

CALSTRS



# 2011 Retirement Readiness Assessment

September 2011

C A L I F O R N I A   S T A T E   T E A C H E R S '   R E T I R E M E N T   S Y S T E M

 **THOMAS|FERROUS**, inc.

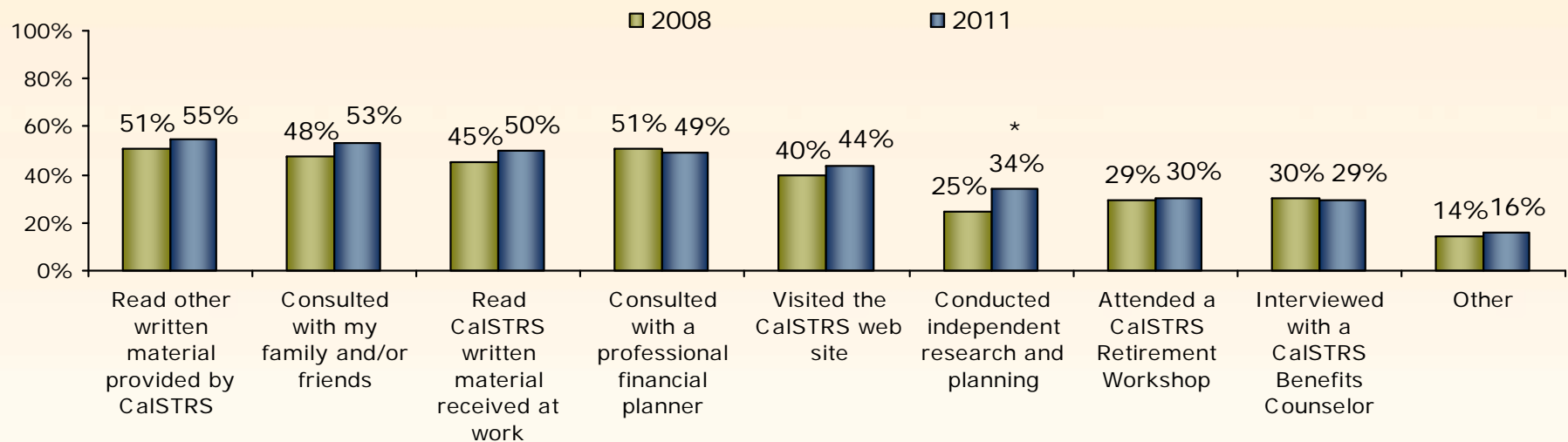
## Two Issues Presented Today

- What has changed since the last Assessment?
- For which topics do members need additional information?

**What has changed since the last Assessment?**

**More active members conduct independent retirement planning research in 2011 than in 2008.**

**Half of active members do not read written materials from CalSTRS.**



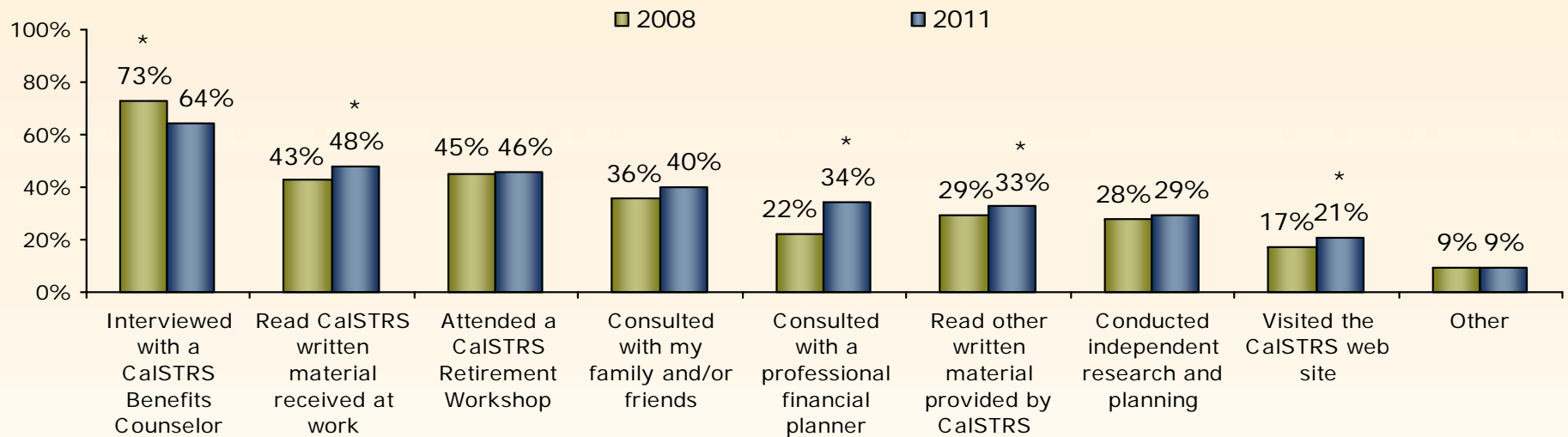
Q9 (A). What actions have you taken to plan for retirement?

Base: Total respondents answering. (N=514 / N=3231)

\* Denotes a significant difference.

**In 2011, retired members are more likely to read CalSTRS written material, consult with a professional financial planner and visit the CalSTRS website.**

**Fewer retired members report interviewing with a CalSTRS Benefits Counselor in 2011 than in 2008.**



Q4 (R). What actions did you take to plan for retirement?

Base: Total respondents answering. (N=586 / N =2208)

\* Denotes a significant difference.

**More than half of active members have supplemental savings of less than \$100,000.**

**An increased number of active members have less than \$50,000 in total retirement savings in 2011 vs. 2008.**

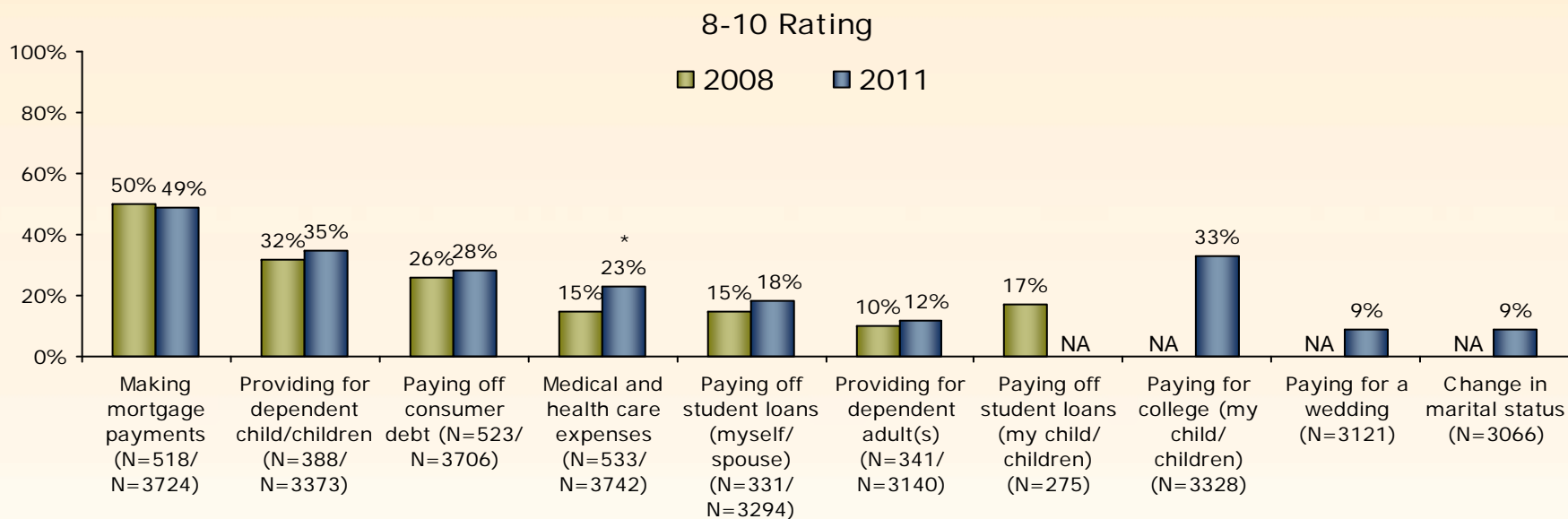
Total Balance of All Retirement Savings Plans		
Active	2008 (N=578)	2011 (N=3283)
\$0	3%	5%
\$1-\$49,999	28%	* 38%
\$50,000-\$99,999	21%	20%
\$100,000-\$199,999	15%	16%
\$200,000-\$299,999	9%	7%
\$300,000-\$399,999	3%	4%
\$400,000-\$499,999	2%	2%
\$500,000-\$999,999	3%	2%
\$1 million or more	1%	0%
Don't know	* 14%	6%

Q15 (A). What is the current total balance of ALL of your voluntary retirement savings plans?

Base: Total respondents answering.

\* Denotes a significant difference.

**A greater number of active members cite medical and health care expenses as an obstacle to retirement savings in 2011 than in 2008.**



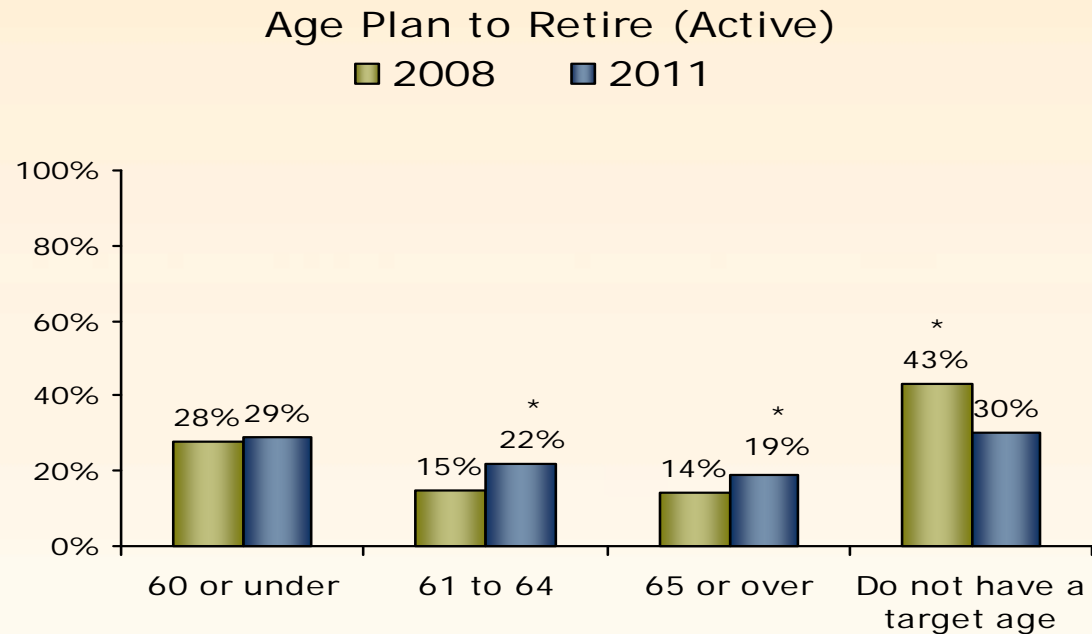
Q17 (A). How significant of an obstacle are each of the following financial obligations in preventing you from saving sufficiently for retirement?

Scale: 1=Not an Obstacle; 10=Extremely Significant Obstacle.

Base: Total respondents answering.

\* Denotes a significant difference.

**In 2011, more actives raised their target retirement age to 61 or older, and the average target retirement age rose from 60.9 in 2008 to 61.7.**



Q5 (A). At what age do you plan to retire with CalSTRS?

Base: Total respondents answering. (N=592 / N=3921)

\* Denotes a significant difference.

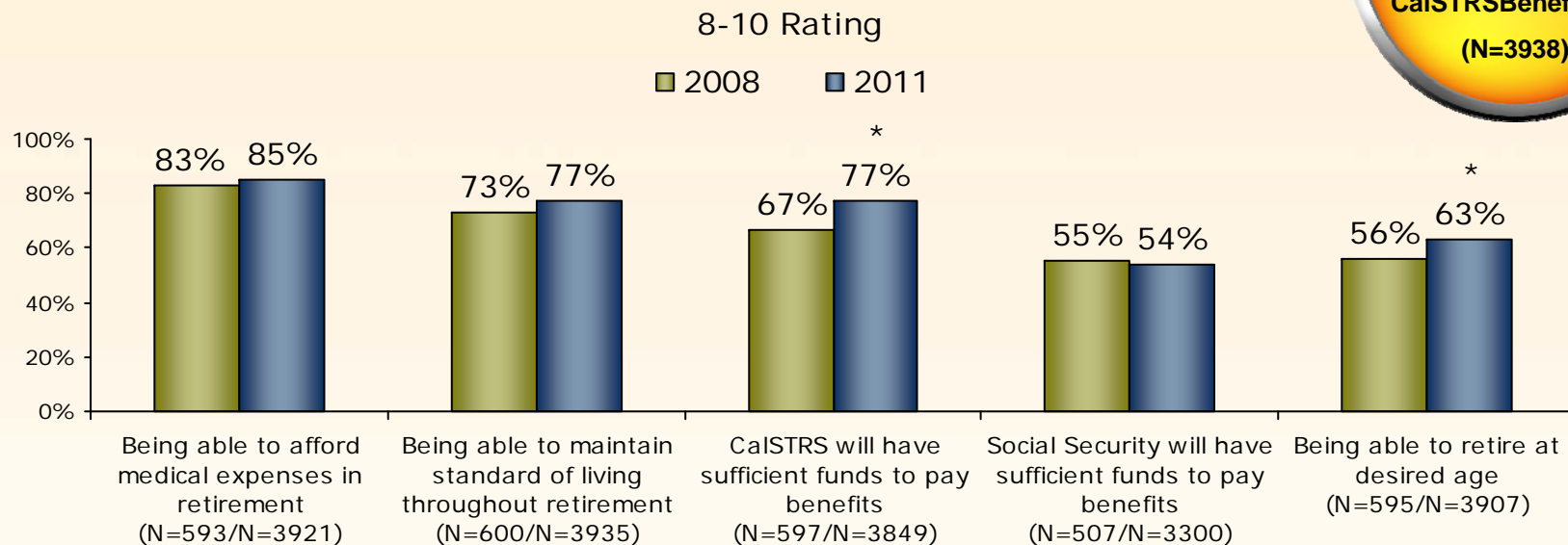


**For which topics do members need additional information?**

# CALSTRS Retirement Concerns

## 2008/2011 Active

In 2011, an increased number of active members express concern regarding "CalSTRS having sufficient funds to pay benefits" versus what was measured in 2008.



**41%**  
of Active members  
have visited  
CalSTRSBenefits.us  
(N=3938)

Q10 (A). The following are some financial concerns you may have regarding your retirement. Please rate your level of concern. Scale: 1=Not at all Concerned; 10=Extremely Concerned.

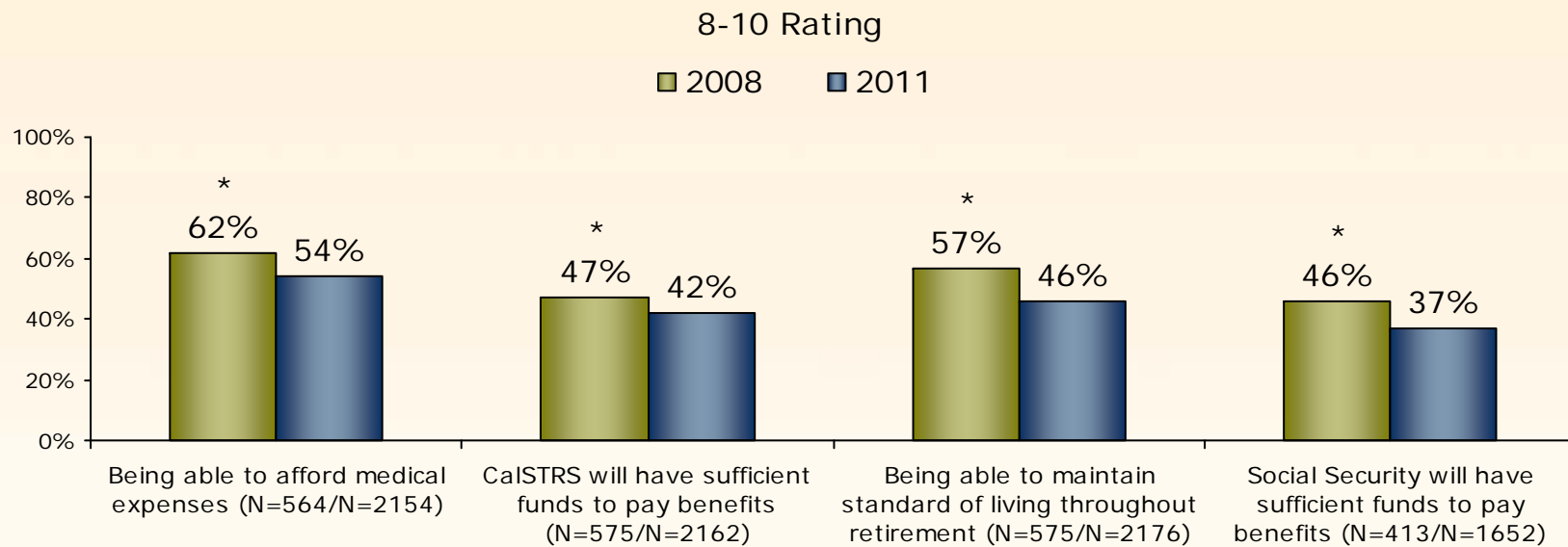
Base: Total respondents answering.

\* Denotes a significant difference.

# CALSTRS Retirement Concerns

## 2008/2011 Retired

**Fewer retired members express concern, across all measures, in 2011 vs. 2008.**



Q8 (R). The following are some financial concerns you may have regarding your retirement. Please rate your level of concern.

Scale: 1=Not at all Concerned; 10=Extremely Concerned.

Base: Total respondents answering.

\* Denotes a significant difference.

**More than one-third of active members remain unaware of the post-retirement insurance coverage available through their current employer.**

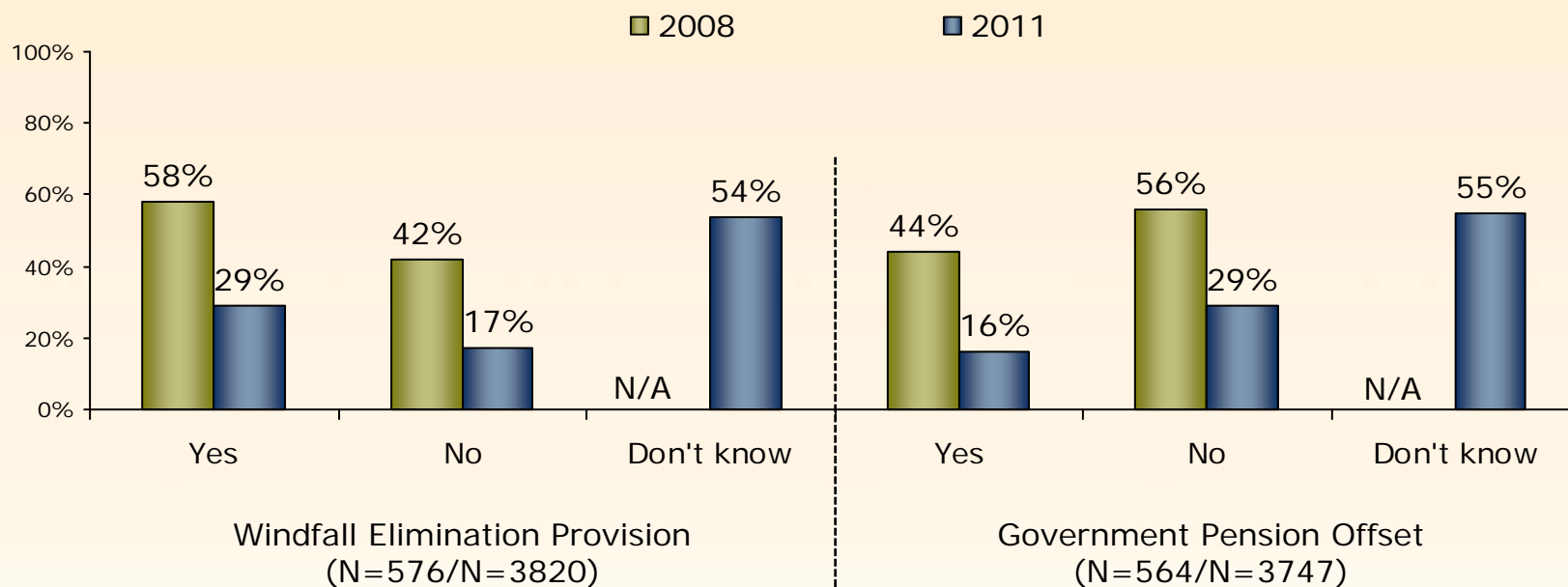
Employer-Paid Health Insurance		
Active	2008 (N=590)	2011 (N=3788)
Employer will pay the full cost for lifetime	11%	10%
Employer will pay the full cost until reach age 65 and then will pay the full cost	11%	12%
Employer will pay the full cost until reach age 65 and then will share the cost with employer	6%	7%
Will share the cost with employer	6%	5%
Will receive some level of employer-paid health insurance through other means	6%	6%
Intend to remain employed for health coverage	N/A	1%
Will have to pay the full cost of health insurance in retirement	* 22%	10%
Do not expect to have health insurance	N/A	14%
Do not know coverage employer offers	37%	35%

Q23 (A). Do you expect to have employer-paid health insurance in retirement?

Base: Total respondents answering.

\* Denotes a significant difference.

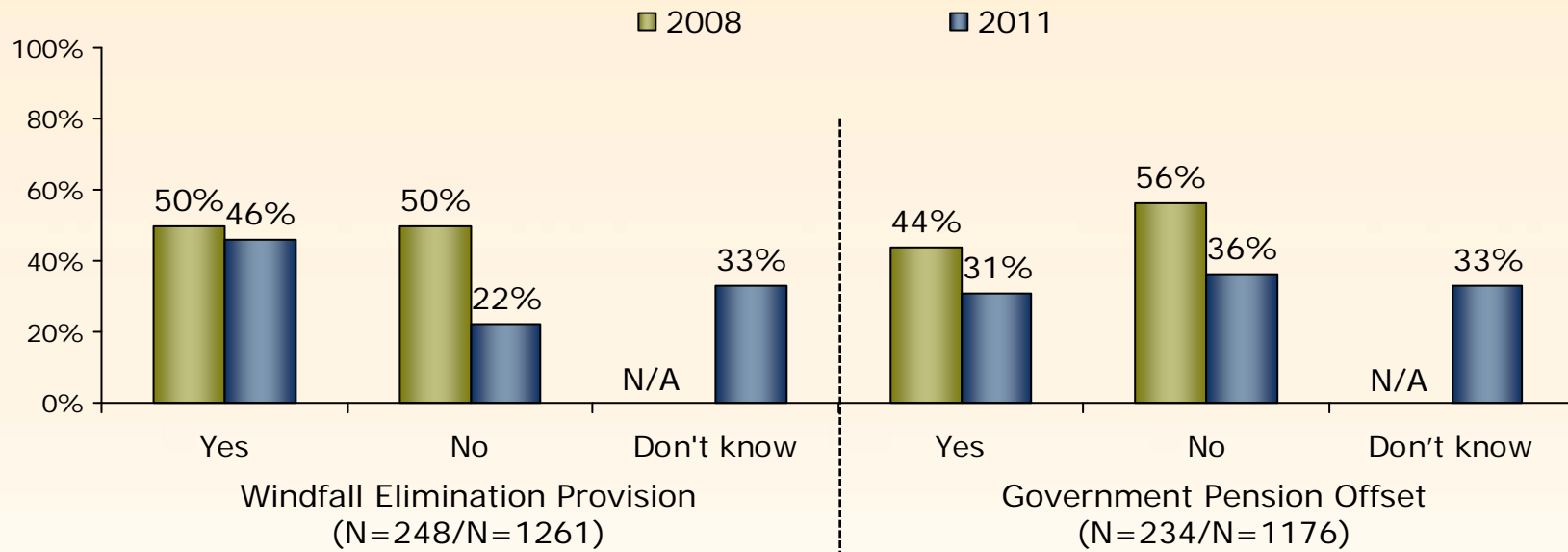
**In 2011, more than half of active members are unaware if the Windfall Elimination Provision and Government Pension Offset will affect them.**



Note: The 2011 results cannot be compared to 2008 because the "Don't Know" response was not presented as an option for 2008.

Q20 (A). As a member of CalSTRS you do not pay into Social Security. As a result, when you retire and receive a CalSTRS retirement benefit your Social Security benefits may be subject to certain offsets. Please indicate whether or not you are aware of the following offsets.  
Base: Total respondents answering.

**In 2011, one-third of retired members are unsure if the Windfall Elimination Provision and Government Pension Offset will affect them.**

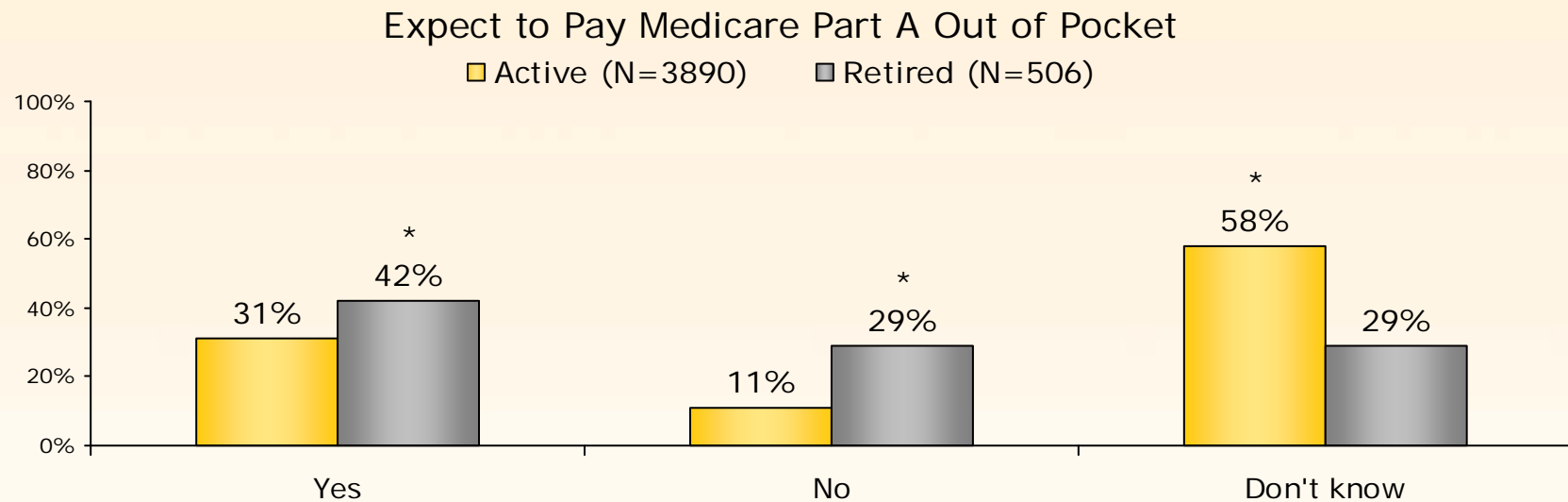


Note: The 2011 results cannot be compared to 2008 because the "Don't Know" response was not presented as an option for 2008.

Q14 (R). As a member of CalSTRS you did not pay into Social Security. As a result, if you receive Social Security benefits, these benefits may be subject to certain offsets. Please indicate whether or not your Social Security benefit or spousal benefit is or will be reduced by the following offsets.  
Base: Respondents who receive/will receive Social Security retirement benefits answering.

Nearly a third of active members expect they will be responsible for their own Medicare Part A premiums.

More than half of active members and almost one-third of retired members (under age 65) do not know if they qualify for premium-free Medicare Part A.



Q21 (A)/Q12 (R). (If under 65) Do you expect to have to pay out of pocket for Medicare Part A premiums, once you are eligible?

Base: Total respondents answering.

\* Denotes a significant difference.

# CALSTRS Summary of Findings

## Supplemental retirement savings

- Continue education and encourage supplemental savings

## Funding status of CalSTRS

- Continue education efforts to boost member confidence
- Continue to embrace alternative communication media to reach members

## Health insurance in retirement

- Encourage members to learn what their employer offers

## Social Security offsets

- More education and outreach about the offsets and their potential impact to members

## Medicare Part A awareness

- More education to encourage members to learn about their eligibility



The logo for CALSTRS is centered on a white background. It features the word "CALSTRS" in a large, orange, serif font. Below it, the tagline "HOW WILL YOU SPEND YOUR FUTURE?" is written in a smaller, black, sans-serif font. The background of the slide is a light beige color with a dark orange horizontal band at the top and a vertical orange band on the right side. The text is positioned in the center of the white area.

# CALSTRS

HOW WILL YOU SPEND YOUR FUTURE?

[www.CalSTRS.com](http://www.CalSTRS.com)