

**New Employee Authorization Transmittal (NEAT) Form**

For retirement purposes, the NEAT form is DFS' notification that a new employee has been hired at the district and a CalSTRS account may need to be established. Accounts are established as either member accounts or non-member accounts.

After the NEAT has been approved for payroll purposes, it is distributed to the STRS unit who reviews the employee profile in Galaxy to verify the employee retirement plan code, AB340 boxes, and position type. This information will help the STRS unit correctly set up an employee's account with CalSTRS.

Complete the NEAT form in its entirety and attach all applicable retirement forms. This will assist DFS in setting up all employees correctly from the start so no district charges or refunds need to be transacted at a later date.

When NEATs are not required to be approved by DFS, the STRS unit is not able do any verification of the employee's profile and, therefore, the retirement coding cannot be verified. This may happen when a former classified employee accepts a certificated position with the same district or returns to work for the district.

When the Retirement Unit is unable to validate an employee's retirement status, it may cause district charges/refunds due to incorrect membership status or member retirement formula at the time payroll was processed. These charges/refunds are logged in the control sheets and e-mailed to districts on a monthly basis.



Division of Administration and Business  
District Fiscal Services

SAMPLE

FORM BEING REVIEWED

## New Employee Authorization Transmittal

### Employee Information:

District Name: \_\_\_\_\_

Employee Name: \_\_\_\_\_  
(Last) (First) (MI)

Employee Type: **SELECT**

CE- Certificated  
CL- Classified  
NA- Not Applicable

Social Security Number (SSN): \_\_\_\_\_

Birthdate (mm/dd/yyyy): \_\_\_\_\_

### Retirement Status:

Select the applicable status and complete information requested under the applicable status.

Employee is a **SELECT** member of **SELECT**.

Check the CalSTRS Secured Employer Website (SEW) for all new hires and any current employee who begins performing creditable certificated duties

District has:

- verified\* the employee's PERS status in the myCalPERS Website.
- verified\* the employee's STRS status in the CalSTRS Secured Employer Website (SEW).

\*Verified by: \_\_\_\_\_ Phone: \_\_\_\_\_ Date: \_\_\_\_\_  
(District Representative)

- entered employee in Galaxy as a **SELECT** member for the current position.

### Required Backup Information:

- Copy of Employee's Withholding Allowance Certificate (W-4)  
*Form is invalid if it has been altered.*
- Copy of Employee's Withholding Allowance Certificate (DE-4)  
*If withholding allowance is different for the State.*
- Copy of Social Security Card  
*Copy needs to be legible. If not legible – district must verify by writing the employee's name and SSN next to the copy, sign, and date.*
- Original PERS or STRS Election form (PERS: MAR or STRS: ES350 or ES372)  
*If applicable.*
- Copy of Employee's Driver License

Applicable  
STRS form  
must be  
received

Any government issued document for DOB  
verification

### Authorization:

Information indicated in this section will be verified with the district's current Certification or Signatures form. Please note that only original signatures from an authorized agent will be accepted.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### Submittal Information:

- District is to keep original copies of all backup information in employee's personnel file.
- W-4/DE-4:
  - Tax Allowance Status: Married, Single, Head of Household must be indicated (unless filing exempt).
  - Withholding allowances must be indicated (unless filing exempt).
  - Additional withholding amount, if any.
  - Please note: W-4 or DE-4 with ten or more allowances, or exempt must be submitted to: W-4 Unit, Franchise Tax Board MS F 180, P.O. Box 2952, Sacramento, California 95812-2952.
- The employee's name entered in Galaxy must match what is stated on the Social Security Card.
- For forms previously submitted, please write "Previously Submitted" on the original form before resubmitting.

**Minimum Standards**

Per Education Code section 22138.5, full-time may not be defined as less than the days/hours stated below.

<b>Classification</b>	<b>Time</b>
Prekindergarten through grade 12 teachers and all others who work directly with pupils	175 days or 1,050 hours
Principals, program managers, including advisers, coordinators, consultants, and developers or planners of curricula and administrators at a school site or district office	190 days or 1,520 hours
Administrators at the county office of education (time includes legal holidays)	215 days or 1,720 hours
Teachers in adult education programs	1,050 hours

**Minimum standards for community colleges**

<b>Classification</b>	<b>Time</b>
Full-time	175 days or 1,050 hours
Program managers and administrators	190 days or 1,520 hours
Counselors and librarians	175 days or 1,050 hours
Part-time, adjunct faculty	525 hours
Instructors in adult education programs at a community college	875 hours

Source: CalSTRS Employer Reporting Handbook FY13-14

## Reminders

There are edits in Galaxy that prevent a salary schedule from being set up for less than the minimum day requirement of 175 days for full-time equivalency.

The Service Desk staff can modify the salary schedule days to less than the minimum requirement with the approval of District Fiscal Services.

When a request for salary schedule modification is made, please include the salary schedule to be modified, the number of hours that the schedule should reflect, and the hours per day that employees covered by the salary scheduled are required to work. The salary schedule will be approved for modification if the minimum hour requirement is met. District Fiscal Services will first approve the schedule with the minimum 175 days; the Service Desk will adjust the hours per the district's request.

Employees who do not meet the minimum standards for full-time equivalency are not eligible to receive a full year of service credit. A salary schedule with less than the minimum standard would erroneously grant employees one full year of service credit.

Examples:

- 175 day contract, 6 hours per day = 1,050 hours = 1.0 Service Credit
- 175 day contract, 4 hours per day = 700 hours = 0.666 Service Credit

Even if 4 hours per day is considered "full-time" for the employee, it does not meet the requirements for the employee to earn 1.0 years of service credit.

## Mandatory Qualifications

<b>Defined Benefit Program</b>	A new employee hired in a <b>full-time</b> position becomes a Defined Benefit (DB) member on the first day of employment.
<b>Full-Time Contract</b>	Do not combine multiple positions to determine full-time. A full-time position with any district makes the employee ineligible to participate in the Cash Balance (CB) Program..
<b>Part-Time Contract</b>	A new employee hired in K-12 to work <b>50% or more of a full-time contract</b> , becomes a DB member as of the first day of the pay period following his or her employment to perform creditable service. An employee hired to work <b>at a community college- CB employer or not</b> , whose employment is considered temporary becomes a DB member on the first day of the pay period following their position becoming permanent.  Cash Balance participant in K-12 basis of employment changes to perform creditable service for 50% or more becomes a DB member on the first day of the pay period following the change in the basis of employment.  Basis of employment is defined as the standard of time over which the employer expects service to be performed by an employee in the position during the school year.
<b>Substitute Educator</b>	A non-member <b>substitute educator</b> who works <b>100 or more complete days</b> in one district becomes a DB member on the first day of the following pay period. The following pay period must be in the same fiscal year. This statute does not apply if the position is with a CB district.
<b>Part-Time Hourly/Daily</b>	A <b>part-time employee</b> hired on an hourly or daily basis who works <b>60 hours or 10 days</b> in a single pay period and district becomes a DB member on the first day of the following pay period. The following pay period must be in the same fiscal year. This statute does not apply if the position is with a CB district.  A temporary part-time employee at a community college district shall become a member as of the first day of the pay period following his or her employment to perform creditable service changes to permanent status. This statute also applies if the position is with a CB community college district.
<b>References</b>	Education Code sections: 22501, 22502, 26400(e), 26107, 22503, 22504 Employer Directives 2005-03, Employer Circular Volume 21, Issue 2, March 1, 2005.

## Reminders

- Check the Secured Employer Website for employee's status with CalSTRS when hiring new employees and for current employees who begin performing creditable duties for your district.
- Part-time contract employee with a 50%-99% contract becomes a member the first day of the following pay period unless the employee is already a CalSTRS member.
- Part-time contract employees with a 50%-99% contract become members the first day of the following pay period unless they complete an ES 350 Permissive Membership form electing membership as of their hire date. If the ES 350 Permissive Membership form is not completed, the employee's first month earnings would be reported as non-member earnings with no contributions. However:
  - ⊖ DFS recommends districts give employees with a 50%-99% contract the ES 350 Permissive Membership form when they are first hired so employees don't have their first month earnings reported without contributions.
  - ⊖ Districts will not have to set up the employee as non-member with a retirement plan code of N1 or A1 N6 or A6 for the first month of employment. Galaxy will automatically change those retirement plans to S1 on the first of the following pay period. (See following pages in this section for a DFS Notify sent to districts regarding the addition of the A6/N6 retirement plans to Galaxy.), and then change the employee to member with retirement plan S1.

From: DFS-NOTIFY

Sent: Wednesday, December 20, 2017 10:14 AM

Subject: Payroll and Retirement: A6/N6 Retirement Plans

**Please forward this information to the appropriate parties at your district, charter school or community college**

**Purpose:** To notify districts of recently added retirement plans (A6 and N6) in Galaxy to facilitate regulations to the Permissive Membership (ES-0350) form resulting from Senate Bill 1352.

**Action Needed:** Please use the A6 or N6 retirement plans as appropriate if an employee elects CalSTRS using the Permissive Membership (ES-0350) form, or if they are a 50-99% contract employee.

Senate Bill 1352 required that membership be effective the first day of the pay period following the election (see attached for previous DFS Notify regarding this change). Currently, if an employee elects membership in December and they have December earnings on the 6A, 6M, 6S or 6B payrolls, they are entered in Galaxy with a retirement plan A1 or N2. Following the December payrolls, district staff must change the employee's retirement plan to S1.

Instead, there are now A6 and N6 retirement plan codes available in Galaxy with the description "FUTURE PERMISSIVE ELECTION / 50-99% EMPLOYEE". These new retirement plan codes behave the same as the A1 and N2 retirement plan codes with the exception that they will be *automatically* changed in Galaxy to an S1 on the first of the month following their initial set-up.

**Example 1:** A 45% contract employee is hired January 10, with their first payroll to be paid January 31, on the 7M. There is no mandatory membership for employees who are hired for less than 50% contract. The ES-0350 form must be given to the employee to elect/decline membership. The employee signs the ES-0350 form on January 10, **2018**:

- If membership is elected, membership is effective February 1, 2018.
  - Set-up the employee in Galaxy with an A6/N6 retirement plan.
  - Retirement earnings for the 7M payroll are reported with the A6/N6 retirement plan. Effective February 1, Galaxy will automatically change the employee's retirement plan to S1.
  - All future retirement earnings starting with the 8M payroll will be reported with an S1 retirement plan.
- If membership is declined, employee is set-up by the DFS STRS Unit as a non-member effective January 1, 2018.
  - The rule is different when membership is declined; former process is followed. Please use A1 or N2 retirement plan.
    - All hours/days worked are monitored for possible future mandatory qualification into membership.

**Example 2:** A substitute teacher is hired December 15, 2017; a Permissive Membership (ES-0350) form should be given to the employee immediately upon hire.

- If the employee elects membership and the ES-0350 is returned and signed with a December date:
  - Set-up the employee in Galaxy with an A6/N6 retirement plan.
  - The retirement plan will automatically be updated to S1 effective January 1, 2018.
- If the employee elects membership and the ES-0350 is returned and signed with a January date:
  - The district set-up the employee in December with an A1/N2 retirement plan (employer is assuming the employee will decline membership).
  - The DFS STRS Unit will set-up the employee's CalSTRS non-member account with a December 1, 2017 date.
  - When the ES-0350 form electing membership is received by the employer with a January signature date:
    - District will change the retirement plan to A6/N6.
      - Payroll owed for December will process with the A1/N2 retirement plan.
      - Payroll owed for January will process with the A6/N6 retirement plan.
    - The DFS STRS Unit will set-up employee's CalSTRS member account with a February 1, 2018 membership date. The signature date of the employee is the date of election, not the hire date.
      - Payroll owed for February forward will process with the S1 retirement plan.

**Note:** If the district is setting up the employee in Example 2 in December, the A6/N6 retirement plan codes will automatically change to S1 a month early. The former manual process is necessary if the ES-0350 form is not received in December, the employee should be setup with an A1/N2 retirement plan and updated only to A6/N6 when the form is received by the district.

\*\*\*Please note, membership is effective the first day of the pay period following the election regardless if the employee worked or not on the month the election was made.\*\*\*

For more information on Permissive Membership, please see the attached section 315 from the CalSTRS manual. As always, please make sure that the forms are legible, and the legal name (matching the employee's Social Security Card) is used when completing.

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ABS / District Fiscal Services - STRS  
Riverside County Office of Education  
(951) 826-6538 / FAX: [951] 826-6961

CY:rb

## Permissive Election

**What is it?** The Permissive Election ES350 is the form part-time and substitute educators use to elect membership into the Defined Benefit Program. The form is used to elect into the Defined Benefit Program and it serves as an acknowledgement of receipt of CalSTRS Defined Benefit Program information.

An employee who performs creditable service and is excluded from membership may elect membership at any time- even if the employee declined membership in the past. To elect membership, the non-member employee must use the Permissive Election Form ES 350.

**Notify New Employees** New part-time and substitute employees must be notified of their right to elect CalSTRS membership within 30 days of the hire date. Employers must also give information about CalSTRS retirement programs.

If the new employee is not notified, the employer may be liable for employer and employee contributions and interest, as well as audit costs if an audit reveals noncompliance.

Once the permissive election is made, membership can be cancelled only by terminating all creditable service and receiving a refund of contributions.

### References

Education Code sections, 22515, 22455.5  
Administrative Directive 95-01

#### Senate Bill 1352: Effective January 1, 2017

- ES 350 Permissive Membership forms must be received by CalSTRS within 30 days of the employee's signature date.
- Membership date is the first day of the pay period following the election.
- Employees with a 50%-99% contract will automatically become members the first pay period following their hire date unless they are already members.
  - The ES 350 can no longer be used to allow less than 100% contract employees to be CalSTRS members on the first day of hire.

Source: CalSTRS Employer Reporting Handbook FY13-14

## Permissive Election, Continued

### Job Aid

Use this Permissive Election table for guidance Use this Permissive Election table for guidance:

Step	Action
1	<p>Within 30 days of the hire date:</p> <ul style="list-style-type: none"> <li>Notify employee of right to elect CalSTRS membership</li> <li>Give employee information about CalSTRS programs</li> <li>Obtain written acknowledgment (Form ES 350) from employee</li> <li>Keep a copy in the employee's personnel file</li> </ul>
2	<p>If employee elects membership:</p> <ul style="list-style-type: none"> <li>Add membership date in REAP (or through the MR87 file process) with a Transaction Code 81</li> <li>Submit ES 350 form to CalSTRS via COE office           <ul style="list-style-type: none"> <li>If you are reporting directly to CalSTRS, submit form to CalSTRS</li> </ul> </li> <li><b>Membership date: First day of pay period in which the form is signed</b></li> </ul>
3	Begin reporting all creditable service to CalSTRS with a member code 1 and contributions
4	<p>If employee does not elect membership:</p> <ul style="list-style-type: none"> <li>Add non-membership date in REAP (or through the MR87 file process) with a Transaction Code 02</li> <li>Report non-qualifying service to CalSTRS with a non-member code 2</li> <li>Keep ES 350 form in the employee's personnel file</li> <li>Monitor creditable service for mandatory qualification</li> </ul>



### Maintain a copy of the ES350

Written acknowledgment of receipt of CalSTRS Defined Benefit Program information by the employee shall be maintained in employer files on a form (ES350) provided by CalSTRS

Source: CalSTRS Employer Reporting Handbook FY13-14

## Processing Permissive Membership (ES 350) Forms

**Example 1:** A 45% contract employee is hired January 10, with their first payroll to be paid January 31, on the 7M. There is no mandatory membership for employees who are hired for less than 50% contract. The ES 350 form must be given to the employee to elect/decline membership. The employee signs the ES 350 form on January 10, 2017:

- If membership is elected, membership is effective February 1, 2017.
  - Retirement earnings for the 7M payroll are reported with a N6 or A6 retirement plan.
  - Retirement earnings for the 8M payroll are reported with an S1 retirement plan.
- If membership is declined, employee is setup as a non-member effective January 1, 2017.
  - Use an N2 or A1 retirement plan during set-up in Galaxy.
  - The rule is different when membership is declined; former process is followed.
    - All hours/days worked are monitored for possible future mandatory qualification into membership.

**Example 2:** A substitute teacher is hired December 15; they complete an ES 350 form electing membership and sign the form on January 5, 2017:

- Retirement unit sets up the employee with a February 1, 2017 membership date.
  - Note: If any earnings are paid to this employee for December, the ES 350 received with a January 5, 2017 date forces the STRS unit to reach out to the district and ask for an ES 350 with a revised signature date reflecting December.

## DFS Permissive Membership (ES 350) Forms- Other Reminders

- Use the most current version of the ES 350 form (currently it's the February 2017 version).
- Once a member, always a member unless the employee terminates employment with all California school employers and requests a refund of all contributions made.
- Check the Secured Employer Website for employee's status with CalSTRS when hiring new employees and for current employees who begin performing creditable duties for your district.
- Do not give the Permissive Membership form to CalSTRS retirees.
  - Retirees don't have the right to permissively elect membership.
- The employee's signature date in the ES 350 form should not be earlier than the employee's official hire date with the district.
- An employee who performs creditable service and does not mandatorily qualify for immediate membership may elect membership at any time, even if the employee declined membership in the past.
- For K-12 and charter schools: Employees who decline membership **may** mandatorily qualify for membership.
  - A part-time employee, who works 60 hours or more in a single pay period at the same district, becomes a DB member on the first day of the following pay period, unless the following pay period is in a new fiscal year. (Retirement plan 55.)
  - A non-member substitute who works 100 or more days in one district becomes a DB member on the first day of the following pay period, *unless* the following pay period is in a new fiscal year. (Retirement plan 54.)

- For community colleges: A temporary or part-time employee mandatorily qualifies only when their employment status changes to permanent; the 60 hour/100 day rule does not apply for community colleges.
- Social Security Form SSA-1945 "Statement Concerning Your Employment in a Job Not Covered By Social Security" should be provided to all employees who do not contribute to social security. This includes employees who:
  - Qualify for immediate CalSTRS membership.
  - Permissively elect membership into CalSTRS.
  - Qualify for CalSTRS membership by meeting the 60 hour/100 day threshold.
  - Contribute in an alternative retirement plan like PARS or Apple.

### Returned ES 350 Forms

- Many ES 350 forms are unnecessarily completed. For example, an employee completes the ES 350 form and permissively elects membership at district A, but membership was established at district B six months ago; or an employee declines membership at new district, but they had already elected membership with a previous employer. DFS is not returning these forms to the district, but an e-mail notification will be sent to the district if STRS staff changes an employee's retirement plan in Galaxy.
  - Review these changes and contact the STRS unit if you have any questions.
- ES 350 forms will only be returned to the district when they are valid, but cannot be processed due to missing information. The ES 350 form will be returned to the district with the following cover letter.

It is imperative that the forms are returned to DFS in a timely manner so earnings can be submitted to CalSTRS timely and minimize the assessment of P&I charges


SAMPLE

DATE:	<hr/>
TO:	<hr/>
FROM:	<hr/>
<small>District Fiscal Services Division of Administration and Business Services (951) 826-_____ / FAX (951) 826-6961</small>	
<small>SUBJECT: CalSTRS ES 350 Permissive Membership form—Incomplete</small>	
<small>The ES 350 Permissive Membership form(s) for the employee below cannot be processed due to missing information. Please complete the highlighted areas and return to my attention as soon as possible.</small>	
<small>Districts may be charged or refunded employee/employer contributions if the ES 350 forms are not processed timely. Please call me if you have any questions.</small>	
EMP#:	Employee Name:
<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
<small>Thank you Attachment(s)</small>	

# Permissive Membership

**SAMPLE**

ES 0350 rev 02/17

## PERMISSIVE MEMBERSHIP ELECTION AND ACKNOWLEDGMENT OF RECEIPT OF CALSTRS DEFINED BENEFIT PROGRAM MEMBERSHIP

California State Teachers' Retirement System  
P.O. Box 15275, MS 17  
Sacramento, CA 95851-0275  
800-228-5453  
CalSTRS.com

Use the latest version of the form.

Employees who are employed to perform creditable service, but who are excluded from mandatory membership pursuant to Education Code sections 22601.5, 22602, or 22604, are eligible to permissively elect membership in the California State Teachers' Retirement System (CalSTRS) Defined Benefit Program pursuant to Education Code section 22515. This form enables eligible employees to make this election or decline to make this election. This form must be received by CalSTRS within 30 days of the date on which the employee signs and dates the form. Contributions may not be submitted to the system until CalSTRS has received the completed election form. If the employee elects membership in the CalSTRS Defined Benefit Program, the membership date shall be the first day of the pay period following the date on which the employee signs and dates this form.

### Section 1: Employee Information, Election and Certification (to be completed by employee)

NAME (LAST, FIRST, MIDDLE INITIAL)

CLIENT ID OR SOCIAL SECURITY NUMBER

MAILING ADDRESS

HOME TELEPHONE

Name should match the employee's name as shown on the employee's social security card.

Write the social security number in full.

I elect membership in CalSTRS Defined Benefit Program

I understand this membership election is irrevocable and applies to all future employment to perform creditable service with the same or another employer, and may be canceled only by terminating all such employment and reducing my accumulated retirement contributions from CalSTRS.

I decline membership in CalSTRS Defined Benefit Program at this time

I understand I can elect membership in the Defined Benefit Program at any time while I am employed to perform creditable service.

I certify I have received information from my employer concerning the CalSTRS Defined Benefit Program and understand the criteria for membership in the program.

I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of obtaining a benefit administered by CalSTRS and it may result in up to one year in jail and/or a fine of up to \$5,000 pursuant to Education Code section 22515.5.

EMPLOYEE SIGNATURE

DATE

Make sure the employee makes a selection by checking one of the two boxes, and that they sign and date the form.

Signature date should be in the month of hire.

### Section 2: Employer Certification (to be completed by employer)

I certify that the above-named part-time or substitute employee has been provided with CalSTRS Defined Benefit Program membership information required pursuant to Education Code section 22455.5, and if applicable, informed of his or her right to elect into membership in the CalSTRS Defined Benefit Program.

OFFICIAL'S SIGNATURE

DATE



TITLE

Official's Title

DISTRICT

Preferably, form should be signed by Payroll or HR Supervisor.

EMPLOYEE #

\* MEMBERSHIP DATE (MM/DD/YYYY)

ASSIGNMENT (circle one)

Part-Time

Substitute

\* Effect date of membership in the CalSTRS Defined Benefit Program

Leave blank. \* Membership date will be the first day of the pay period following the date on which the employee signs and dates this form.

Leave blank.

Leave blank. \* Membership date will be the first day of the pay period following the date on which the employee signs and dates this form.

Membership date will be the first day of the pay period following the election.

PERMISSIVE

Do not mail to CalSTRS. Forms are processed by the STRS unit in DFS.

## Missing & Invalid Permissive Membership Forms

**From:** DFS-NOTIFY  
**Sent:** Wednesday, December 20, 2017 10:14 AM  
**Subject:** Payroll and Retirement: Missing & Invalid Permissive Membership Forms

### **Please share this information with your Personnel and Payroll Departments**

**Purpose:** To notify employers of a procedural change regarding missing and invalid Permissive Membership (ES350) forms.

**Action:** No Action Required – Information Only

Greetings,

The DFS STRS unit has received guidance from CalSTRS regarding how to handle earnings paid to non-mandatory CalSTRS qualifiers that have missing or invalid Permissive Membership forms. Non-mandatory qualifiers are part-time, subs and any employee with less than a 0.50 FTE credentialed position.

CalSTRS has stated that a non-mandatory qualifying employee that has not submitted a valid Permissive Membership form is excluded from membership and, as a last resort, should be reported as non-members. If a valid ES 350 cannot be obtained, CalSTRS has advised us to report the earnings paid under a non-member account.

Moving forward the STRS unit will attempt to obtain from the district a valid ES350 for 60 days. If at that time we have not received a valid ES350, we will take the following action:

- If the earnings are paid as member, we will refund contributions to the employee via negative a voluntary deduction and to the employer via the fixed charges. We will set-up a non-member account for the employee and report the earnings as non-member.
  - We will also change the employee's retirement plan in Galaxy to A1/N2 to prevent future payrolls from being paid incorrectly for the employee. (As always we will notify the district via e-mail if altering an employee's retirement plan).
- If the earnings are paid as non-member, we will set-up a non-member account and report as paid.

In either case, we will send written notification to the district when we set-up an employee up with a non-member CalSTRS account due to a missing or invalid Permissive Membership form.

Please see section 305 - 315 of the CalSTRS manual for more information on mandatory membership and the proper way to complete the Permissive Membership form for it to be considered valid.

Thank you, please feel free to contact Carolyn Yoakum ([cyoakum@rcoe.us](mailto:cyoakum@rcoe.us)) should you have any questions.

**Carolyn Yoakum**  
Senior Accounting Technician  
ABS / District Fiscal Services - STRS  
Riverside County Office of Education  
(951) 826-6538 / FAX: [951] 826-6961

CY:rb

## Independent Contractors (Including Employees of a Third Party)

Service of independent contractors or employees of a third party:

- May include activities identified as 'creditable service'
- Are not subject to CalSTRS coverage
- Are not reported to CalSTRS

<b>Employer</b>	When retaining the services of an independent contractor:
<b>Certification of Independent Contractor Status Form (ES 732)</b>	<ul style="list-style-type: none"><li>• Employers' responsibility to determine if the position is an independent contractor</li><li>• Employer must complete and retain on file an Employer Certification of Independent Contractor Status Form ES 732</li><li>• This form certifies that the employer has reviewed the appropriate legal and procedural guidelines pertinent to the determination of Independent Contractor Status</li></ul>
<b>Contractor to Employee Status</b>	In the event that the individual's status is changed from independent contractor to employee: <ul style="list-style-type: none"><li>• Report employee's creditable compensation to CalSTRS commencing with the date of determination</li><li>• Submit contribution data with contributions if they are already a member, or without contributions if a non-member</li></ul>
<b>Contracting with CalSTRS Retirees</b>	The retiree's earnings must be reported and will be subject to the earnings limitation. Post-retirement earnings limitation is updated annually and employers will be notified by an Employer Directive. CalSTRS realizes your independent contractors are typically paid from accounts payable and not payroll, some method of communication between these two units should be implemented to ensure compliance.
<b>Retiree Exemption</b>	Retired members are excluded from the post-retirement earnings limit if they meet <u>all</u> of the following criteria: <ul style="list-style-type: none"><li>• The retired member is employed by a third party that does not participate in a California public pension system;</li><li>• The activities performed by the retired member are not normally performed by the employees of an employer; and</li><li>• The activities are performed by the retired member for a limited term.</li></ul>

Common audit finding. See page 320-3.



**SAMPLE**

California State Teachers' Retirement System  
P.O. BOX 15275 Sacramento, CA 95851-0275  
Toll Free 800-228-5453  
www.CalSTRS.com

**EMPLOYER CERTIFICATION OF INDEPENDENT CONTRACTOR STATUS<sup>1</sup>**

*Please Type or Print Legibly in Black Ink*

<b>INDEPENDENT CONTRACTOR/THIRD PARTY EMPLOYEE</b>			
Name: (Last)	(First)	(Initial)	Federal Tax ID
<b>THIRD PARTY FIRM (if applicable)</b>			
Name:			
<b>SERVICE TO BE PROVIDED</b>			
Position Title (if applicable):			
Brief Description of Services:			
School Year(s) of Service:	FY	FY	FY
<b>EMPLOYER CERTIFICATION</b>			
<p><i>I declare under penalty of perjury of the laws of the State of California that I have reviewed the appropriate legal and procedural guidelines pertinent to the determination of Independent Contractor Status and, after analyzing the application of same to the position described above, conclude that the above identified individual qualifies for independent contractor status.</i></p>			
<p><i>I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of altering a benefit administered by CalSTRS and it may result in up to one year in jail and fine up to \$5,000. Education Code §22010</i></p>			
Official's Title (Assistant Superintendent for Personnel or Legal Counsel)			
County	District		
Signature:	Date:		

*Retain in Employee's File*

<sup>1</sup> Also applies to an employee of a third party

ES-732 (Rev 8/09)



ES732

### Reporting Earnings for STRS Retirees

STRS retirees performing service that is creditable to the CalSTRS system must be reported to CalSTRS. Retirees are usually hired as consultants and paid through accounts payable. The form below can be used to submit earnings information to the Retirement Unit in District Fiscal Services.

Unreported retiree earnings is a common STRS audit finding and can potentially affect the retirement benefits of retirees if they exceed the post retirement earnings limitation for the fiscal year.

Reminder- Education Code section 45134 precludes retired CalSTRS members from employment in classified positions in the California public school system.

**(PLEASE SUBMIT ON LETTERHEAD TO THE COUNTY OFFICE)**  
**(For Districts Using RCOE Galaxy System only)**

**SAMPLE**

DATE:

TO: District Fiscal Services-STRS Retirement Unit  
Riverside County Office of Education

FROM:

SUBJECT: Reporting of earnings for CalSTRS retirees who perform activities identified as “creditable service” and work as employees, employees of a third party or independent contractors

*Earnings must be reported by fiscal year. Please report earnings on a monthly basis*

Name	Soc. Sec #	Service Period	Pay Rate (hr/day/mo)	Units	Earnings
------	------------	----------------	-------------------------	-------	----------

Signature and Title

## CalSTRS/CalPERS – Right of Election

### Right to Elect

See the  
"Reminders  
" section

### Compare Systems

Employers are required to notify employees of their right to elect to stay with their retirement system within 10 working days from date of hire. The employee has 60 days from the date of hire to elect. If no election is made, the service will be reported to the system it belongs. The form used for election is the Retirement System Election form (ES 372).

The election becomes effective on the first day that service is performed in the new position.

	<b>Member</b>	<b>After Retirement</b>
CalSTRS member takes a position covered by CalPERS	<ul style="list-style-type: none"> <li>Member working a classified position in the school district, community college district, County Office of Education and that position qualifies for PERS <i>or</i></li> <li>Member becomes employed by the state to perform <i>qualifying</i> classified service, these positions are: <ul style="list-style-type: none"> <li>represented by a state bargaining unit that represents educational consultants, professional educators, or librarians</li> <li>or supervising or managing work similar to above positions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Generally, a CalSTRS retiree cannot accept a classified position</li> <li>However, under certain circumstances, a CalSTRS retiree may work as a teacher's aide or provide one-on-one instruction in a remedial class</li> </ul>
CalPERS member takes a position covered by CalSTRS	<ul style="list-style-type: none"> <li>Either employed by a: <ul style="list-style-type: none"> <li>school district, community college, county superintendent, Department of Education, <i>or</i></li> </ul> </li> <li>Has five years of service and becomes employed to perform certificated service</li> </ul> <p>If not vested (less than 5 years of service credit), to qualify for the right of election, an employee must be coming from active employment with a break in service not exceeding 180 calendar days.</p>	<ul style="list-style-type: none"> <li>Generally, a CalPERS retiree can accept any position in a school district</li> <li>However, in certain cases the retirement allowance will be terminated if service (classified or certificated) exceeds 960 hours in a fiscal year</li> <li>Contact CalPERS for more information on CalPERS retiree earnings limitation</li> </ul>

## CalSTRS/CalPERS- Right of Election, Continued

<b>Publication</b>	Provide employees with written information about each system's benefits. CalSTRS recommends the publication: <i>Join STRS? Join PERS?</i> Available in SEW in <i>Forms &amp; Publications</i> link. Contact CalPERS for their information concerning system elections information.
<b>ES 372 Form</b>	The County Office of Education must submit the original ES 372 Retirement System Election Form to the System that has been elected, provide a copy to the other System, and provide copies to member and employing school district.

The acknowledgment has been incorporated in the ES 372 Retirement System Election form

<b>ES 373 Form</b>	<del>The ES 373 Acknowledgement of Receipt of Election Information Form is to be kept only in the employee personnel file.</del>
--------------------	--

### References

Education Codes sections 22508, 22509, 45134, 88033  
Employer Directives 2001-07 and 2005-01  
Employer Circular Volume 25, Issue 11, August 5, 2009

**January 2017 Update:** In the past, once an employee had made the right of election at a district, that election was irrevocable for all future employment at the district. Effective July 2016, CalSTRS allows employees to make a new election anytime an employee takes a new position that requires membership in a different retirement plan.

Source: CalSTRS Employer Reporting Handbook FY13-14

## Updated Guidance on Processing Retirement System Elections

From: DFS-NOTIFY

Sent: Tuesday, March 6, 2018 10:44 AM

Subject: RET2018-08: Updated Guidance on Processing Retirement System Elections

### **Please share this information with your Personnel and Payroll Departments**

**Purpose:** To notify employers of updated guidance received from CalSTRS on processing Retirement System Election forms (ES-0372)

**Action:** No Action Required – Information Only

Greetings,

The DFS STRS unit has received updated guidance from CalSTRS regarding Retirement System Election forms. We were informed that a position must require membership on the date of hire in order to qualify for the right to elect. Based on this guidance, positions that could permissively elect or decline membership with CalSTRS or positions that did not require membership on the first day of employment were not eligible to elect.

Updated guidance has clarified that the positions previously excluded from qualifying to make an election due to not requiring CalSTRS membership on the first day of hire may be eligible if:

1. The employee in the non-qualifying position is already a STRS member.
  - a. In other words, if someone is already a member any creditable service they perform is required to be reported to CalSTRS; once a member, always a member (at least until that member refunds or retires). So even if a CalSTRS member is taking a position that wouldn't normally qualify for membership on its own, by virtue of the member already being a member, that creditable service must be reported to CalSTRS.
2. The position is a 50-99% contracted position.
  - a. 50-99% contract positions do mandatorily qualify for STRS membership on the date of hire, it's just that the membership date isn't until the next pay period. Education Code section 22502 states that any person employed to perform creditable service on a part-time basis for 50% or more of a full-time position shall become a member as of the first day of the pay period following employment. CalSTRS now interprets this to read that these over 50% part-time employees do qualify for mandatory membership as of date of hire into the position, it's just that the law stipulates their membership date has to be the beginning of the next pay period. CalSTRS knows that this law is unclear and is pursuing legislative changes to amend 22502 to clearly state that 50% or more positions mandatorily qualify, and the employees shall become a member as of the first date of hire.

Starting with notification of the aforementioned updated guidance, the DFS Retirement unit has been processing Retirement System Election forms accordingly.

#### **What does this mean for the LEAs and employees?**

There are additional scenarios in which an employee should be given the right of election. An employee who is already a STRS member qualifies for the right of election:

1. When the new position the employee is taking is less than 50% contract. Because the employee is already a STRS member, any certificated percentage contract position qualifies for the right of election.
2. When the new position the employee is taking is a substitute teaching position. Because the employee is already a STRS member, STRS membership for the sub position is mandatory therefore the employee has the right of election.

We understand how complicated it can be to determine when to give an employee the right of election. We ask that you continue to address any questions you may have to our retirement unit and we will assist in any way possible.

Thank you, and please contact Carolyn Yoakum or Ana Lambert should you have any questions or concerns.

**Carolyn Yoakum**  
Senior Accounting Technician  
ABS / District Fiscal Services - STRS  
Riverside County Office of Education  
(951) 826-6538 / FAX: [951] 826-6961

CY:df

**SAMPLE**

**Retirement System Election**

ES 0372 rev 02/17 ← → Use the latest version of the form

**RETIREMENT SYSTEM ELECTION AND ACKNOWLEDGEMENT OF RECEIPT  
OF RETIREMENT SYSTEM INFORMATION**

PLEASE READ THE ATTACHED INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS FORM. PLEASE TYPE OR PRINT LEGIBLY IN DARK INK.

**SECTION 1: MEMBER INFORMATION AND ELECTION (to be completed by employee)**

NAME (LAST, FIRST, MIDDLE INITIAL)	FULL SOCIAL SECURITY NUMBER
<p>A member of CalSTRS who becomes employed in a new position by the same or a different school district, a community college district, a county superintendent of schools, limited state employment or the Board of Governors of the California Community Colleges, as defined in Education Code sections 22508 and 22508.5, to perform service that requires membership in a different public retirement system will have that service credited with that other public retirement system unless he/she files a written election (within 60 days after the date of hire) to have that service covered by CalSTRS, pursuant to Education Code section 22508(e) or 22508.5(a).</p> <p>I am a member of CalSTRS who has accepted employment to perform service that requires membership in a different public retirement system and am eligible to elect to continue retirement system coverage under CalSTRS.</p> <p>I elect coverage in: (please choose one)</p> <p><input type="checkbox"/> CA State Teachers' Retirement System (CalSTRS)</p> <p><input type="checkbox"/> CA Public Employee's Retirement System (CalPERS) *</p> <p><input type="checkbox"/> A Different Public Retirement System identified here: _____</p>	<p>A member of CalPERS who is employed by a school employer, Board of Governors of Community College Districts or State Department of Education or who has at least five years of CalPERS credited service, as defined in Government Code section 20309, and who subsequently becomes employed to perform creditable service that requires membership in CalSTRS, will have that service credited with CalSTRS unless he/she files a written election (within 60 days after the date of hire) to have the service credited with CalPERS, pursuant to Government Code section 20309.</p> <p>I am a member of CalPERS who has accepted employment to perform service that requires membership in CalSTRS Defined Benefit Program, and am eligible to elect to continue coverage under CalPERS.</p> <p>I elect coverage in: (please choose one)</p> <p><input type="checkbox"/> CA State Teachers' Retirement System (CalSTRS)</p> <p><input type="checkbox"/> CA Public Employee's Retirement System (CalPERS) *</p>
<p>With my signature below, I certify that I have received information from my employer regarding my eligibility to elect membership for this position as described on this form. I fully understand that this election is irrevocable. I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of altering or receiving a benefit administered by CalSTRS and it may result in up to one year in jail and/or a fine of up to \$5,000 pursuant to Education Code section 22010.</p> <p></p> <p>EMPLOYEE SIGNATURE</p>	
DATE	

**SECTION 2: EMPLOYER CERTIFICATION (to be completed by employer and County Office of Education)**

With my signature below, I certify that I have provided information to the above employee regarding his/her eligibility to elect membership for this position, pursuant to Education Code section 22509. I certify the employee meets the qualifications to make a retirement system election, pursuant to Education Code sections 22508 or 22508.5, or Government Code section 20309.

**EMPLOYEE POSITION INFORMATION:**

POSITION HIRE DATE	POSITION EFFECTIVE DATE	POSITION TITLE
SELECT ONE: →	<input type="checkbox"/> Credentialed	<input type="checkbox"/> Classified
<b>EMPLOYER INFORMATION:</b>		
CO/DIST/STATE DEPT NAME	CALSTRS REPORT UNIT CODE	
SCHOOL/STATE OFFICIAL'S NAME	Preferably, the form should be signed by a supervisor →	
SIGNATURE OF SCHOOL/STATE OFFICIAL	DATE	
COUNTY OFFICIAL'S NAME	Leave blank →	
SIGNATURE OF COUNTY OFFICIAL	PHONE NUMBER	
*CalPERS Employer Code:		

Do not mail to CalSTRS.  
Forms are processed by  
the STRS Unit in DFS

ES0372

SYSTEM ELECTION • rev 02/17 • PAGE 1 OF 1

As listed in  
Galaxy. If  
the position  
is deemed  
classified by  
CalSTRS  
standards,  
please  
check  
"classified"

Make sure  
the  
employee  
makes a  
selection,  
signs and  
dates the  
form


 SAMPLE

## Retirement System Election – Information and Instructions

The following instructions are to assist you and your employer in completing the *Retirement System Election* form (ES372). Please read the instructions and information for retirement system coverage before completing the form. Please type or print legibly in dark ink.

### INFORMATION

A member of the CalSTRS Defined Benefit Program who becomes employed by a school district, a community college district, a county superintendent of schools, limited state departments, or the California Community Colleges Board of Governors to perform service that requires membership in a different public retirement system, may elect to receive credit under the CalSTRS Defined Benefit Program for such service by completing a *Retirement System Election* form (ES372) within 60 days after the hire date *requiring* membership in the other system, and CalSTRS must receive the completed form within 30 days of the signature date. If the CalSTRS member does not elect to continue as a member of CalSTRS, all service subject to coverage by the other public retirement system will be reported to that retirement system. (Education Code sections 22508, 22508.5 and 22509)

A member of CalPERS who is employed by a school employer, Board of Governors of California Community Colleges, or State Department of Education or has at least five years of CalPERS credited service and who accepts employment to perform creditable service that requires membership by the CalSTRS Defined Benefit Program, may elect to receive credit under CalPERS for such service by submitting a *Retirement System Election* form (ES372) to CalPERS, within 60 days after the hire date of employment requiring membership in the other system. If the CalPERS member does not elect to continue as a member of CalPERS, all CalSTRS creditable service will be reported to CalSTRS. (Government Code section 20309).

Education Code section 22509 requires that within 10 working days of hire, an employer must provide all employees who have the right to make this election with the information regarding their election rights and must make available written information about the retirement systems to assist the employee in making an election.

### SECTION 1: MEMBER INFORMATION AND ELECTION

Section 1 must be completed by the employee with assistance from the employer. Please complete all entries in Section 1.

**EMPLOYEE NAME and SOCIAL SECURITY NUMBER** – Enter employee's full name, and full Social Security Number.

#### RETIREMENT SYSTEM COVERAGE:

If you are a member of CalSTRS and have accepted employment to perform service that requires membership in a different public retirement system, mark the box next to the coverage you elect.

If you are a member of CalPERS and have accepted employment to perform service that requires membership in CalSTRS, mark the box next to the coverage you elect.

**EMPLOYEE SIGNATURE** – Sign and date the form. By signing this document, you certify that you have received information from your employer regarding your right to the Retirement System Election. You also certify that you understand this election is irrevocable, and that it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of altering a benefit administered by CalSTRS which may result in up to one year in jail and a fine of up to \$5,000. (Education Code section 22010)

Submit the signed and dated *Retirement System Election* form (ES372) to your employer. Retain a copy for your records.

For general membership information, contact CalSTRS by calling 800-228-5453, or write to CalSTRS at P.O. Box 15275, MS 17, Sacramento, CA 95851-0275.

### SECTION 2: EMPLOYER CERTIFICATION

Section 2 must be completed by the employer and the County Office of Education. Please complete the employer certification only after the employee has completed Section 1. Employees must qualify for membership before they can retirement system elect.

#### EMPLOYER:

**POSITION HIRE DATE** – Enter the date the employee was hired in the position.

**POSITION EFFECTIVE DATE** – Enter the first date that service was/will be performed by the employee in the new position.

**POSITION TITLE** – Enter employee's new position title and check the box next to the applicable position type.

**CO/DIST CODE/STATE DEPARTMENT** – Enter the appropriate county and district codes. Example: Kern County, Edison Elementary would be 15-012, and CA Department of Education would be 59-174.

**EMPLOYER CERTIFICATION** – Print school or state official's name, title and phone number, and sign and date the form.

Submit the completed form to the County Office of Education.

If you represent a state department, submit the form directly to CalSTRS and send a copy to the other public retirement system.

#### COUNTY OFFICE OF EDUCATION:

Print the County official's name, title and phone number, and sign and date the form.

Retain a copy for your and the employee's files.

#### **SUBMIT THE FORM:**

The *Retirement System Election* form (ES372) must be submitted to the retirement system elected by the employee and a copy submitted to the retirement system that would normally cover the service. For additional requirements, please see the Information section.

#### Mail completed forms to:

CalSTRS	CalPERS
P.O. Box 15275, MS 17	P.O. Box 942709
Sacramento, CA 95851-0275	Sacramento, CA 94229-2709

CalSTRS also accepts the form via fax, at 916-414-5476, or by secure messaging via the Secure Employer Website (SEW)

## Reminders

**Please contact our office if you have a situation where you think a Retirement System Election form may apply.** The Retirement Unit will give your district a preliminary decision based on the information that is provided. Upon receiving the proper documentation from the district, a more comprehensive review will take place.

Unless given guidance directly from the DFS Retirement Unit, set the employee's retirement plan in Galaxy to the system that covers the position. Once the Retirement System Election form (ES 372) is received by the district, follow the employee's election and immediately forward the ES 372 form to the STRS Unit in DFS.

Use the most recent version of the form (currently it's the February 2017 version).

Please submit the original form via regular mail; do not fax.

Forms must be received by CalSTRS within 30 days of the employee's signature date. However, please keep in mind the Retirement Unit in DFS is required to review all ES 372 forms. It is critical that DFS receives the ES 372 as soon as possible following the employee's signature date.

If the retirement plan is changed in Galaxy, but a form is not completed, a review of the employee's election cannot be performed. If the employee's retirement plan was changed erroneously, a transfer between retirement systems may be necessary which may include a refund or charge in retirement contributions made, and possibly a refund or charge for payroll taxes owed.

After the form is received by the DFS STRS Unit and it is determined that an employee qualifies for the right of election, the form will be signed by DFS and submitted to both retirement systems. A copy is kept in our office and a copy mailed to the district. The district's copy will include a cover letter notifying the district that the form was processed and submitted to CalPERS/CalSTRS.

If it is determined by DFS that an employee does not qualify for the right of election, the form is returned to the district with an explanation of why the employee does not qualify for the right of election. A copy is kept by the DFS Retirement Unit for our records.

Incomplete or invalid forms may be returned to the district for further action before they can be reviewed or submitted to the retirement systems. Forms are usually returned to districts for the following reasons:

- The form used is outdated.
- The form is incomplete.
- The form is a copy.
- The employee did not sign the Retirement System Election form.
- The form was not signed by the district's payroll/personnel supervisor.

**District Notification Form- Right of Election Returned for Further Action**

DATE: August 14, 2017

TO: \_\_\_\_\_ School District  
Attn: \_\_\_\_\_

FROM: Carolyn Rhodes  
District Fiscal Services  
Division of Administration and Business Services  
(951) 826-6538 / FAX (951) 826-6961

SUBJECT: CalSTRS Retirement System Election ES 372

Please expedite the return of the form to the County Office in order to minimize the transfer of earning between PERS/STRS. Forms must be received by CalSTRS within 30 days of employee signing the form.

This letter is to inform you that the Right of Election form ES 372 for \_\_\_\_\_ is being returned to your office for the following reason:

- Form is not needed.
- Form is outdated and no longer accepted by CalSTRS. Please resubmit on attached form.
- Form is incomplete – please include hire date.
- Missing an Authorized Signature – must be supervisor or above.
- Other:
- Employee is not eligible to make retirement election due to one of the following reasons (refer to the CalSTRS Employer Information Circular Vol. 25; Issue 11):
  - Classified employee (full time or part-time/substitute) is a member of CalPERS; may not elect CalPERS in a substitute / part-time certificated position.
  - Classified employee (full time or part-time/substitute) is a member of CalPERS, but is not vested (5 years) or coming from active classified schools employment; may not elect CalPERS in a certificated position.
  - Certificated employee (full time or part-time/substitute) is a member of CalSTRS; may not elect CalSTRS in a non-qualifying classified part-time/substitute position.
  - Other:

If you should have questions or need additional information, please contact me at the number above.

Attachment

**District Notification Form- Right of Election Form Has Been Processed****DATE:****January 19, 2017****TO:****X Unified School District****FROM:**

District Fiscal Services

Division of Administration and Business Services

(951) 826-6538 / FAX (951) 826-6961

**SUBJECT:****CalSTRS ES 372 Retirement System Election Form Has  
Been Processed**

This letter is to inform you that the ES 372 Right of Election form for \_\_\_\_\_ has been processed and submitted to the appropriate retirement system(s).

Attached is a copy for your records. The copy should be kept in the employee's file.

If you should have questions or need additional information, please contact me at the number above.

Attachment

## Certificated Positions Deemed Classified

A position designated as certificated by the district does not automatically qualify for STRS membership; the duties that are required to be performed by the employee dictate if the position is deemed certificated or classified.

# CALSTRS HOW WILL YOU SPEND YOUR FUTURE? Employer Information Circular

Volume 28; Issue 1

August 29, 2012

## Positions Not Eligible for Creditable Service

The purpose of this circular is to provide guidance for employers regarding the types of positions that are not eligible for CalSTRS.

Creditable service for CalSTRS is defined in section 22119.5 of the Teachers' Retirement Law. It states in part:

"Creditable service" means any of the following activities performed for an employer in a position requiring a credential, certificate, or permit pursuant to this code or under the appropriate minimum standards adopted by the Board of Governors of the California Community Colleges or under the provisions of an approved charter for the operation of a charter school for which the employer is eligible to receive state apportionment or pursuant to a contract between a community college district and the United States Department of Defense to provide vocational.

In order for a position to be creditable to CalSTRS the position must be an academic position performing duties involved in the instruction, curriculum or material development, school health professionals, counselors, librarians or superintendents. A position that is responsible for supervising such positions is deemed to be an academic position therefore creditable to CalSTRS. The specific title given the employee, whether it is, for example, director, dean, or chief, does not determine whether the service is creditable to CalSTRS. Rather, it is the nature of the duties performed by the employee that will determine whether the service is creditable to CalSTRS.

Positions that are not deemed as academic are considered classified and subject to coverage by a different public retirement plan.

Examples of positions that are not reportable to CalSTRS are:

- Chief of Police
- Director of Buildings, Grounds, and Maintenance
- Director of Human Resources
- Chief Information Technology Officer
- Director of Payroll Services
- Chief Financial Officer

### 2017 Update:

This position was re-evaluated by CalSTRS as potentially meeting the definition of creditable service.

See Employee Directive 2016-04, on page 325-15.

(Continued on next page . . .)

**Certificated Positions Deemed Classified, Continued**

Employer Information Circular - Volume 28, Issue 1  
August 29, 2012  
Page 2 of 2

These positions are deemed non-academic and are not subject to coverage by CalSTRS. However in some situations, if the employee is also a CalSTRS member based upon previous employment, the employee may be eligible to elect CalSTRS coverage. For more information, see "Employer Information Circular, Volume 25, Issue 11".

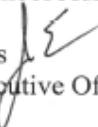
If you have any questions regarding this circular, please contact your CalSTRS Member Account Services analyst.



California State Teachers'  
Retirement System  
Executive Office  
PO Box 15275  
Sacramento, CA 95851-0275  
[www.CalSTRS.com](http://www.CalSTRS.com)

February 25, 2016

TO: All County Superintendents of Schools  
District Superintendents of Schools  
County Offices of Education and  
Charter School Administrators

FROM: Jack Ehnes   
Chief Executive Officer

SUBJECT: Employer Directive 2016-04  
***Supersedes Employer Information Circular Volume 28, Issue 1 (EIC12-1)***  
Reorganization and Clarification of Definition of "Creditable Service," Education  
Code Sections 22119.5 and 26113.

### **PURPOSE**

This directive notifies employers of changes to Education Code sections 22119.5 and 26113, the definition of "creditable service," made by Chapter 782, Statutes of 2015 (Assembly Bill 963), that became effective January 1, 2016.

### **SCOPE**

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs persons to perform creditable service under the CalSTRS Defined Benefit (DB), Defined Benefit Supplement (DBS) and Cash Balance (CB) Benefit programs.

### **DISCUSSION**

Chapter 782, Statutes of 2015, reorganizes Education Code sections 22119.5 and 26113, the definitions of "creditable service" for the DB and CB Benefit programs respectively. The amendments clarify the certification qualifications and minimum standards requirements that need to be met, as well as activities that are considered creditable service.

#### **Credentialing Requirements**

Chapter 782 makes more specific the certification qualifications and minimum standards requirements that must be met in order for the activities performed to be creditable to CalSTRS.

Employer Directive 2016-04

February 25, 2016

Page 2 of 3

Education Code sections 22119.5(a) and 26113(a) now specify that in order for service to be creditable to CalSTRS, members and participants must perform creditable activities for one of the following employers as specified:

1. A prekindergarten through grade 12 employer, including the state, when the service is performed in a position requiring certification qualifications as designated in regulations adopted by the Commission on Teacher Credentialing (CTC) pursuant to Education Code section 44001.
2. A community college employer when the service is performed by a faculty member (defined in Education Code section 87003) in an academic position (defined in Education Code section 87001(b)), or when it is performed by an educational administrator (defined in Education Code section 87002(b)), subject to the appropriate minimum standards adopted by the Board of Governors of the California Community Colleges, or pursuant to a contract between a community college district and the US Department of Defense to provide vocational training.
3. A charter school employer under the provisions of an approved charter for the operation of a charter school which is eligible to receive state apportionment.

#### Creditable Activities

Chapter 782 also updates and clarifies the types of activities that are considered creditable. The notable amendments to the activities that are creditable if performed by an individual who meets the requirements outlined in Education Code sections 22119.5(a) and 26113(a) include (amendments are *italicized*):

- The work of *employees* who plan courses of study to be used in California public schools, or research connected with the evaluation or efficiency of the instructional program.
- The selection, collection, preparation, classification, demonstration, or evaluation of instructional material of any course of study for use in the development of the instructional program in California public schools, or other services related to *California public* school curriculum.
- The examination, selection, in-service training, *mentoring*, or assignment of teachers, principals, or other similar personnel involved in the instructional program.
- The work of nurses, physicians, speech therapists, psychologists, audiometrists, audiologists, and other *California public* school health professionals.
- Services as a *California public* school librarian.
- *Activities connected with the enforcement of the laws relating to compulsory education, coordination of child welfare activities involving the school and the home, and the school adjustment of pupils.*

Employer Directive 2016-04  
February 25, 2016  
Page 3 of 3

Creditable service also includes the activities listed in Education Codes sections 22119.5(b) and 26113(b) when they are performed for an employer by (amendments are *italicized*):

- Superintendents of California public schools, *and presidents and chancellors of community college employers.*
- *Consulting teachers employed by an employer to participate in the California Peer Assistance and Review Program for Teachers pursuant to Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25 of Division 3 or Title 2.*

#### Outgrowth Activities

Chapter 782 also amends Education Code sections 22119.5 and 26113 to require that outgrowth activities are only creditable when they are performed for the same employer for which the member is performing any of the other creditable activities.

#### ACTION

Report service to CalSTRS that meets the definition of “creditable service” as described in Education Code section 22119.5 or 26113. The title of the position has no bearing on the creditability of the service, but the duties of the position should be in accordance with Education Code section 22119.5 or 26113.

If you are unsure to which retirement system you should report the service of some of your employees, please contact the Member Account Services Training and Teachers’ Retirement Law team using the information below, and we will work with you to determine how the service should be reported.

This employer directive does not take precedence over the law. To view Chapter 782, Statutes of 2015 (Assembly Bill 963), in its entirety, please go to <http://leginfo.legislature.ca.gov>.

If you have any questions regarding this employer directive, please contact the CalSTRS Member Account Services Training and Teachers’ Retirement Law team by emailing [MASTrainingandTRL@calstrs.com](mailto:MASTrainingandTRL@calstrs.com) or calling toll free 844-679-7833.

## Dual Membership

Employees may hold CalSTRS and CalPERS membership simultaneously. Employees may be in retirement status with one system and be in active status in the other. Employees may be in retirement status with both systems. Employees may be active in both systems.

*Districts: Check employee status with both systems to make sure employees' retirement plans are set up correctly at the time of hire.*

## Classic PERS Membership and New STRS Membership (Formula Changes)

An employee, who was a PERS member on or before December 31, 2012, and performed service in that system within 180 days of becoming a CalSTRS member, is eligible to retain the 2% at 60 retirement formula with CalSTRS.

Starting in February 2018, the DFS Retirement Unit reviews myCalPERS and CalSTRS SEW to determine if an employee may be eligible for the 2% at 60 formula. This review takes place when DFS is establishing membership for an employee in CalSTRS for the first time. Since the retirement formula defaults to 2% at 62, DFS must send a formal request to CalSTRS if an employee is eligible to begin the process of updating the employee's retirement formula.

CalSTRS requires the information below to be provided:

- Nature of request.
- Member name.
- Date of birth.
- CalPERS membership date.
- CalPERS employment end date.
- CalPERS refund date (if applicable).
- Last day worked in a CalPERS covered position.
- Previous position title.
- CalSTRS membership date.
- Begin or hire date in the CalSTRS covered position.
- New position title.

**DFS can only review eligibility for employees coming from active employment within Riverside County schools.** If the employee is eligible from service performed in another county, the district must request from the employee a copy of the employee's CalPERS statement and their last two pay stubs. Submit to DFS along with a letter (see template on next page). Documents will be forwarded to CalSTRS for review.

## Sample of District Letter to Request an Update to an Employee's Retirement Formula

DATE: January 19, 2017		SAMPLE
TO: District Fiscal Services Division of Administration and Business Services (951) 826-6538 / FAX (951) 826-6961		
FROM: X Unified School District		
RE: John Smith – Request to Update Employee Retirement Formula		
<p>The above employee is eligible to have membership established in CalSTRS as a 2% at 60 member. Below is the information required to begin the process of updating the member's retirement formula:</p> <p><b>Member name:</b> John Smith <b>Date of birth:</b> 01/21/1980 <b>CalPERS membership date:</b> 10/17/2011 <b>CalPERS employment end date:</b> 11/20/2016 (or still active) <b>CalPERS refund date (if applicable):</b> N/A <b>Last day worked in a CalPERS covered position:</b> 11/19/2016 <b>Previous position title:</b> Instructional Assistant <b>CalSTRS membership date:</b> 01/10/2017 <b>Begin or hire date in the CalSTRS covered position:</b> 01/10/2017 <b>New position title:</b> Teacher</p>		
<p>Sincerely,</p> <p>X Unified School District</p>		

CalSTRS will notify the Retirement Unit in DFS that the formula change has been approved:

- If necessary, DFS will reverse all earnings and contributions already reported at the 2% at 62 contribution rate and allow the reversing lines to post with CalSTRS.
- DFS will then notify CalSTRS that the reversing lines have posted in the Secured Employer Website.
- CalSTRS will change the retirement formula to 2% at 60 and notify DFS to resubmit the earnings and contributions.
- Currently, the contribution rate for employees with retirement formula 2% at 60 is higher. This change will cause a charge to the district for the balance of contributions due:
  - 2% at 62 rate for FY 18-19: 10.205%
  - 2% at 60 rate for FY 18-19: 10.250%

## Failure to Provide Form to Employees

An employee who has already made contributions to the CalSTRS system for a classified position, for which the Retirement System Election form was not completed, *may* still have the opportunity to continue contributing to the CalSTRS system.

Prepare a justification letter explaining why the district did not offer the Retirement System Election form when the employee qualified to make such election.

The justification letter should explain the circumstances, as detailed as possible, and identify the following:

- Member's name and CalSTRS client identification number or social security number.
- Previous position(s): Title, position end date, employer name and report unit code (district number).
- Current position: Title, position effective date, employer name and report unit code (district number).

If CalSTRS accepts the district's petition, the earnings will continue to be reported to the CalSTRS system.

If CalSTRS denies the employer's petition:

- Earnings are backed out of the CalSTRS System.
- Earnings are reported to the appropriate system (usually CalPERS) with contributions unless employee is in retirement status with CalPERS.
- Difference in employee and employer contributions will be calculated and collected/refunded from the district.
- Earnings are now eligible for FICA taxes which will be calculated and charged to the district (up to 3 years, 3 months and 15 days).
- A MAR (Member Action Request form) will be required from the district to set up the CalPERS appointment ID.

*If an employer is not able to prove that the right of election was given to the employee (by producing a copy of the ES 372 or ES 373 form(s) from the employee's file), CalSTRS will request a transfer of earnings to the appropriate retirement system, CalSTRS or CalPERS.*

CalSTRS issued Employer Directive 2016-01 "Grandfathering Misreported Service. In this circular, CalSTRS states that any service performed for activities deemed not creditable, would be grandfathered as creditable service as long as the activities were performed for an employer on or before December 31, 2015 and were reported to CalSTRS as creditable service. This would be in effect until the employee becomes employed by the same or different employer in a different position on or after January 1, 2016. Future employees assigned these non-creditable positions must be reported to the appropriate system.

## STRS to PERS/PERS to STRS Transfers

Transfers between retirement systems may be unavoidable since employees have 60 days to make an election. However, most transfers are required due to misunderstanding or unawareness of the specific requirements associated with the right of election.

The transfer of earnings and contributions between the two retirement systems is cumbersome and may take months for all adjustments to be completed. It involves numerous individuals to complete all the tasks:

- The district staff.
- The employee.
- The PERS Unit in DFS.
- The STRS Unit in DFS.
- CalSTRS rep, possibly.
- CalPERS rep, possibly.
- The Payroll Unit in DFS.

When a retirement system transfer issue arises, expect the following chain of events:

- District is notified when an employee does not have the right of election.
- An adjustment is made to delete, or reverse retirement records from the retirement system the employee was erroneously assigned.
  - Districts can find record of the adjustment in the STRS Control Sheets, under the column title "STRS/PERS PERS/STRS Transfers".
- An inter-fund transfer is completed to move the funds from one retirement plan to the other.
- A transfer worksheet is completed and routed between the STRS, PERS, and Payroll Units for all pertinent tasks to be completed (see page 325-22 for a sample of the STRS/PERS Transfer Template).
- When both retirement systems have been adjusted, districts will receive a copy of this form with all supporting documentation.
- If payroll tax adjustments are required, the Payroll Unit will send separate documentation.
  - Due to strict tax reporting requirements, these adjustments may only happen once a quarter.
    - Districts may receive payroll tax corrections several months after the retirement records have been adjusted.

## STRS/PERS Transfer Template

DFS PAYROLL AND RETIREMENT STRS to PERS TRANSFER													
EMP NAME:	0			PREPARED ON:			CONTROL LOG						
EE NBR:	0						PAYROLL(S):						
EE SEN:	0						FY 2015-16:						
DIST # & NAME:	0 0						FY 2014-15:						
STRS RETIREMENT PLAN REPORTED AS: <input type="text"/>													
PAY FREQ: <input type="text"/> 0													
FY 2013-14:													
FY 2012-13:													
STRS RETIREMENT PLAN REPORTED AS: <input type="text"/>													
REASON: <input type="text"/>													
<input type="checkbox"/> Supporting documents (Specify): <input type="text"/> <input type="checkbox"/> Employee Earnings Report. For calendar years affected, <b>highlight: Regular &amp; Overtime Earnings / Cash Option / 125 Plan Deduction</b> <input type="checkbox"/> STRS Retirement Records- Current and historic, if applicable <input type="checkbox"/> STRS Transfer Approved: <input type="text"/> Date: <input type="text"/>													
<input type="checkbox"/> 98 Inter-Fund Transfer Completed On: <input type="text"/> <input type="checkbox"/> Copy to STRS Staff for Processing On: <input type="text"/>													
ORIGINAL						ADJUSTMENT(S) TO EMPLOYEE EARNINGS					REVISED		
EARNINGS	RET PLAN	YEAR	RATE %	FUND / RESOURCE	RETIREMENT EARNINGS	CONTRIB.	PAY / RET EARNINGS	TRANSFER CONTRIB.	COLLECT/REFUND EE	COLLECT/REFUND DISTRICT	ADJUSTED TOTALS	PAY / RET EARNINGS	CONTRIB.
<b>EARNINGS RECORDS: EMPLOYEE EARNINGS</b>													
<b>STRS FISCAL YEAR EARNINGS</b>													
ER PU	P1	FY15/16	0.00%	76-8610	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER PU	P1	FY14/15	0.00%	76-8610	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER PU	P1	FY13/14	0.00%	76-8610	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER PU	P1	FY12/13	0.00%	76-8610	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER PD	P3	FY15/16	0.00%	76-8609	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER PD	P3	FY14/15	0.00%	76-8609	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER PD	P3	FY13/14	0.00%	76-8609	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER PD	P3	FY12/13	0.00%	76-8609	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER		FY15/16	0.00%	76-8611	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER		FY14/15	0.00%	76-8611	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER		FY13/14	0.00%	76-8611	0.00	0.00	0.00	0.00			0.00	0.00	0.00
ER		FY12/13	0.00%	76-8611	0.00	0.00	0.00	0.00			0.00	0.00	0.00
<b>TOTAL STRS EARNINGS &amp; CONTRIB.</b>						0.00	0.00	0.00			0.00	0.00	0.00
<b>EARNINGS RECORDS / PERS DIFFERENCE:</b> <input type="text"/> 0.00													
REASON: <input type="text"/>													
<b>PERS FISCAL YEAR EARNINGS &amp; CONTRIBUTIONS: <i>REMEMBER TO ADJUST IF RETIREMENT PLAN IS PERS</i></b>													
ER PU	P1	FY15/16	0.00%	75-8612			0.00	0.00	0.00		0.00	0.00	0.00
ER PU	P1	FY14/15	0.00%	75-8612			0.00	0.00	0.00		0.00	0.00	0.00
ER PU	P1	FY13/14	0.00%	75-8612			0.00	0.00	0.00		0.00	0.00	0.00
ER PU	P1	FY12/13	0.00%	75-8612			0.00	0.00	0.00		0.00	0.00	0.00
ER PD	P3	FY15/16	0.00%	75-8610			0.00	0.00	0.00		0.00	0.00	0.00
ER PD	P3	FY14/15	0.00%	75-8610			0.00	0.00	0.00		0.00	0.00	0.00
ER PD	P3	FY13/14	0.00%	75-8610			0.00	0.00	0.00		0.00	0.00	0.00
ER PD	P3	FY12/13	0.00%	75-8610			0.00	0.00	0.00		0.00	0.00	0.00
ER		FY15/16	0.00%	75-8614			0.00	0.00	0.00	0.00	0.00	0.00	0.00
ER		FY14/15	0.00%	75-8614			0.00	0.00	0.00	0.00	0.00	0.00	0.00
ER		FY13/14	0.00%	75-8614			0.00	0.00	0.00	0.00	0.00	0.00	0.00
ER		FY12/13	0.00%	75-8614			0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL PERS EARNINGS &amp; CONTRIBUTIONS:</b>						0.00	0.00	0.00	0.00		0.00	0.00	0.00
<b>PERS/STRS EARNINGS DIFFERENCE:</b> <input type="text"/> 0.00													
REASON: <input type="text"/>													
TOTAL <input type="text"/> 0.00 <input type="text"/> 0.00 <input type="text"/> 0.00 <input type="text"/> 0.00													
<input type="checkbox"/> Copied to PERS Staff for Processing On: <input type="text"/> <input type="checkbox"/> Original Forwarded to Susanne On: <input type="text"/> <input type="checkbox"/> Fixed Charges Financial Transaction Processed On: <input type="text"/> (To collect/refund remaining EE & ER contributions due to transfer) MDR: <input type="text"/> Date: <input type="text"/>													
<b>COMMENTS</b>													
<input type="text"/> <input type="text"/> <input type="text"/>													
Compiled By: <input type="text"/> Date: <input type="text"/> Reviewed By: <input type="text"/> Date: <input type="text"/>													

## Retirement System Election and Other Required Documents

The right of election affects multiple processes, which when not properly addressed, may result in further financial corrections. In order for all tasks to be accurately completed, additional forms may be required from the district. Examples are:

- A Member Action Request (MAR) form for CalPERS separation.
- A MAR for CalPERS appointment.
- An ES 350 for Permissive Membership.
- CalPERS Member Reciprocal Self-Certification Form.

**CalPERS Employment Separations:** When employees terminate employment with a district, their CalPERS appointment must be separated so employees can be correctly identified as classic or new members when they are subsequently employed at another agency; the separation triggers the 6 month break in service count that can potentially treat a classic member as a new member when employed at another agency.

**CalPERS New Employee Appointments:** Timely set up of new appointments avoids the \$500 employer administrative fee charged per employee.

Although it ultimately is the employees' responsibility to ensure their retirement formula is correct with CalSTRS, it is in the district's benefit to ensure the retirement formula is correctly set up to avoid future charges for incorrect rate contributions.

The following are examples of right of election scenarios and the documentation required for each example.



January 2017  
Update

## Right of Election with the Same Employer

A member of CalSTRS who becomes employed in a new position **by the same** or a different school district, a community college district, etc. to perform service that requires membership in a different public retirement system will have that service credited with that other public retirement system unless he/she files a written election (within 60 days after the date of hire) to have that service covered by CalSTRS. As of July 2016, the election is no longer irrevocable for all future employment with the same district; an employee may need to be provided the Retirement System Election form due to a change in position.

### Examples- Right of Election Scenarios

- A. District employee paying PERS on a classified position and has 5 years of PERS service credit (vested), accepts a certificated position that qualifies for immediate STRS membership (100% contract). Employee elects STRS on the newly certificated position. Required documents:
  1. ES 372 electing STRS.
    - a. STRS membership is effective the date the certificated position is taken.
    - b. STRS staff will set up the employee's STRS account per the ES 372 form, if needed.
  2. MAR for separation if employee will not continue to perform classified duties for the district.
- B. District employee paying PERS on a classified position and has 5 years of PERS service credit (vested), accepts a certificated position that does not qualifies for immediate STRS membership (50%-99% contract). Employee has no prior STRS membership. Employee elects STRS on the newly certificated position. Required documents:
  1. ES 372 electing STRS.
    - a. STRS membership is effective the first day of the following pay period.
    - b. STRS staff will set up the employee's STRS account per the ES 372 form, if needed.
  2. ~~ES 350 Permissive Membership for the first month electing to pay into CalSTRS.~~
    - a. ~~Employees with a 50% - 99% contract do not qualify for immediate membership until the first day of the following pay period.~~
    - b. ~~The ES 350 allows the employee to immediately pay into CalSTRS.~~

Changed by SB 1352. First month of employment is reported as non-member earnings to CalSTRS.

## Examples- Right of Election Scenarios, Continued

C. District employee paying PERS on a classified position and has 5 years of PERS service credit (vested), accepts a certificated position that qualifies for immediate STRS membership (100% contract). Employee elects PERS on the newly certificated position. Required documents:

1. ES 372 form electing PERS.
  - a. PERS membership effective as of the day the certificated position is taken.
  - b. Hire date and effective date of position which requires membership in a different retirement plan may not be the same.
2. MAR form for appointment--appointing the certificated position.

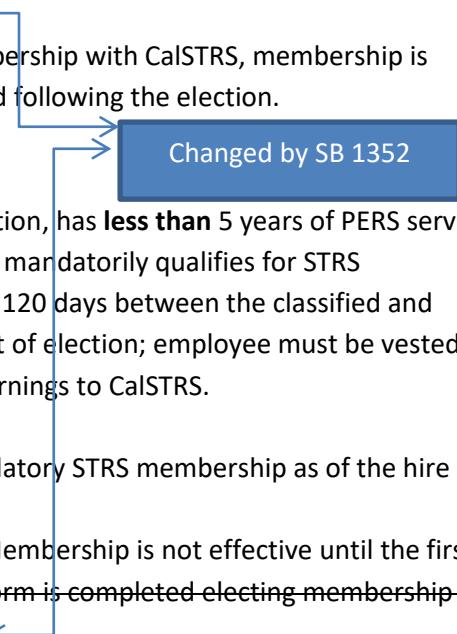
D. District employee paying PERS on a classified position and has 5 years of PERS service credit (vested), accepts a certificated position that does not qualify for immediate STRS membership (**50% - 99% contract**). Employee elects PERS on the newly certificated position. Required documents:

1. ES 372 electing PERS.
  - a. PERS membership effective the first day of the following pay period.
  - b. Employees with a 50%-99% contract do not qualify for immediate STRS membership until the first of the following pay period so the employee does not qualify for the right of election.
2. ~~ES 350 Permissive Membership declining STRS membership as of the date of hire into the certificated position.~~
  - a. The first month's earnings are reported to CalSTRS without contributions.
  - b. **Caution:** the employee must decline CalSTRS membership when completing the ~~ES 350 form for the first month's earnings. The employee loses the right of election if he elects permissive CalSTRS membership when completing the ES 350 form.~~
3. MAR form for appointment- appointing the certificated position.
  - a. The appointment effective date should be the date the member became eligible to make the election, not the date the employee took the position.

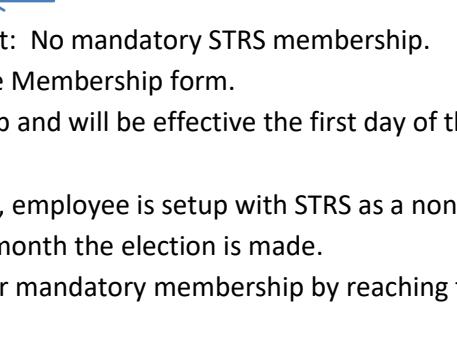
Changed by SB 1352. First month of employment is automatically reported as non-member earnings to CalSTRS.

## Examples- Right of Election Scenarios, Continued

E. District employee paying PERS on a classified position and has 5 years of PERS service credit (vested), accepts a certificated position that does not qualify for immediate STRS membership (**less than 50% contract**). Employee has no prior STRS membership. Employee does not have the right of election.

1. Employee must complete the ES 350 Permissive Membership form electing or declining STRS membership.
  - a. If employee declines permissive membership, employee may still mandatorily qualify for STRS membership if the 60 hours/100 day threshold is met.  
~~1. Employee may then have the right of election only if mandatory membership was met within 60 days if the employee taking the certificated position.~~
  - b. If employee accepts permissive membership with CalSTRS, membership is effective the first day of the pay period following the election.

F. District employee paying into PERS on a classified position, has **less than** 5 years of PERS service credit (**not** vested), accepts a certificated position that mandatorily qualifies for STRS membership, and has a break in service not exceeding 120 days between the classified and certificated position. Employee does not have the right of election; employee must be vested or come from **active employment**. Report employee's earnings to CalSTRS.

1. If certificated position is 100% contract: Mandatory STRS membership as of the hire date in the certificated position.
2. If certificated position is 50%-99% contract: Membership is not effective until the first of the following pay period ~~unless an ES 350 form is completed electing membership as of the hire date in the certificated position.~~
3. If certificated position is less than 50% contract: No mandatory STRS membership. Employee must be given the ES 350 Permissive Membership form.
  - a. Employee may elect STRS membership and will be effective the first day of the pay period following the election.
  - b. If the employee declines membership, employee is setup with STRS as a non-member effective the first day of the month the election is made.
  - c. Employee may qualify in the future for mandatory membership by reaching the 60 hour/100 day threshold.

## Examples- Right of Election Scenarios, Continued

G. District employee paying into PERS on a classified position, has **less than** 5 years of PERS service credit (**not** vested), accepts a certificated position and has **no** break in service between the classified and certificated position. Employee qualifies for the right of election because although not vested, employee is coming from **active employment**.

1. Employee should be given an ES 372 Right of Election form.

H. District employee paying PERS on a certificated position accepts another certificated position that qualifies for STRS membership.

1. Employee should be given a new ES 372 Right of Election form.

I. District employee paying STRS on a certificated position, accepts a classified position that qualifies for PERS membership. Employee elects PERS on the newly classified position. Required documents:

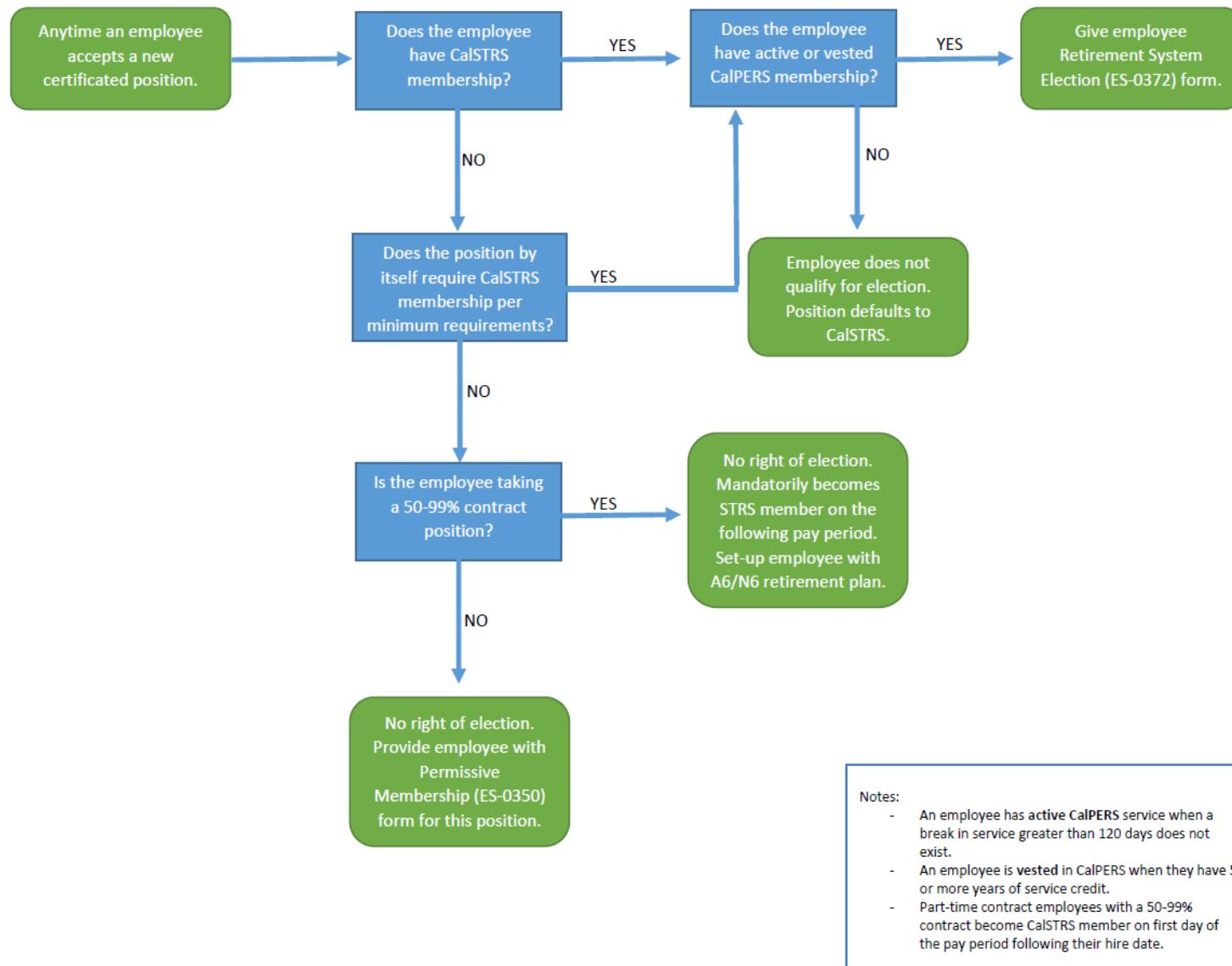
1. ES 372 electing PERS.
  - a. PERS membership is effective the date the classified position was taken.
2. MAR form for CalPERS appointment setup with the certificated position.
  - a. PERS staff will set up the employee's PERS account per the MAR form.
3. CalPERS Member Reciprocal Service-Certification Form so the employee can default to classic membership if they qualify.

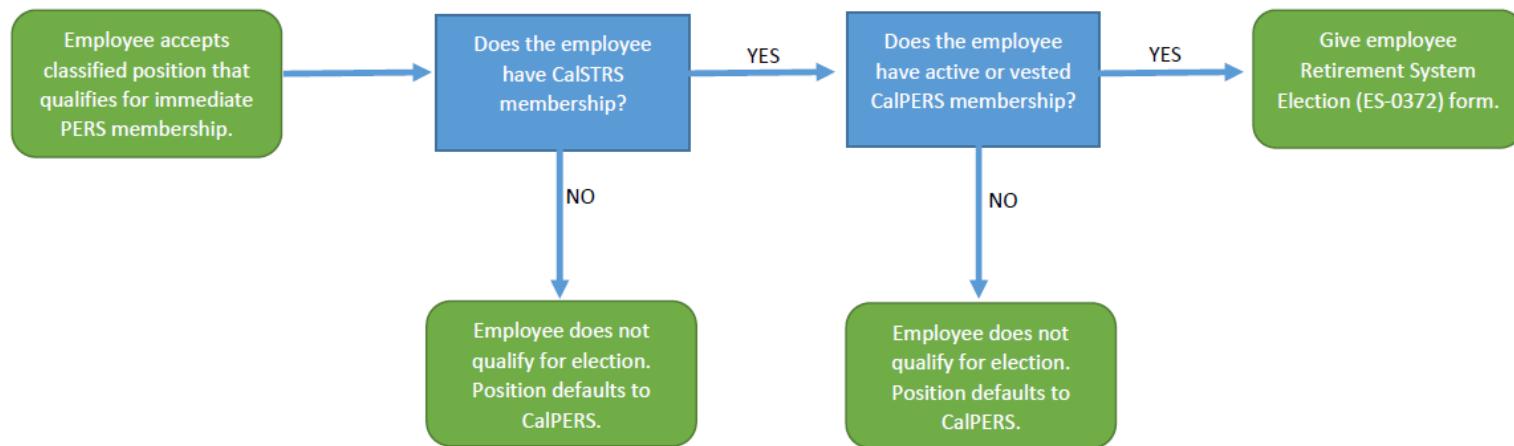
J. District employee paying STRS on a certificated position, accepts a classified position that qualifies for PERS membership. Employee elects STRS on the newly classified position. Required documents:

1. ES 372 electing STRS.
  - a. A new STRS appointment is not needed; the employee is already a STRS member.
  - b. Do not submit a MAR for appointment into PERS if the employee chooses STRS.

Changed July 2016. Election no longer irrevocable for all future employment with the same district.

## WHEN AN EMPLOYEE ACCEPTS A NEW CERTIFICATED POSITION



**WHEN AN EMPLOYEE ACCEPTS A NEW CLASSIFIED POSITION****Notes:**

- An employee has active CalPERS service when a break in service greater than 120 days does not exist.
- An employee is vested in CalPERS when they have 5 or more years of service credit.