The CalSTRS Difference

Clear and concise points about how and why CalSTRS is different from other public pension systems.

1. **CalSTRS members receive no Social Security benefits.**
   Benefits are based on a formula that rewards longevity and are determined by years of service, age at retirement and highest average compensation at retirement. Retired members generally do not receive employer-paid health care benefits after age 65.

2. **The CalSTRS board does not have the authority to raise contribution rates unlike most other national and state pension plans.**
   The Legislature and governor must approve any adjustments to CalSTRS contribution rates needed to address the changing economic environment.

3. **CalSTRS member contributions are among the lowest in the U.S. and have been the same for close to 40 years.**

<table>
<thead>
<tr>
<th>CalSTRS Comparison with Other Pension Plans (Percentage of Payroll)</th>
<th>Employee Social Security</th>
<th>Employee Defined Benefit</th>
<th>Employer Social Security</th>
<th>Employer Defined Benefit</th>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CalPERS Classified School Employees (2010-11)</td>
<td>6.20%</td>
<td>7.00%</td>
<td>6.20%</td>
<td>10.71%</td>
<td>N.A.</td>
<td>30.11%</td>
</tr>
<tr>
<td>Average Teacher Plan Not Covered by Social Security²</td>
<td>N.A.</td>
<td>9.12%</td>
<td>N.A.</td>
<td>14.79%</td>
<td>N.A.</td>
<td>23.92%</td>
</tr>
<tr>
<td>CalSTRS (2010-11)</td>
<td>N.A.</td>
<td>8.00%</td>
<td>N.A.</td>
<td>8.25%</td>
<td>1.86%³</td>
<td>18.11%</td>
</tr>
</tbody>
</table>

**Sources/Notes**
1 - CalPERS
2 - CalSTRS staff research 2011
3 - Current payroll rate is equivalent amount of 2.017% of fiscal year ending in a prior calendar year

4. **CalSTRS commitment to transparency has made it a leader among public pension funds.**

   In 2006, CalSTRS established regulations and policies to ensure conflict-free investment decisions. These policies include:
   - Disclosure of placement agent relationships and payments
   - Restrictions on campaign contributions to board members
   - Preventive spiking measures that alert CalSTRS to significant late-career salary increases
   - Information taken from CalSTRS.com website