the minimum amount of social security taxes to receive a social security retirement benefit. Get more information [here](#). SRJC faculty do not pay social security taxes, which means social security doesn't count your years as a faculty member among your 10 years of work. If you worked at other jobs long enough to receive a monthly benefit from social security, you will be subject to the social security Windfall Elimination Provision (WEP). WEP reduce your monthly social security benefit by a percentage (typically 50%) of the amount you receive from CalSTRS or Fidelity. Social security has information on WEP [here](#). If you receive a social security retirement benefit based on the work of a spouse, your social security benefit is subject to the Government Pension Offset, which also reduces your monthly social security benefit by a 2/3rds of the amount you receive from CalSTRS or Fidelity. While the WEP cannot reduce your social security benefit by more than 50%, it is possible for GPO to completely eliminate your benefit in some cases. Social security has information on GPO [here](#). Taking a lump sum distribution or withdrawing from the CalSTRS cash balance plan or the Fidelity plan doesn't exempt you from WEP or GPO.

I also teach part time at another Community College. How does that affect my retirement?

The California Community College system does not require you to enroll in the same retirement plan if you teach at multiple colleges, so you may be enrolled in multiple plans. If so, you will need to deal with each plan separately. Note that the CalSTRS defined benefit plan is available

to adjunct faculty at all colleges in the California Community College system, while the CalSTRS cash balance plan is available at most colleges. The Fidelity plan may or may not be available at other colleges. If you are in the CalSTRS defined benefit plan, you will accumulate service credits in proportion to your load at each community college, but you may not accumulate more than 100% of a full-time load in any single academic year.

I also teach part time at a school in the California State University system (e.g. Sonoma State). How does that affect my retirement plan?

If you are enrolled in the CalSTRS defined benefit plan, you have the option of continuing in this plan in your CSU position. But you must select that option within 60 days of beginning employment in your CSU position. See [here](#) for details. If you are not a member of the CalSTRS defined benefit plan, or do not elect to continue in that plan in your CSU position, you will be automatically enrolled in the PST retirement plan if your load in your CSU position is less than 40%. This plan is completely separate from any of the plans offered at SRJC, so you will need to deal with your PST plan separately when you retire or decide to withdraw. CSU faculty members with at least a 40% load and at least one year of service pay into both CalPERS and social security. If you are enrolled in the CalSTRS defined benefit plan but opt to join CalPERS through your CSU position, the CalSTRS and CalPERS systems coordinate in a way that allows you to receive monthly retirement benefits from both systems. You need to meet the 5-year minimum service requirement between the two plans (for example 3 years in one plan and 2 years in the other), provided you retire from both systems on the same day, but CalPERS must be notified in advance of your intention to coordinate benefits. Simultaneous retirement from both CalPERS and CalSTRS is not necessary if you have at least 5 years of service credit in each plan. Find out more details [here](#), and talk to a CalSTRS retirement specialist.

Is there another way for me to supplement my retirement?

Yes, SRJC offers supplemental 403b) plans and tax-sheltered annuity plans, but you will have to supply 100% of the funds. If you are interested, talk to the payroll department. You can also create an Individual Retirement Account (IRA) on your own; but again, you must supply 100% of the funds.

I need more information. Who can I talk to?

If you have more detailed question about a CalSTRS plan, you can call a retirement specialist at 800-228-5453. You will have to navigate their phone tree, but you can talk to an actual person. The CalSTRS retirement specialist at the 800 number can also help you set up an in-person consultation with a retirement specialist in Sonoma County. If you are enrolled in the Fidelity plan, contact Fidelity at 800-343-0860 to speak to a representative.