

The district primary contact is the STRS member assigned to their specific district as displayed below. Questions specifically related to the right of election between STRS and PERS should be addressed with Ana Lambert directly if the employee is electing STRS or Erika Ortega if the employee is electing PERS.

Supervisor: Vacant, Retirement Manager, (951)826-6538 (Debbie Van Holland or Ana Lambert)

Districts 03, 21, 31, 39, 40, 43, 67, 84, 90	Vacant	(951) 826-6425	(Debbie)
Districts 07	Debbie Van Holland	(951) 826-6275	dvanholland@rcoe.us
Districts 10, 35, 41, 45, 49, 47, 56, 71, 81 88	Vacant	(951) 826-6294	(Debbie)
Districts 01, 46, 48, 50, 58, 61, 72, 74, 99	Marci Buenrostro	(951) 826-6353	mbuenrostro@rcoe.us
Districts 05, 13, 18, 27, 30, 34, 37, 38, 64	Hannah Schoebel	(951) 826-6272	jschoebel@rcoe.us
STRS Redeposits, Service Discrepancies, & Mandatory Qualifications	Debbie Van Holland	(951) 826-6275	dvanholland@rcoe.us
Fixed Charges, STRS Forms, Penalties & Interest Questions	Ana Lambert	(951) 826-6538	alambert@rcoe.us
ES 372 Electing STRS	Ana Lambert	(951) 826-6538	alambert@rcoe.us
All Other STRS Questions	Debbie Van Holland	(951) 826-6275	dvanholland@rcoe.us

Supervisor: Erika Ortega, Retirement Manager, (951)826-6538, EOrtega@rcoe.us

MARS, Separations, M Payroll: 01, 07, 21, 39, 46, 58, 64, 71, 81, 90	Irene Alvarez	(951) 826-6469	ialvarez@rcoe.us
MARS, Separations, M Payroll: 10, 13, 30, 34, 41, 56, 84, 99	Brenda Barraza	(951) 826-6423	bbarraza@rcoe.us
MARS, Separations, M Payroll: 03, 05, 18, 35, 43, 49, 61, 67, 74, 88	Ashley Hart	(951) 826-6426	ahart@rcoe.us
MARS, Separations, A, B, C, & D Payrolls: Districts 01 – 99	Shabana Berket	(951) 826-6427	sberket@rcoe.us
ES 372 Electing PERS	Erika Ortega	(951) 826-6538	eortega@rcoe.us
PERS Redeposits: Districts 01-43	Shabana Berket	(951) 826-6427	sberket@rcoe.us
PERS Redeposits: Districts 46-99	Brenda Barraza	(951) 826-6423	bbarraza@rcoe.us
PERS Questions and Fixed Charges	Erika Ortega	(951) 826-6538	eortega@rcoe.us

Charters Schools & Independent Districts (Accounting Technician)

- 24 Corona Norco Unified School District – **Fiscally Independent 07/01/1988, STRS Direct Reporting 07/01/2013**
- 52 Moreno Valley Unified School District – **Fiscally Independent 07/01/2005**
- 101 San Jacinto Valley Academy Charter
- 102 Temecula Prep Charter
- 105 Temecula Valley Charter
- 106 Sycamore Academy (Ronald Reagan) Charter
- 107 OliveCrest (Nova Academy) Charter
- 111 Reach Academy Charter
- 112 Excel Prep Charter
- 113 Highland Academy Charter
- 114 Encore High School for the Arts Charter

DFS: PAYROLL & RETIREMENT – CONTACT INFORMATION

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

FOR DISTRICT STAFF USE ONLY. PLEASE DO NOT SHARE WITH EMPLOYEES

Administrator: Ana M. Lambert, (951)826-6538, ALambert@rcoe.us

Coordinator: Tracey Corso, (951)826-6538, TCorso@rcoe.us

New Employee Authorization Transmittal (NEAT): PERS Access/Password Toni Martinez (951) 826-6551 tmartinez@rcoe.us

Reset: Erika Ortega (951) 826-6538 eortega@rcoe.us

STRS Access/Password Reset: Ana Lambert (951) 826-6538 alambert@rcoe.us

Certification of Signatures, Workshops Roxanne Barba (951)826-6267 rbarba@rcoe.us

Supervisor: Julie Portillo, Retirement Manager, (951)826-6538, JPortillo@rcoe.us

Payroll Deduction Payments:

Alt FICA Brenda Franklin (951) 826-6428 bfranklin@rcoe.us

403(b) and 457(b) Brenda Franklin (951) 826-6428 bfranklin@rcoe.us

Insurance, 125 Plans, Union Dues, Misc. Johanna Brown (951) 826-6273 jbrown@rcoe.us

New Voluntary Deduction Codes &

H&W Employee Contribution Vendor Codes Julie Portillo (951) 826-6538 jportillo@rcoe.us

Garnishments:

Districts 01 – 46 Brenda Franklin (951) 826-6428 bfranklin@rcoe.us

Districts 47 – 99 Johanna Brown (951) 826-6273 jbrown@rcoe.us

Payroll Warrants & Direct Deposits:

Cancels/Stops/Reissues of Payroll Warrants Amy Sanders (951) 826-6425 asanders@rcoe.us

Copies of Paid Payroll Warrants Julie Portillo (951) 826-6538 jportillo@rcoe.us

Direct Deposit Reversals Amy Sanders (951) 826-6425 asanders@rcoe.us

Copies of Pay Stubs Service Desk (951) 826-6600 servicedesk@rcoe.us

Salary Abatements: Julie Portillo (951) 826-6538 jportillo@rcoe.us

Payroll on Demand (POD): Julie Portillo (951) 826-6538 jportillo@rcoe.us

Legacy (pre-Galaxy) Copies of W2s/Earning Reports:**EDD Unemployment Tax Quarterly Filing, Deposits (SEF):****Payroll Taxes, W2 Corrections, Employee Voluntary Deduction****Errors, Health & Welfare Deduction Errors:****Payroll Questions & Corrections:****Staff Support/Trust Fund Reconciliations:****Galaxy Technical Payroll Questions:**

Supervisor: Vacant, Retirement Manager, (951)826-6538 (Debbie Van Holland or Ana Lambert)

Districts 03, 21, 31, 39, 40, 43, 67, 84, 90 Vacant (951) 826-6425 (Debbie)

Districts 07 Debbie Van Holland (951) 826-6275 dvanholland@rcoe.us

Districts 10, 35, 41, 45, 49, 47, 56, 71, 81 88 Vacant (951) 826-6294 (Debbie)

Districts 01, 46, 48, 50, 58, 61, 72, 74, 99 Marci Buenrostro (951) 826-6353 mbuenrostro@rcoe.us

Districts 05, 13, 18, 27, 30, 34, 37, 38, 64 Hannah Schoebel (951) 826-6272 jschoebel@rcoe.us

STRS Redeposits, Service Discrepancies, & Mandatory Qualifications Debbie Van Holland (951) 826-6275 dvanholland@rcoe.us

Fixed Charges, STRS Forms, Penalties & Interest Questions

ES 372 Electing STRS Ana Lambert (951) 826-6538 alambert@rcoe.us

All Other STRS Questions Ana Lambert (951) 826-6538 alambert@rcoe.us

Debbie Van Holland (951) 826-6275 dvanholland@rcoe.us

Supervisor: Erika Ortega, Retirement Manager, (951)826-6538, EOrtega@rcoe.us

MARS, Separations, M Payroll: 01, 07, 21, 39, 46, 58, 64, 71, 81, 90 Irene Alvarez (951) 826-6469 iavarez@rcoe.us

MARS, Separations, M Payroll: 10, 13, 30, 34, 41, 56, 84, 99 Brenda Barraza (951) 826-6423 bbarraza@rcoe.us

MARS, Separations, M Payroll: 03, 05, 18, 35, 43, 49, 61, 67, 74, 88 Ashley Hart (951) 826-6426 ahart@rcoe.us

MARS, Separations, A, B, C, & D Payrolls: Districts 01 – 99 Shabana Berket (951) 826-6427 sberket@rcoe.us

ES 372 Electing PERS Erika Ortega (951) 826-6538 eortega@rcoe.us

PERS Redeposits: Districts 01-43 Shabana Berket (951) 826-6427 sberket@rcoe.us

PERS Redeposits: Districts 46-99 Brenda Barraza (951) 826-6423 bbarraza@rcoe.us

PERS Questions and Fixed Charges Erika Ortega (951) 826-6538 eortega@rcoe.us

The Payroll and Retirement units in District Fiscal Services (DFS) primarily distribute information via e-mail. The e-mails may be addressed to different contacts, depending on the subject matter.

Please note: RCOE's e-mail server is not secure. Confidential information, such as an employee's social security number, should not be e-mailed to our office; please only mail or fax documents that contain confidential information.

DFS Notify E-mails

DFS Notify e-mails are used by all units in District Fiscal Services (DFS). The sender will appear as DFS-NOTIFY and the subject line of the e-mail will always identify which unit the e-mail pertains and follow a [UNIT][YEAR]-[MONTH] format. For example:

- DFS2018-12: Year-End Accrual Processing
- RET2018-07: CalSTRS District Reporting Workshop
- PAY2018-04: Payroll Adjustment Codes Deactivation

The Retirement unit will use DFS Notify e-mails to distribute information that is not district or employee specific but affects all districts, community colleges and charters in general. Example of information distributed via DFS Notify:

- Workshop notifications.
- CalSTRS circulars or directives.
- Changes in procedures.
- Updates on pending matters.
- District surveys.
- District Fiscal Services staff updates.

The primary recipients of DFS Notify e-mails are FMAC and quarterly community college members, supervisors at charter schools that use Galaxy, and independent district and charters, if applicable. The STRS staff in DFS will also forward the DFS Notify e-mails to their primary contacts at each of their assigned districts.

Communication with Specific District Staff

The STRS unit will e-mail specific district staff members when dealing with matters that affect one or more employees. E-mails are sent when:

- Staff changes an employee's retirement plan and/or code in Galaxy.
- Employees qualify for membership by meeting the 60 hour or 100 day threshold.
- A copy of an employee's contract is needed.
- A form, like a Permissive Election, Right of Election, or Salary Adjustment Worksheet is needed.
- Employees do not qualify for the Right of Election and a transfer from one retirement system to another is needed.
- An Employee Review and Verification form is needed.

The employee's name and number will be used as the e-mail subject if dealing with one or two individuals. If the request is for multiple employees, the subject matter will be used in the e-mail subject line such as "Retirement Plan Changed-Multiple Employees" or "Permissive Elections Needed".

Other requests may be made over the phone.

Distribution of Financial Transactions

E-mail is also used to distribute financial transactions related to penalties and interest, STRS fixed charges, and excess contribution refunds. These e-mails are addressed usually to district accounting staff or payroll supervisors, as previously directed by each district, and are distributed on a monthly basis. Please contact the STRS unit if you would like to know who receives these documents at your district.

Secured Employer Website (SEW) Access

All district staff responsible for retirement plans and payroll processing should have access to the CalSTRS Secured Employer Website (SEW). All information must be treated with confidentiality and accessed only for official business purposes.

Contact the STRS unit to begin the SEW access online registration process. Permissions must first be granted by the DFS SEW administrators according to the type of agency requesting access, and then CalSTRS will grant final access.

The registration link below will be e-mailed to the district along with the Permission Forms to be reviewed and signed by the employee's supervisor.

<https://sew.calstrs.com/CalSTRSSewWebUI/Registration/Pages/Register.aspx>

When completing the online registration:

1. All districts in Riverside County are DB employers.
2. The report source is 33.
3. The **report unit is required** (this is the district number).
4. Manager's name: someone other than the user requesting access.
5. Click on "Terms and Conditions," download and complete the:
 - a. Access Request forms:
 - i. You only need a Primary SEW Username.
 - ii. Username is for DB only.
 - b. Confidentiality Agreement.
6. Fax the forms to District Fiscal Services at (951) 826-6961, Attn: STRS unit.
 - a. Include the SEW Permissions Form signed by the employee's supervisor.
7. Allow three to seven business days for your forms to be processed. Once your forms have been processed, you will receive an e-mail from CalSTRS notifying you that you have been authorized and your username has been activated for SEW access.

Choosing a Password:

- Must consist of alphanumeric characters and include at least one number, one upper case letter, and one lower case letter.
- Minimum **eight** characters – no spaces.
- No special character needed.
- May not be used again for 12 months.
- May not be the same as the user ID.
- Password expires every **90** days.
- Locked-out after **four** incorrect attempts.
 - Call or e-mail your SEW Administrator to reset password.

SEW Access Reminders

- Do not share usernames and passwords with other users.
- If you forget your password or are locked out of SEW please contact the SEW Administrators in DFS.
 - CalSTRS will send you a temporary password via e-mail after the SEW Administrator has re-set your password.
 - You will have to create a new password.
- Complete and submit the Confidentiality Agreement form to CALSTRS every year.
 - Access will be deactivated if the Confidentiality Agreement form is not submitted to CalSTRS.
 - Please note that the form is updated every year. Please be sure to use the most current form.

Note: When requesting access to SEW, the Confidentiality Agreement and Secured Employer Website Access Request forms must be faxed to the STRS unit in DFS. The annual update of the Confidentiality Agreement form can be directly submitted to CalSTRS.

SEW Administrators

Carolyn Yoakum:	cyoakum@rcoe.us	951-826-6538
Julie Portillo:	jportillo@rcoe.us	951-826-6538
Tracey Corso:	tcorso@rcoe.us	951-826-6538
Ana M. Lambert:	alambert@rcoe.us	951-826-6538
DFS Fax Number:		951-826-6961

SAMPLE

HOW WILL YOU SPEND YOUR FUTURE?

**Secure Employer Web Site
Access Request**

In order to complete your request for access to the Secure Employer Web site, you must complete this form and the CalSTRS ISO 1949 (Confidentiality, Non-Disclosure and Acceptable Use Agreement).

The ISO-1949 Form serves as an agreement for users of CalSTRS systems to certify that they understand their responsibilities in safeguarding confidential information.

Once the forms are complete:

- Fax forms to 916.414.6963 Attention: "Service Desk"

SEW Users InformationName: First MI Last

Only need a
primary
username

Primary SEW Username: Additional SEW Username(s): (Please indicate whether each username is for DB, CB or DB/CB). Email: Phone: Ext.: Address:
County: Report Source Code: School District: Report Unit Code:

Username
is for DB
only

For CalSTRS Administrator Use Only	
Signature:	
Date:	
Notes:	

**Confidentiality, Non-Disclosure
and Acceptable Use Agreement****2018****REQUIREMENT**

All CalSTRS employees, contractors, and business partners are required to read and sign the CalSTRS Confidentiality, Non-Disclosure, and Acceptable Use Agreement (ISO 1949) when they start work with CalSTRS and annually thereafter.

New SEW Users must submit a completed and signed form (ISO 1949) to the CalSTRS Information Security Office (ISO) prior to being granted access to any CalSTRS systems or engaging in any work involving confidential, sensitive, or personal information.

Existing SEW Users must submit annually a signed agreement (ISO 1949). A pre-filing announcement will be placed on SEW:

- Completed forms are due 30 days from the pre-filing announcement date;
- Non-filer reporting to executive management one week following the due date;
- Non-filers will have access and services disabled 30 days from the due date.

FORM INSTRUCTIONS

For assistance completing form ISO 1949, contact the CalSTRS Information Security Office at iso-operations@calstrs.com.

1. **Print and read** the "Confidentiality, Non-Disclosure and Acceptable Use Agreement" (ISO 1949)
2. **Complete all sections** on the agreement:
 - Identify if you are an existing user or new SEW user;
 - Enter your Employer's Name, Report Source Code, and Report Unit Code;
 - Your contact phone number
3. **Initial** on the designated space next each paragraph to signify that you have read and understand the information and requirements
4. **Signature and date**
5. **Fax completed forms to:**
CalSTRS Service Desk
(916) 414-6963

District Fiscal Services
Attn: STRS Unit
(951) 826-6961

Incomplete or unsigned forms will be returned.

Assistance:

Please contact any of the administrators listed on page 201-2 of this manual if you have questions or need assistance completing the form.


**Confidentiality, Non-Disclosure and
Acceptable Use Agreement**
2018

SEW User Type	SCHOOL DISTRICT NAME	
<input type="checkbox"/> Existing User		
<input type="checkbox"/> New User		
REPORT SOURCE CODE (County)	REPORT UNIT CODE (School District)	CONTACT PHONE NUMBER

By signing this form I hereby acknowledge that confidential, sensitive, and personally identifiable information is protected from disclosure by law, regulation and policy. I further acknowledge that protecting this information is in the member's interest, the State's interest and my own personal interest. I also acknowledge that CalSTRS strictly enforces information security. I understand that accessing member accounts of family, friends and acquaintances is strictly forbidden and may result in consequences including termination.

I, _____ agree to protect from disclosure all confidential, sensitive, and personal information including, but not limited to:

- Member account information.
- Claimant and employer information.
- Information about individuals that relates to their personal life or identifies or describes an individual.
- Other agencies' confidential and proprietary information.
- Employee personnel, medical, or other personally identifiable information.
- Methods agencies use to safeguard information, including systems, networks and server configurations, etc.
- All security-related devices or information, such as tokens, access cards, User IDs, or related passwords.

I, _____ agree to protect the foregoing information in the following ways:

- Access, inspect, use, disclose, or modify information only to perform official duties.
- Never access, attempt to access, store, inspect, use, disclose, or modify information, including my own, for curiosity, personal gain, or any non-business related reason.
- Never remove or transport documents containing confidential, sensitive or personal information from CalSTRS or an approved CalSTRS facility without express written permission.
- Never take video or photographs of non-public areas of CalSTRS without express written permission.
- Never make audio recordings of CalSTRS' employees or non-public activities without express written permission.
- Secure confidential, sensitive, and personal information in approved locations by Enterprise Information Management.
- Comply with all policies, standards and procedures for secure transportation, handling and destruction of all data.
- Return all security devices and immediately cease using User ID and password upon separation from CalSTRS.
- Always lock (Ctrl + Alt + Del) computer systems that I have accessed when unattended.

I, _____ acknowledge that unauthorized access, inspection, use, disclosure, or modification of confidential, sensitive, non-public, or personal information, including my own, or any attempt to engage in such acts is prohibited and may result in:

<ul style="list-style-type: none"> • Administrative discipline, including but not limited to: <i>reprimand, suspension without pay, salary reduction, demotion, and/or dismissal from state service.</i> 	<ul style="list-style-type: none"> • Criminal prosecution. • Civil lawsuit. • Termination of contract.
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I, _____ acknowledge acceptable activities are those in accordance with the laws and policies of the United States Government and the State of California, and consistent with the purpose, goals, and mission of CalSTRS; as appropriate to my assigned job duties and responsibilities.

I, _____ expressly consent to CalSTRS monitoring of my activities on all devices including, but not limited to: access, phone, email, systems, network, and server information. I also have no expectation of privacy regarding information created, used, and stored using CalSTRS resources.

REFERENCE

CalSTRS' Information Security Policy; Civil Code section 1798 et seq; Education Code section 22306; Government Code section 11019.9; and State Administrative Manual section 5300-5360.1

CERTIFICATION

I certify that I have read this document and understand information security is strictly enforced. Wrongful access, inspection, use, modification, disclosure, or mishandling of confidential, sensitive, and personal information, or attempts to engage in such acts, is inappropriate and may result in disciplinary and/or legal action taken against me.

PRINT YOUR NAME	SIGNATURE	DATE
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Fax completed forms to: CalSTRS Service Desk @ (845) 444-5968

K-12 and Charters Using Galaxy

Permissions will be granted according to the type of agency requesting access.

Permissions for K-12 districts and charters using Galaxy will be as follows, unless specified differently by the employing district.

District #: _____ Employee Number: _____

District Name: _____ Employee Name: _____

Upload and Transmit Files

- Address File
- Match File (Fast Track)
- Monthly Report (F496)
- MR87 (Fast Track)
- Supplemental Report (F496)
- Cash Balance Contribution Report (VDF)
- Partial Monthly Report (F496)-Upload Only
- Partial Supplemental Report (F496)- Upload Only
- Partial Cash Balance Contribution Report (VDF)- Upload Only
- Accounts Receivable
- CCD Collective Bargaining Agreement

View Reports

- Accounts Receivable Reports
- Account Statistical Reports
- Address Reports
- F496 Contribution Reports
- Variance Reports
- VDF Reports

Supervisor Name: _____

REAP

- Query
- Query and Update

Supervisor Signature: _____

Online Corrections

- Monthly Report (F496)
- Suppemental Report (F496)
- Cash Balance Contribution Report (VDF)
- Partial Monthly Report (F496)
- Partial Supplemental Report (F496)
- Partial Cash Balance Contribution Report (VDF)

Supervisor Phone Number: _____

Employer Approved Edits

- Approve Edits

Date: _____

Penalties and Interest

- View Penalty and Dispute Detail
- View Invoices and Notices
- Display Account Detail
- Create or Update Disputes
- Payment Management
- Create Payments

RCOE Review & Approval: _____

**PLEASE DO NOT SEND FORMS TO STRS.
COMPLETED FORMS MUST BE FAXED TO
DISTRICT FISCAL SERVICES [951] 826-6961.**

Community Colleges

Permissions will be granted according to the type of agency requesting access.

Permissions for community colleges will be as follows unless, specified differently by the employing district.

District #: _____ Employee Number: _____

District Name: _____ Employee Name: _____

Upload and Transmit Files

- Address File
- Match File (Fast Track)
- Monthly Report (F496)
- MR87 (Fast Track)
- Supplemental Report (F496)
- Cash Balance Contribution Report (VDF)
- Partial Monthly Report (F496)-Upload Only
- Partial Supplemental Report (F496)- Upload Only
- Partial Cash Balance Contribution Report (VDF)- Upload Only
- Accounts Receivable
- CCD Collective Bargaining Agreement (*Supervisor Only*)

View Reports

- Accounts Receivable Reports
- Account Statistical Reports
- Address Reports
- F496 Contribution Reports
- Variance Reports
- VDF Reports

Supervisor Name _____

REAP

- Query
- Query and Update

Supervisor Signature _____

Online Corrections

- Monthly Report (F496)
- Supplemental Report (F496)
- Cash Balance Contribution Report (VDF)
- Partial Monthly Report (F496)
- Partial Supplemental Report (F496)
- Partial Cash Balance Contribution Report (VDF)

Supervisor Phone Number _____

Employer Approved Edits

- Approve Edits

Date _____

Penalties and Interest

- View Penalty and Dispute Detail
- View Invoices and Notices
- Display Account Detail
- Create or Update Disputes
- Payment Management
- Create Payments

RCOE Review & Approval _____

**PLEASE DO NOT SEND FORMS TO STRS.
COMPLETED FORMS MUST BE FAXED TO
DISTRICT FISCAL SERVICES [951] 826-6961.**

Independent Districts and Charters

Permissions will be granted according to the type of agency requesting access.

Permissions for independent districts and charters will be as follows, unless specified differently by the authorizing district.

District #: _____

Employee Number: _____

District Name: _____

Employee Name: _____

Upload and Transmit Files

- Address File
- Match File (Fast Track)
- Monthly Report (F496)
- MR87 (Fast Track)
- Supplemental Report (F496)
- Cash Balance Contribution Report (VDF)
- Partial Monthly Report (F496)-Upload Only
- Partial Supplemental Report (F496)- Upload Only
- Partial Cash Balance Contribution Report (VDF)- Upload Only
- Accounts Receivable
- CCD Collective Bargaining Agreement

View Reports

- Accounts Receivable Reports
- Account Statistical Reports
- Address Reports
- F496 Contribution Reports
- Variance Reports
- VDF Reports

Supervisor Name _____

REAP

- Query
- Query and Update

Supervisor Signature _____

Online Corrections

- Monthly Report (F496)
- Supplemental Report (F496)
- Cash Balance Contribution Report (VDF)
- Partial Monthly Report (F496)
- Partial Supplemental Report (F496)
- Partial Cash Balance Contribution Report (VDF)

Supervisor Phone Number _____

Employer Approved Edits

- Approve Edits

Date _____

Penalties and Interest

- View Penalty and Dispute Detail
- View Invoices and Notices
- Display Account Detail
- Create or Update Disputes
- Payment Management
- Create Payments

RCOE Review & Approval _____

**PLEASE DO NOT SEND FORMS TO STRS.
COMPLETED FORMS MUST BE FAXED TO
DISTRICT FISCAL SERVICES [951] 826-6961.**

DFS STRS Unit Staff

Permissions will be granted according to the type of agency requesting access.

Permissions for DFS STRS retirement staff:

District #: _____

Employee Number: _____

District Name: _____

Employee Name: _____

Upload and Transmit Files

- Address File
- Match File (Fast Track)
- Monthly Report (F496)
- MR87 (Fast Track)
- Supplemental Report (F496)
- Cash Balance Contribution Report (VDF)
- Partial Monthly Report (F496)-Upload Only
- Partial Supplemental Report (F496)- Upload Only
- Partial Cash Balance Contribution Report (VDF)- Upload Only
- Accounts Receivable
- CCD Collective Bargaining Agreement

View Reports

- Accounts Receivable Reports
- Account Statistical Reports
- Address Reports
- F496 Contribution Reports
- Variance Reports
- VDF Reports

Supervisor Name _____

REAP

- Query
- Query and Update

Supervisor Signature _____

Online Corrections

- Monthly Report (F496)
- Supplemental Report (F496)
- Cash Balance Contribution Report (VDF)
- Partial Monthly Report (F496)
- Partial Supplemental Report (F496)
- Partial Cash Balance Contribution Report (VDF)

Supervisor Phone Number _____

Employer Approved Edits

- Approve Edits

Date _____

Penalties and Interest

- View Penalty and Dispute Detail
- View Invoices and Notices
- Display Account Detail
- Create or Update Disputes
- Payment Management
- Create Payments

RCOE Review & Approval _____

PLEASE DO NOT SEND FORMS TO STRS.
COMPLETED FORMS MUST BE FAXED TO
DISTRICT FISCAL SERVICES [951] 826-6961.

To Grant Access to Galaxy Users:

Once the SEW Access Request, the Confidentiality Agreement and SEW Permissions forms have been received by the DFS STRS unit, the SEW Administrator will complete the following:

- Check Galaxy to verify the employee is active at the district.
- Check Galaxy to verify the manager is active at the district and works in the same department as the user requesting access.
- **Verify the Report Unit (district number) has been correctly identified by the employee.**
 - This is a required field for all users except DFS Retirement Unit staff.
- Grant REAP access as specified on the SEW Permissions form signed by the employee's supervisor.
- Note: If a district number is not identified or forms are invalid/incomplete, the employee must complete a new registration form. CalSTRS does not allow updates to registration forms already submitted for approval.
 - If the SEW Administrator rejects registration, the employee and manager will receive an automatic e-mail from CalSTRS notifying them that the employee's request for access was denied.
 - The SEW Administrator will follow up with an e-mail to the employee and manager notifying them of the reason for the denial.

To Grant Access to Independent Districts and Charters

Once the SEW Access Request and Confidentiality Agreement form has been received, the SEW Administrator will grant access as specified in the SEW Permission form received from the authorizing employer.

SEW Access <https://sew.calstrs.com>

Home Page The SEW Home Page has the following major sections:

- Welcome and Announcements
- SEW tools (left side of home page)
- Informational links (right side of home page)

Welcome The Welcome and Announcement sections contain information on:

- Latest news about CalSTRS
- New Employer Directives and Employer Circulars
- Employer Reporting Information

Source: CalSTRS Employer Reporting Handbook FY13-14

SEW Tools Features

Employer Tools located on the left side of the home page are available to Districts (or Report units) based on permissions set by your SEW Employer Administrator. These tools include:

- Managing Files: Upload files to SEW, Transmit to STRS
- Manage Reports: View Reports and Generate Reports
- REAP: Membership history, DB and CB Contribution lines,
- Service Credit Balance: Check members service credit balance
- Update Member accounts: Name change, status change
- Employer Notification: Members status change
- Manage Deposits: Accounting tools
- Secure Message Center: Communicate secured information
- Reference Items: FAQ's, Directive and Circulars
- My Links: Quick links to resources and web pages
- Contribution Account Portal
- Forms & Publications

NOTE: Maintain Users and Authorize Users tools are for Administrators only

The right side of the page are the quick links to:

- Web Site Information- your resource to Employer Administrator List, File Enforcement, and Release Notes
- Quick Reference Items - User Manual and Training, Frequently Asked Questions, File Specifications, File Submission and Remittance Schedules
- Application Downloads

Source: CalSTRS Employer Reporting Handbook FY13-14

Reference Items

Reference Items link allows users to:

- Search for stored documents or forms
- Search from a central database/location
- Use a variety of search criteria
- Add reference items to *My Links*

Reference Item Search

Search Criteria

Search Text:

Reference Category:

<input type="checkbox"/> Events	<input type="checkbox"/> Employer Directives and Circulars
<input type="checkbox"/> FAQs	<input type="checkbox"/> Forms
<input type="checkbox"/> Publications	<input type="checkbox"/> Employer Communications
<input type="checkbox"/> File Specifications	<input type="checkbox"/> File Submission and Remittance Schedules
<input type="checkbox"/> Teachers' Retirement Law	<input type="checkbox"/> User Manuals and Training
<input type="checkbox"/> Other	

SEW Function:

Search Results

- Search Text: Enter the item name; searches for character matches in the Name and the Description
Example: REAP User Manual
- Category: Check the category box or boxes
Example: User Manuals and Training
- SEW Functions: Choose a function from the drop-down menu
Example: REAP

REAP & Employer Notification

Welcome,

Congratulations! You have successfully logged onto the CalSTRS Secure Employment Web site. This Web site is provided for employers and CalSTRS to communicate member information securely. Many features are provided to assist in protecting and ensuring the confidentiality of our members.

For information on the latest updates and features be sure to check the Announcements for more information, the Release Notes under Web site Information.

Announcements

Excess Contribution Report Available on CAP

Introduction	REAP (Remote Employer Access Program) functionality can be accessed via SEW. REAP provides direct limited access to CalSTRS system of reported data for Defined Benefit and Cash Balance Accounts. REAP displays members' Person Information, Retirement Formula, Account Information, Contribution Lines, Service Credit Balance, and Person Address. The REAP Update function, with the expressed consent of a SEW Administrator, allows employers to establish and maintain certain member data such as: <ul style="list-style-type: none">• Establish member and non-member accounts• Update last names• <u>Correct</u> birth dates and genders REAP allows users to search for accounts containing DB exceptions. Users can view all accounts meeting the search criteria without keying in tax IDs or client IDs. Employer Notifications provides employers with a searchable database of changes in membership status of their current or recent employees.
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Source: CalSTRS Employer Reporting Handbook FY13-14

REAP Query

Search Page Query a single person or do a mass query/update from this page.

For single person query, select a search option and enter ID number then click *Search*. ID search options are:

- Tax ID
- Client ID
- LAUSD Number



The screenshot shows the CALSTRS Secure Employer Web Site interface. The main menu on the left includes Home, Manage Files, Manage Reports, Maintain Users, Authorize Users, REAP (which is circled in red), Employer Notification (0), Manage Deposits, Secure Message Center, and Reference Items. The central content area is titled 'REAP Single Person/Account'. It features a search bar with radio buttons for 'Search by ID' and 'Search by DB Exception', and buttons for 'Mass Update', 'Search', and 'Reset'. Below the search bar are buttons for 'Tax ID', 'Client ID', and 'LAUSD Number'.

For mass query/update, click on *Mass Update* to open REAP Mass Update view. Enter up to twenty Tax IDs then click *Search*.



The screenshot shows the 'REAP Mass Update' view. It has a 'Search' bar and a 'Single Account/Person' link. Below is a 'Tax ID:' section with five columns, each containing five input fields for entering Tax IDs. At the bottom are 'Search' and 'Reset' buttons.

Source: CalSTRS Employer Reporting Handbook FY13-14

Single Person Account/Account Tab

Person/Account Tab Select this tab to view demographic data, membership status and retirement formula. Includes RWP, PERS, and AB1586 status indicators.

REAP Single Person/Account

Search by ID Search by DB Exception [Mass Update](#)

Show

Teacher, Emily J Tax ID: 999-99-9999 Client ID: 9999999999 LAUSD Number:
 Retirement Formula : 2% at 60

Gender: F	Birth Date: 12/31/9999	Death Date:	Coverage: B
DB Status: MEMBER	DB Date: 08/22/2003	CB Status:	CB Date:

Person

History:	Effective	Tax ID	Name	Birth Date	
01/26/2012	999-99-9999	Teacher, EMILY J	12/31/9999		
01/18/2012	999-99-9999	Teacher, EMILY J	12/31/9999		

DB Account

RWP Indicator:	Temporary: N	Retirement System:																		
RWP Effective Date:	AB1586:	System Election:																		
Account History:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Status</th> <th style="width: 15%;">Status Date</th> <th style="width: 15%;">Future</th> <th style="width: 15%;">Permissive Election</th> <th style="width: 15%;">Report Source/Unit</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>MEMBER</td> <td>08/22/2003</td> <td></td> <td>Y</td> <td>CalSTRS</td> <td></td> </tr> <tr> <td>NONMBR</td> <td>07/01/2002</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Status	Status Date	Future	Permissive Election	Report Source/Unit		MEMBER	08/22/2003		Y	CalSTRS		NONMBR	07/01/2002				
Status	Status Date	Future	Permissive Election	Report Source/Unit																
MEMBER	08/22/2003		Y	CalSTRS																
NONMBR	07/01/2002																			

CB Account

CB Indicator:	
Account History:	
Sub Accounts:	

Person Address

Current Mailing Address: 2336 Madrone St
Sutter, CA 95982-2447

Source: CalSTRS Employer Reporting Handbook FY13-14

DB Contribution Tab

This tab shows earnings, pay rates, pay codes, contributions and service periods reported for the DB program. Records from fiscal year 1988/1989 to the present fiscal year can be viewed. Records can be filtered and reports created.

Person / Account DB Contribution Lines OB Contribution Lines Service Credit Balance Update

Filter

Fiscal Year 2012-2013 Include lines reported this year for a prior fiscal year

Report Source / Unit All Only lines with exceptions

DB Contribution Lines

Rpt Unit	Mem Code	As Cd	Pay	Earnings	Contribution	Service Period	Srvc Crdt	Per/ Post	FY	Flag	
Rate	Cd	Rate	Cd	Amount	Begin	End					
56626	2	58	65.05	4	514.20	0	11/01/2012	11/30/2012	0.0000	M005	A
56626	2	58	65.05	4	514.20	0	12/01/2012	12/31/2012	0.0000	M006	A

[Download Report](#)

Additional Contribution Line Details

Name: Tax ID: Classification Code: Base Hours:

Remarks: Exceptions:

A = Accepted, B = Line has Base Hours or Classification Code, C = COB, D = Detail Adjust, E = Exception, K = Remark, P = Pending, R = Reversal, V = Line has an Approved Exception

CALSTRS

DB Contribution Line Report

Person Name: 000001-0000-11
Tax ID: 00-000-000
Client ID: 00000000
LNUID Number:

Created Date: 01/10/2013 04:13 AM
Fiscal Year: 2012/2013
Used for all report sources and units
Used reported this fiscal year for a prior year are included
Exceptions and non-exceptions are included

Rpt Unit	Membr Code	As Cd	Pay	Code	Earnings	Rate	Code	Amount	Service Period	Srvce Crdt	Per/ Post	Reported	Fiscal Year	Class Code	Base Hours	Regs
56626	2	58	65.05	4	514.20	0	11/01/2012	11/30/2012	0.0000	M005						
56626	2	58	65.05	4	514.20	0	12/01/2012	12/31/2012	0.0000	M006						

Source: CalSTRS Employer Reporting Handbook FY13-14

Service Credit Balance Tab

This tab is for DB members only. It shows adjustments to a member's service credit balance for the chosen fiscal year.

Subsequent year adjustments can be excluded from view.

Account balances are not shown.

Person / Account DB Contribution Lines **Service Credit Balance** Update

Fiscal Year Service Credit

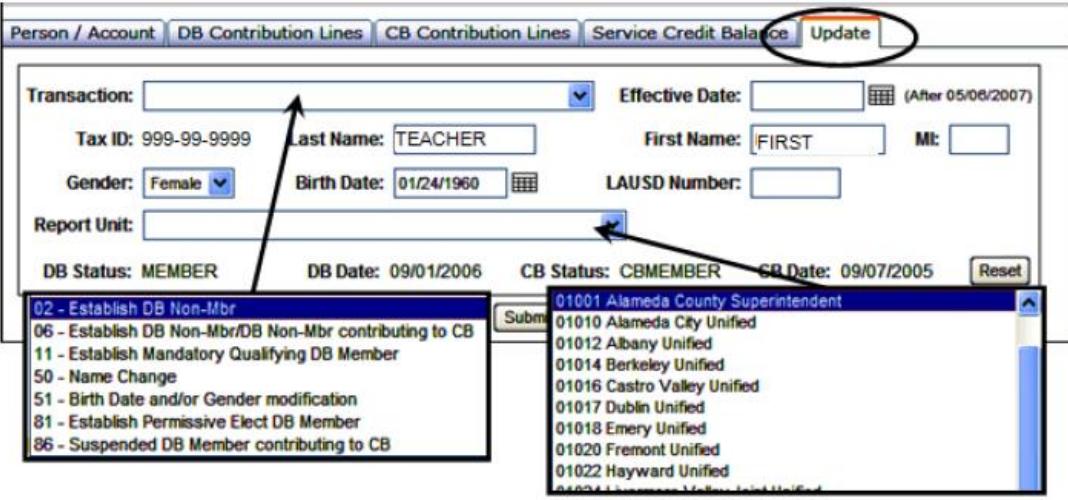
Fiscal Year 2012-2013 Include Subsequent Year Activity

Activity	Service Credit
BEG BAL 07/01/2012	5.627
08/01/2012 04/30/2013	0.911
SUBSEQUENT YEAR	0.000
END BAL 06/30/2013	6.538

Fiscal Year Creditable Earnings: \$62,497.68

Source: CalSTRS Employer Reporting Handbook FY13-14

REAP Single Person/Account Update Tab

Update	Allows a user with the correct permissions to update an employee's demographic information and DB or CB membership status.																						
																							
Transaction Codes	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 2px;">TC</th> <th style="text-align: center; padding: 2px;">Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 2px;">11</td> <td>To establish a member date if employee has <i>mandatorily qualified</i> into DB</td> </tr> <tr> <td style="text-align: center; padding: 2px;">81</td> <td>If employee has <i>permissively elected</i> into DB</td> </tr> <tr> <td style="text-align: center; padding: 2px;">02</td> <td>To establish a <i>non-member account</i></td> </tr> <tr> <td style="text-align: center; padding: 2px;">50</td> <td>To update employee's name, then enter the <i>current</i> last name, first name, middle initial, gender, birth date, and member or non-member effective date.</td> </tr> <tr> <td style="text-align: center; padding: 2px;">51</td> <td>To change birth date and/or gender</td> </tr> <tr> <td style="text-align: center; padding: 2px;">06</td> <td>Employee needs a CB account opened and employee does NOT have an existing DB member status</td> </tr> <tr> <td style="text-align: center; padding: 2px;">82</td> <td>Close an alternative Retirement account</td> </tr> <tr> <td style="text-align: center; padding: 2px;">83</td> <td>Close CB accounts opened in error</td> </tr> <tr> <td style="text-align: center; padding: 2px;">86</td> <td>Employee needs a CB account opened and employee does have an existing DB member date</td> </tr> <tr> <td style="text-align: center; padding: 2px;">87</td> <td>Establishes alternative retirement account</td> </tr> </tbody> </table>	TC	Description	11	To establish a member date if employee has <i>mandatorily qualified</i> into DB	81	If employee has <i>permissively elected</i> into DB	02	To establish a <i>non-member account</i>	50	To update employee's name, then enter the <i>current</i> last name, first name, middle initial, gender, birth date, and member or non-member effective date.	51	To change birth date and/or gender	06	Employee needs a CB account opened and employee does NOT have an existing DB member status	82	Close an alternative Retirement account	83	Close CB accounts opened in error	86	Employee needs a CB account opened and employee does have an existing DB member date	87	Establishes alternative retirement account
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87	Establishes alternative retirement account																						

Source: CalSTRS Employer Reporting Handbook FY13-14

REAP Mass Update/Query

Use this function to look up several accounts at once. Enter tax IDs of up to 20 employees at a time. Click the *Search* button. REAP will provide you with a record for each member. You can scroll through all 20 and update them by entering the correct transaction code.

REAP Mass Update

Search [Hide](#) [Single Account/Person](#)

Tax ID:

Search Results

Transaction: Effective Date: (After 05/06/2007)
 Tax ID: 123-45-6789 Last Name: Tutor First Name: Missy M:
 Gender: Female Birth Date: 12/05/1979 LAUSD Number:
 Report Unit:
 DB Status: MEMBER DB Date: 10/01/2008 CB Status: CB Date:

Transaction: Effective Date:
 Tax ID: 987-65-4321 Last Name: Teach First Name: Prof
 Gender: Female Birth Date: 03/01/1971 LAUSD Number:
 Report Unit:
 DB Status: MEMBER DB Date: 10/01/2008 CB Status: CB Date:

Transaction: Effective Date:
 Tax ID: 111-22-2333 Last Name: Doe First Name: Jon
 Gender: Birth Date: 05/11/1948 LAUSD Number:
 Report Unit:
 DB Status: NONMBR DB Date: 09/04/1990 CB Status: CB Date:

Enter TC and correct information

Submit changes

Source: CalSTRS Employer Reporting Handbook FY13-14

Employer Notification

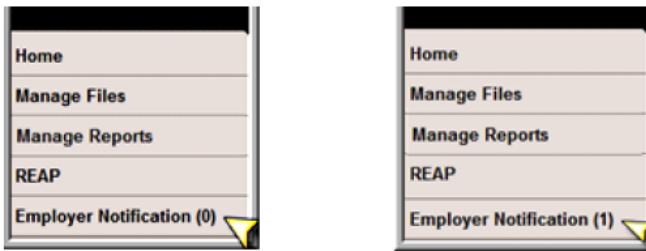
Overview Employer Notifications are triggered when a Defined Benefit Account status is changed by an employer or by CalSTRS.

The updates that trigger a notification fall into three categories:

1. Changes (membership status change or an effective date change)
2. Additions (status is added to an account)
3. Deletions (cancellation of a status and return to the prior status and the prior status effective date; e.g. Service Retirement Application cancelled)

Employer Notification Access All SEW users will have access to Employer Notification. Report sources and units are eligible for notification if they have submitted contribution data for the employee in the current fiscal year and/or in the prior fiscal year.

Indicator Number The Employer Notification counter will be updated daily. If you have not checked your notifications, the counter will reset to zero the next day. The number in parentheses is the number of new notifications for the current calendar day that were not initiated by the Report Source/Unit logged into SEW.

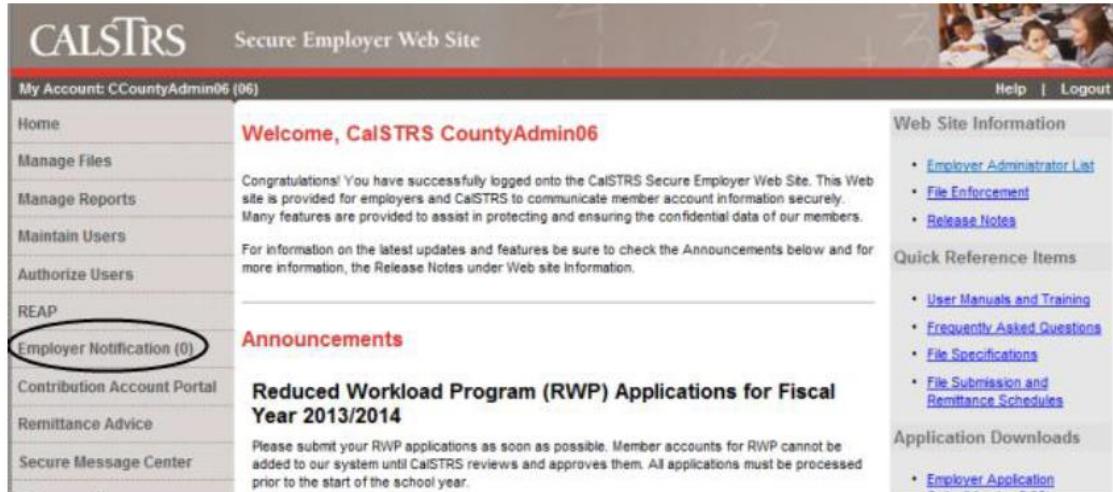


Source: CalSTRS Employer Reporting Handbook FY13-14

Employer Notification

How to View Notifications From SEW homepage, click on *Employer Notification* to open the Employer Notification window.

Enter Filter Criteria (report unit, dates) then click *Search*.



The screenshot shows the CalSTRS Secure Employer Web Site. The left sidebar has a navigation menu with links: Home, Manage Files, Manage Reports, Maintain Users, Authorize Users, REAP, Employer Notification (0) (circled in red), Contribution Account Portal, Remittance Advice, and Secure Message Center. The main content area displays a welcome message for 'CalSTRS CountyAdmin06 (06)'. It includes a 'Congratulations!' message, a section for 'Announcements' with a 'Reduced Workload Program (RWP) Applications for Fiscal Year 2013/2014', and a note about RWP applications. The right sidebar contains sections for 'Web Site Information' (links to Employer Administrator List, File Enforcement, and Release Notes), 'Quick Reference Items' (links to User Manuals and Training, Frequently Asked Questions, File Specifications, and File Submission and Remittance Schedules), and 'Application Downloads' (link to Employer Application).

Filter Criteria County Office of Education will be able to filter criteria by Report Unit and From/To dates.

Districts will have access to view their own notifications. Districts will be able to filter only by From/To dates.

Search Results All notifications will be from current or prior fiscal year. The Effective Date may occur before or after the notification date.

The column headings are sortable. Click on a column heading to sort by that column first. Click on the *Notification Date* arrow to change from ascending to descending order.

Source: CalSTRS Employer Reporting Handbook FY13-14

Employer Notification

Employer Notification Report Link

To Print a report, click *Employer Notification Report* link.

The Notification Report will open a spreadsheet in CSV format. The file can be saved as an Excel (.xls) format.

Employer Notification

Search Criteria

Report Source: 01 Alameda Co Office of Ed

Report Unit: All

From Date: 06/01/2009 To Date: 08/18/2009 (mm/dd/yyyy)

Include status changes initiated by this source

Reset Search

Search Results

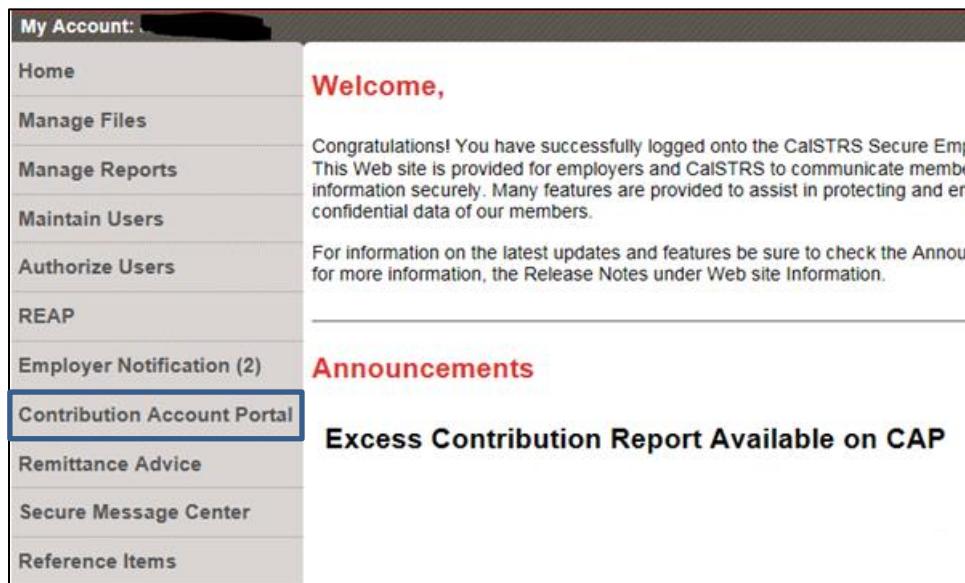
Items 1-6 of 6 Items/Page: 10 Page 1 of 1

Tax Id	Name	Init. Source	Init. Unit	Notification Date	Prior Status	New Status	Effective Date	Aff. Unit
1 JI	I	STRS		07/29/2009 12:28:46.4 PM	MEMBER	SR	06/01/2009	01022
1 JI	I	STRS		07/29/2009 12:20:07.8 PM	SR	MEMBER	03/01/1996	01022
5 M	IRLEY M	STRS		07/14/2009 04:31:20.8 PM	MEMBER	SR	03/01/2009	01030
5 M	IRLEY M	STRS		07/14/2009 04:31:20.6 PM	SR	MEMBER	07/01/1992	01030
7 C	, KERI KC	49		06/08/2009 10:06:12.8 AM	NONMBR	MEMBER	02/13/2009	01010
9 P	AR	49		06/08/2009 10:02:31.3 AM	NONMBR	MEMBER	03/01/2009	01001

Items 1-6 of 6 Items/Page: 10 Page 1 of 1

A	B	C	D	E	F	G	H	I	J	K	L	M
1	Tax Id	Client Id	Last Na	First Na	Middle Init	Initiating R	Initiating R	Notification	Prior Acco	New Acco	Change Ef	Affected Report Unit
2	039-24 1.53E+09	JENCKTOM				STRS		07/29/2009	MEMBER	SR	6/1/2009	1022
3	039-24 1.53E+09	JENCKTOM				STRS		07/29/2009	SR	MEMBER	3/1/1996	1022
4	123-12 1.53E+09	MITCHESHIRLEM				STRS		07/14/2009	MEMBER	SR	3/1/2009	1030
5	666-00 1.53E+09	MITCHESHIRLEM				STRS		07/14/2009	SR	MEMBER	7/1/1992	1030
6	123-06 2.79E+09	ONAN-KERI	KC			49		06/08/2009	NONMBR	MEMBER	2/13/2009	1010
7	111-11 2.36E+09	PINKSTADA	R			49		06/08/2009	NONMBR	MEMBER	3/1/2009	1001
0												

Source: CalSTRS Employer Reporting Handbook FY13-14

Contribution Account Portal

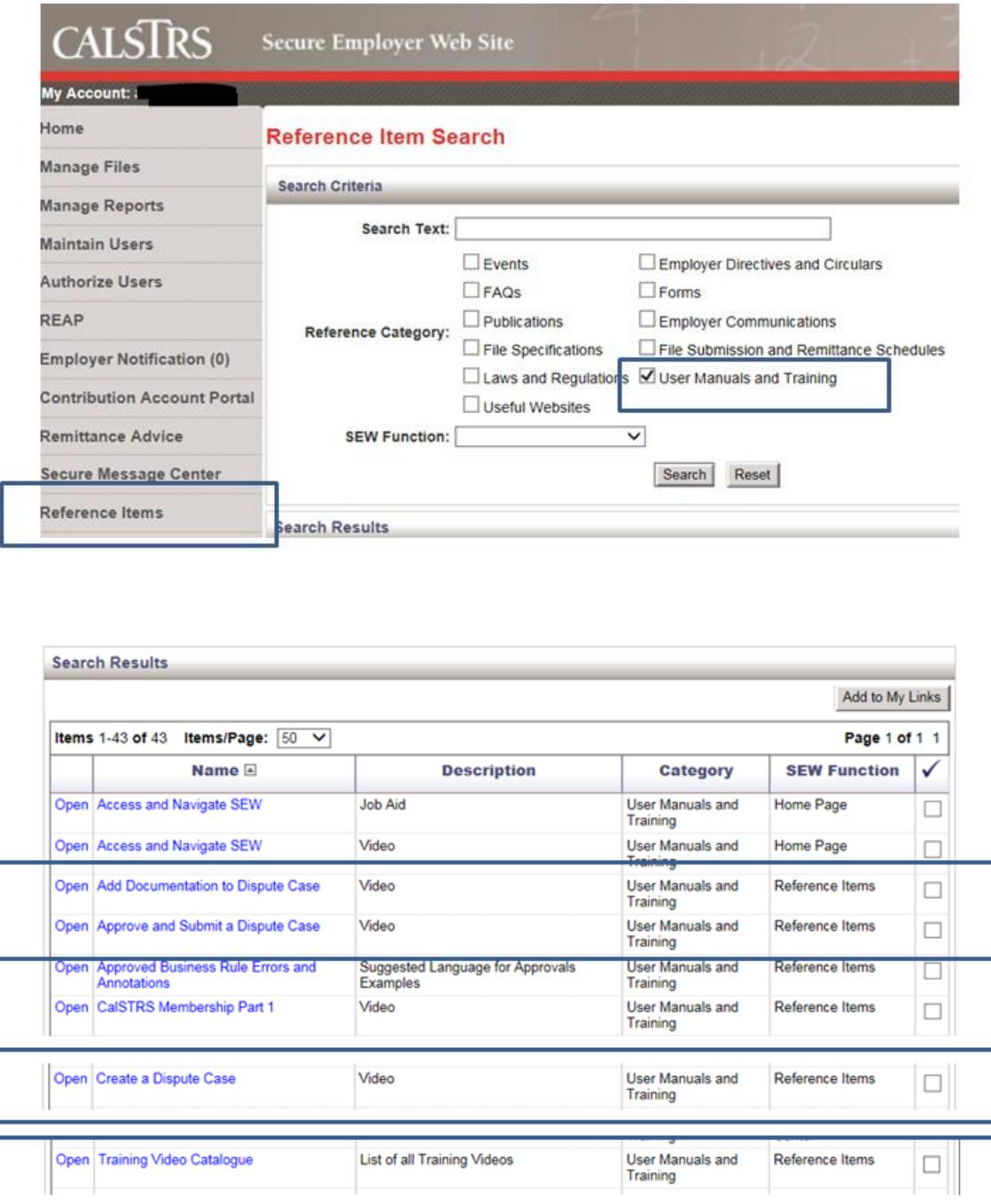
All SEW users have access to the Contribution Account Portal.

In the Contribution Account Portal, users will have access to detailed information, data, and reports regarding:

- Penalties and Interest invoices and district charges.
- GASB 68 reports.
- Excess contribution reports.

Reference Items

You can find very useful tools in the reference section of SEW such as training videos, Frequently Asked Questions, and many more helpful resources.



The screenshot shows the CALSTRS Secure Employer Web Site interface. The left sidebar includes links for Home, Manage Files, Manage Reports, Maintain Users, Authorize Users, REAP, Employer Notification (0), Contribution Account Portal, Remittance Advice, Secure Message Center, and Reference Items. The Reference Items link is highlighted with a blue box. The main content area is titled 'Reference Item Search' and contains a 'Search Criteria' section with a 'Search Text' input field and a list of 'Reference Category' checkboxes. The 'User Manuals and Training' checkbox is checked and highlighted with a blue box. Below this is a 'SEW Function' dropdown and 'Search' and 'Reset' buttons. The 'Search Results' section shows a table of 43 items, with the first few rows highlighted with blue boxes. The columns are: Name, Description, Category, and SEW Function. The 'SEW Function' column for the first row has a checked checkbox.

Search Results				
Items 1-43 of 43 Items/Page: 50				Page 1 of 1 1
	Name	Description	Category	SEW Function
Open	Access and Navigate SEW	Job Aid	User Manuals and Training	Home Page
Open	Access and Navigate SEW	Video	User Manuals and Training	Home Page
Open	Add Documentation to Dispute Case	Video	User Manuals and Training	Reference Items
Open	Approve and Submit a Dispute Case	Video	User Manuals and Training	Reference Items
Open	Approved Business Rule Errors and Annotations	Suggested Language for Approvals Examples	User Manuals and Training	Reference Items
Open	CalSTRS Membership Part 1	Video	User Manuals and Training	Reference Items
Open	Create a Dispute Case	Video	User Manuals and Training	Reference Items
Open	Training Video Catalogue	List of all Training Videos	User Manuals and Training	Reference Items

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.

Classification	Time
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

Classification	Time
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

Defined Benefit Program	A new employee hired in a full-time position becomes a Defined Benefit (DB) member on the first day of employment.
Full-Time Contract	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..
Part-Time Contract	A new employee hired in K-12 to work 50% or more of a full-time contract , 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 at a community college- CB employer or not , 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.
Substitute Educator	A non-member substitute educator who works 100 or more complete days 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.
Part-Time Hourly/Daily	A part-time employee hired on an hourly or daily basis who works 60 hours or 10 days 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.
References	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.

Carolyn Yoakum
Senior Accounting Technician
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"> Notify employee of right to elect CalSTRS membership Give employee information about CalSTRS programs Obtain written acknowledgment (Form ES 350) from employee Keep a copy in the employee's personnel file
2	<p>If employee elects membership:</p> <ul style="list-style-type: none"> Add membership date in REAP (or through the MR87 file process) with a Transaction Code 81 Submit ES 350 form to CalSTRS via COE office <ul style="list-style-type: none"> If you are reporting directly to CalSTRS, submit form to CalSTRS Membership date: First day of pay period in which the form is signed
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"> Add non-membership date in REAP (or through the MR87 file process) with a Transaction Code 02 Report non-qualifying service to CalSTRS with a non-member code 2 Keep ES 350 form in the employee's personnel file Monitor creditable service for mandatory qualification



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.

<p>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&L charges</p>	 <p>SAMPLE</p> <p>DATE: _____</p> <p>TO: _____</p> <p>FROM: _____</p> <p>District Fiscal Services Division of Administration and Business Services (951) 826-_____ / FAX (951) 826-6961</p> <p>SUBJECT: CalSTRS ES 350 Permissive Membership form—Incomplete</p> <p>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.</p> <p>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.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">EMP#:</td> <td style="width: 50%;">Employee Name:</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> </table> <p>Thank you</p> <p>Attachment(s)</p>	EMP#:	Employee Name:	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
EMP#:	Employee Name:														
_____	_____														
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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

* Effective 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. * 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) 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

Employer	When retaining the services of an independent contractor:
Certification of Independent Contractor Status Form (ES 732)	<ul style="list-style-type: none">• Employers' responsibility to determine if the position is an independent contractor• Employer must complete and retain on file an Employer Certification of Independent Contractor Status Form ES 732• This form certifies that the employer has reviewed the appropriate legal and procedural guidelines pertinent to the determination of Independent Contractor Status
Contractor to Employee Status	In the event that the individual's status is changed from independent contractor to employee: <ul style="list-style-type: none">• Report employee's creditable compensation to CalSTRS commencing with the date of determination• Submit contribution data with contributions if they are already a member, or without contributions if a non-member
Contracting with CalSTRS Retirees	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.
Retiree Exemption	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">• The retired member is employed by a third party that does not participate in a California public pension system;• The activities performed by the retired member are not normally performed by the employees of an employer; and• The activities are performed by the retired member for a limited term.

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 STATUS¹

Please Type or Print Legibly in Black Ink

INDEPENDENT CONTRACTOR/THIRD PARTY EMPLOYEE			
Name: (Last)	(First)	(Initial)	Federal Tax ID
THIRD PARTY FIRM (if applicable)			
Name:			
SERVICE TO BE PROVIDED			
Position Title (if applicable):			
Brief Description of Services:			
School Year(s) of Service:	FY	FY	FY
EMPLOYER CERTIFICATION			
<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

¹ 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.

	Member	After Retirement
CalSTRS member takes a position covered by CalPERS	<ul style="list-style-type: none"> 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> Member becomes employed by the state to perform <i>qualifying</i> classified service, these positions are: <ul style="list-style-type: none"> represented by a state bargaining unit that represents educational consultants, professional educators, or librarians or supervising or managing work similar to above positions 	<ul style="list-style-type: none"> Generally, a CalSTRS retiree cannot accept a classified position However, under certain circumstances, a CalSTRS retiree may work as a teacher's aide or provide one-on-one instruction in a remedial class
CalPERS member takes a position covered by CalSTRS	<ul style="list-style-type: none"> Either employed by a: <ul style="list-style-type: none"> school district, community college, county superintendent, Department of Education, <i>or</i> Has five years of service and becomes employed to perform certificated service <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"> Generally, a CalPERS retiree can accept any position in a school district However, in certain cases the retirement allowance will be terminated if service (classified or certificated) exceeds 960 hours in a fiscal year Contact CalPERS for more information on CalPERS retiree earnings limitation

CalSTRS/CalPERS- Right of Election, Continued

Publication	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 & Publications</i> link. Contact CalPERS for their information concerning system elections information.
ES 372 Form	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

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

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
EMPLOYER INFORMATION:		
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".

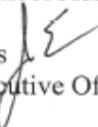
If you have any questions regarding this circular, please contact your CalSTRS Member Account Services analyst.



California State Teachers'
Retirement System
Executive Office
PO Box 15275
Sacramento, CA 95851-0275
www.CalSTRS.com

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 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
<p>TO: District Fiscal Services Division of Administration and Business Services (951) 826-6538 / FAX (951) 826-6961</p> <p>FROM: X Unified School District</p> <p>RE: John Smith – Request to Update Employee Retirement Formula</p> <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>Member name: John Smith Date of birth: 01/21/1980 CalPERS membership date: 10/17/2011 CalPERS employment end date: 11/20/2016 (or still active) CalPERS refund date (if applicable): N/A Last day worked in a CalPERS covered position: 11/19/2016 Previous position title: Instructional Assistant CalSTRS membership date: 01/10/2017 Begin or hire date in the CalSTRS covered position: 01/10/2017 New position title: 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, highlight: Regular & Overtime Earnings / Cash Option / 125 Plan Deduction <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.
EARNINGS RECORDS: EMPLOYEE EARNINGS													
STRS FISCAL YEAR EARNINGS													
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
TOTAL STRS EARNINGS & CONTRIB.						0.00	0.00	0.00			0.00	0.00	0.00
EARNINGS RECORDS / PERS DIFFERENCE: <input type="text"/> 0.00													
REASON: <input type="text"/>													
PERS FISCAL YEAR EARNINGS & CONTRIBUTIONS: <i>REMEMBER TO ADJUST IF RETIREMENT PLAN IS PERS</i>													
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
TOTAL PERS EARNINGS & CONTRIBUTIONS:						0.00	0.00	0.00	0.00		0.00	0.00	0.00
PERS/STRS EARNINGS DIFFERENCE: <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"/>													
COMMENTS													
<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.

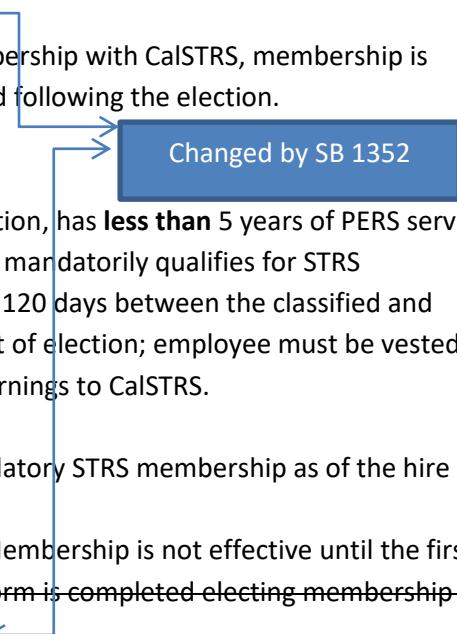
D. District employee paying PERS on a classified position and has 5 years of PERS service credit (vested), accepts a certificated position that does not qualify for immediate STRS membership (**50% - 99% contract**). Employee elects PERS on the newly certificated position. Required documents:

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.

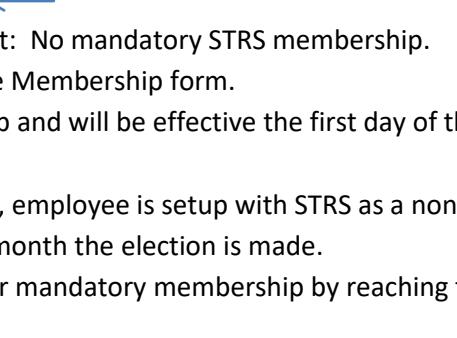
Changed by SB 1352. First month of employment is automatically reported as non-member earnings to CalSTRS.

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:

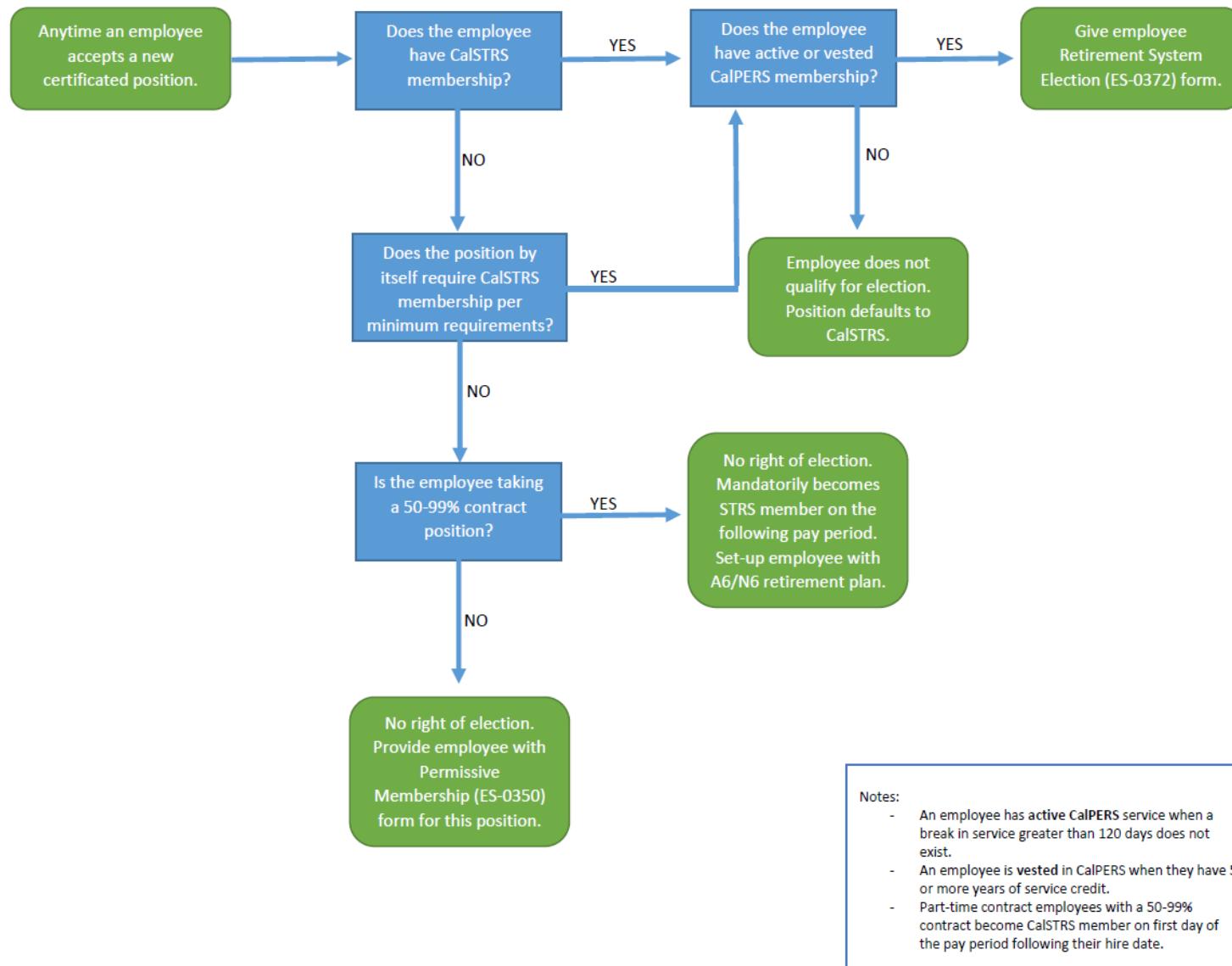
1. ES 372 electing PERS.
 - a. PERS membership is effective the date the classified position was taken.
2. MAR form for CalPERS appointment setup with the certificated position.
 - a. PERS staff will set up the employee's PERS account per the MAR form.
3. CalPERS Member Reciprocal Service-Certification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

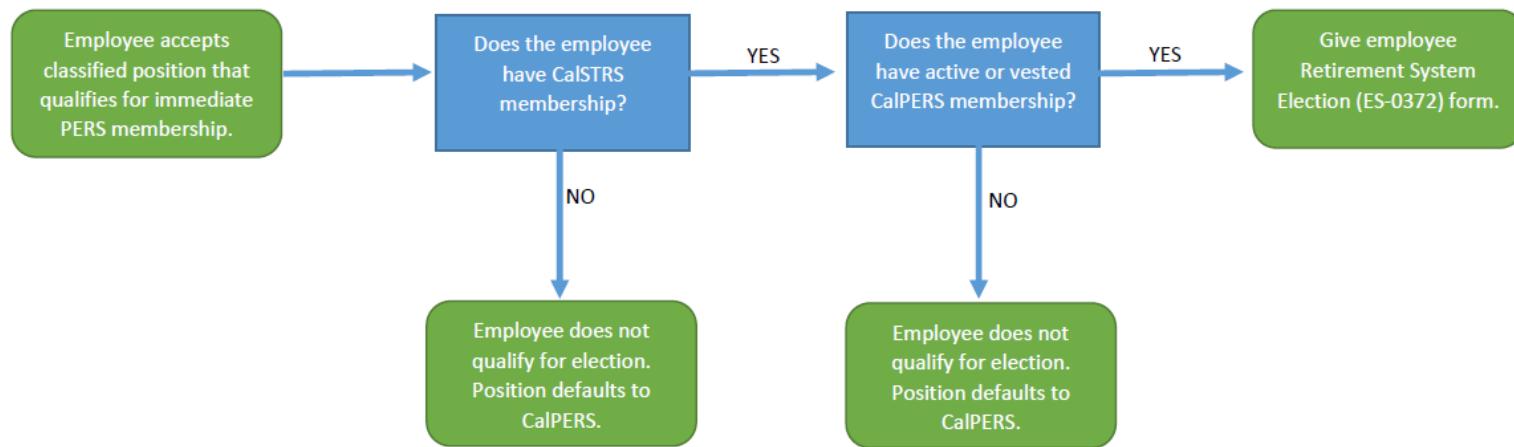
J. District employee paying STRS on a certificated position, accepts a classified position that qualifies for PERS membership. Employee elects STRS on the newly classified position. Required documents:

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.

§ 22112.5. “Class of employees”

(a) “Class of employees” means a number of employees considered as a group because they are employed to perform similar duties, are employed in the same type of program, or share other similarities related to the nature of the work being performed.

(b) A class of employees may be comprised of one person if no other person employed by the employer performs similar duties, is employed in the same type of program, or shares other similarities related to the nature of the work being performed and that same class is in common use among other employers.

(c) The board shall have the right to override the determination by an employer as to whether or not a group or an individual constitutes a “class of employees” within the meaning of this section.

(d) The amendments to this section during the 1995–96 Regular Session of the Legislature shall be deemed to have become operative on July 1, 1996.

Source: Teacher's Retirement Law Vol. 1 January 1, 2018

§ 22119.5. “Creditable service”

(a) “Creditable service” means any of the activities described in subdivision (b) performed for any of the following employers:

(1) A prekindergarten through grade 12 employer, including the state, in a position requiring certification qualifications as designated in regulations adopted by the Commission on Teacher Credentialing pursuant to Section 44001.

(2) A community college employer by a faculty member, as defined in Section 87003, in an academic position, as defined in subdivision (b) of Section 87001, or by an educational administrator, as defined in subdivision (b) of Section 87002, subject to the appropriate minimum standards adopted by the Board of Governors of the California Community Colleges pursuant to Section 87356, or pursuant to a contract between a community college district and the United States 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 for which the charter school is eligible to receive state apportionment.

(b) The types of activities are any of the following:

(1) The work of teachers, instructors, district interns, and academic employees employed in the instructional program for pupils, including special programs such as adult education, regional occupation programs, child care centers, and prekindergarten programs pursuant to Section 22161.

(2) Education or vocational counseling, guidance, and placement services.

(3) 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.

(4) The selection, collection, preparation, classification, demonstration, or evaluation of instructional materials 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.

(5) The examination, selection, in-service training, mentoring, or assignment of teachers, principals, or other similar personnel involved in the instructional program.

(6) The work of nurses, physicians, speech therapists, psychologists, audiometrists, audiologists, and other California public school health professionals.

(7) Services as a California public school librarian.

(8) 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.

(9) The work of employees who are responsible for the supervision of persons or administration of the duties described in this subdivision.

(c) “Creditable service” also means any of the activities described in subdivision (b) when they are performed for an employer by:

(1) Superintendents of California public schools, and presidents and chancellors of community college employers.

(2) 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 of Title 2.

(d) “Creditable service” also means the performance of California public school activities related to, and an outgrowth of, the instructional and guidance program of the California public school when performed for the same employer for which the member is performing any of the activities described in subdivision (b) or (c).

(e) The board shall have final authority for determining creditable service to cover any activities not already specified.

Source: Teacher's Retirement Law Vol. 1 January 1, 2018

§ 22119.2. “Creditable compensation” (2% at 60)

(a) “Creditable compensation” means remuneration that is paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position. Creditable compensation shall include:

(1) Salary or wages paid in accordance with a publicly available written contractual agreement, including, but not limited to, a salary schedule or employment agreement.

(2) Remuneration that is paid in addition to salary or wages, provided it is paid to all persons who are in the same class of employees in the same dollar amount, the same percentage of salary or wages, or the same percentage of the amount being distributed.

(3) Remuneration that is paid for the use of sick leave, vacation leave, or an employer-approved compensated leave of absence, except as provided in paragraph (4) of subdivision (c).

(4) Member contributions that are picked up by an employer pursuant to Section 22903 or 22904.

(5) Amounts that are deducted from a member’s remuneration, including, but not limited to, deductions for participation in a deferred compensation plan; deductions to purchase an annuity contract, tax-deferred retirement plan, or insurance program; and contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United States Code.

(6) Any other payments the board determines to be “creditable compensation.”

(b) Any creditable compensation determined by the system to have been paid to enhance a member’s benefits shall not be credited under the Defined Benefit Program. Contributions on that compensation shall be credited to the Defined Benefit Supplement Program. A presumption by the system that creditable compensation was paid to enhance a member’s benefits may be rebutted by the member or by the employer on behalf of the member. Upon receipt of sufficient evidence to the contrary, a presumption by the system that creditable compensation was paid to enhance the member’s benefits may be reversed.

(c) “Creditable compensation” does not mean and shall not include:

(1) Remuneration that is not paid in cash or is not paid to all persons who are in the same class of employees.

(2) Remuneration that is paid for service that is not creditable service pursuant to Section 22119.5 or 22119.6.

(3) Remuneration that is paid in addition to salary or wages if it is not paid to all persons in the same class of employees in the same dollar amount, the same percentage of salary or wages, or the same percentage of the amount being distributed pursuant to paragraph (2) of subdivision (a).

(4) Remuneration that is paid in exchange for the relinquishment of unused accumulated leave.

(5) Payments, including, but not limited to, those for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement plan, or insurance program; and for contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United States Code when the cost is covered by an employer and is not deducted from the member’s salary.

(6) Fringe benefits provided by an employer.

(7) Expenses paid or reimbursed by an employer.

(8) Severance pay, including lump-sum and installment payments, or money paid in excess of salary or wages to a member as compensatory damages or as a compromise settlement.

(9) Any other payments the board determines not to be “creditable compensation.”

(d) An employer or individual who knowingly or willfully reports compensation in a manner inconsistent with subdivision (a) or (c) may be subject to prosecution for fraud, theft, or embezzlement in accordance with the Penal Code. The system may establish procedures to ensure that compensation reported by an employer is in compliance with this section.

Source: Teacher’s Retirement Law Vol. 1 January 1, 2018

(e) For purposes of this section, remuneration shall be considered paid if distributed to any person in the same class of employees who meets the qualifications or requirements specified in a publicly available written contractual agreement, including, but not limited to, a collective bargaining agreement or an employment agreement, as a condition of receiving the remuneration.

(f) This definition of “creditable compensation” reflects sound principles that support the integrity of the retirement fund. Those principles include, but are not limited to, consistent treatment of compensation throughout a member’s career, consistent treatment of compensation among an entire class of employees, consistent treatment of compensation for the position, preventing adverse selection, and excluding from compensation earnable remuneration that is paid to enhance a member’s benefits. The system shall determine the appropriate crediting of contributions between the Defined Benefit Program and the Defined Benefit Supplement Program according to these principles, to the extent not otherwise specified pursuant to this part.

(g) The section shall become operative on July 1, 2002.

(h) This section shall not apply to a member subject to the California Public Employees’ Pension Reform Act of 2013.

Source: Teacher’s Retirement Law Vol. 1 January 1, 2018

§ 22119.3. “Creditable compensation” (2% at 62)

(a) “Creditable compensation” for members who are subject to the California Public Employees’ Pension Reform Act of 2013 means remuneration that is paid each pay period in which creditable service is performed for that position. Creditable compensation shall be paid in cash by an employer to all persons in the same class of employees in accordance with a publicly available written contractual agreement, including, but not limited to, a salary schedule or employment agreement. Creditable compensation shall include:

(1) Remuneration that is paid for the use of sick leave, vacation leave, or an employer-approved compensated leave of absence, except as provided in paragraph (4) of subdivision (b).

(2) Member contributions that are picked up by an employer pursuant to Section 22903 or 22904.

(3) Amounts that are deducted from a member’s remuneration, including, but not limited to, deductions for participation in a deferred compensation plan; deductions to purchase an annuity contract, tax-deferred retirement plan, or insurance program; and contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United States Code.

(4) Notwithstanding paragraphs (6) and (8) of subdivision (c) of Section 7522.34 of the Government Code, remuneration that is paid for creditable service that exceeds one year in a school year.

(b) “Creditable compensation” does not mean and shall not include:

(1) Remuneration that is not paid in cash or is not paid to all persons who are in the same class of employees.

(2) Remuneration that is paid for service that is not creditable service pursuant to Section 22119.5 or 22119.6.

(3) Remuneration that is not paid each pay period in which creditable service is performed for that position.

(4) Remuneration that is paid in exchange for the relinquishment of unused accumulated leave.

(5) Payments, including, but not limited to, those for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement plan, or insurance program; and for contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United States Code when the cost is covered by an employer.

(6) Fringe benefits provided by an employer.

(7) Expenses paid or reimbursed by an employer.

(8) Severance pay, including lump sum and installment payments, or money paid in excess of salary or wages to a member as compensatory damages or as a compromise settlement.

(9) Creditable compensation determined by the system to have been paid to enhance a member’s benefit.

(10) Compensation paid to the member in lieu of benefits provided to the member by the employer or paid directly by the employer to a third party other than the system for the benefit of the member.

(11) Any one-time or ad hoc payments made to a member.

(12) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniform.

(13) Any bonus paid in addition to compensation described in subdivision (a).

(14) Any other payments the board determines not to be “creditable compensation.”

(c) (1) Except for purposes of calculating credited service in the Defined Benefit Program and for reporting compensation earnable on or after January 1, 2013, creditable compensation in any fiscal year shall not exceed:

(A) One hundred twenty percent of the “contribution and benefit base,” as determined under Section 430(b) of the Social Security Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a member whose service is not included in the federal system.

Source: Teacher’s Retirement Law Vol. 1 January 1, 2018

(B) One hundred percent of the “contribution and benefit base,” as determined under Section 430(b) of the Social Security Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a member whose service is included in the federal system pursuant to any changes in state or federal law enacted on or after January 1, 2013.

(2) The system shall adjust the limit based on the annual changes to the Consumer Price Index for All Urban Consumers: U.S. City Average, calculated by dividing the Consumer Price Index for All Urban Consumers: U.S. City Average for the month of February in the fiscal year preceding the adjustment by the Consumer Price Index for All Urban Consumers: U.S. City Average for the month of February of the previous year rounded to the nearest thousandth. Notwithstanding paragraph (1) of subdivision (d) of Section 7522.10 of the Government Code, the adjustment shall be effective annually on July 1, beginning July 1, 2014.

(3) The Legislature reserves the right to modify the requirements of this subdivision with regard to all members subject to this subdivision, except that the Legislature may not modify these provisions in a manner that would result in a decrease in benefits accrued prior to the effective date of the modification.

(4) This subdivision shall apply to compensation paid during the 2013–14 fiscal year and each fiscal year thereafter.

(d) An employer or individual who knowingly or willfully reports compensation in a manner inconsistent with subdivision (a) or (b) may be subject to prosecution for fraud, theft, or embezzlement in accordance with the Penal Code. The system may establish procedures to ensure that compensation reported by an employer is in compliance with this section.

(e) For purposes of this section, remuneration shall be considered paid if distributed to any person in the same class of employees who meets the qualifications or requirements specified in a publicly available written contractual agreement, including, but not limited to, a collective bargaining agreement or an employment agreement, as a condition of receiving the remuneration.

(f) This definition of “creditable compensation” reflects sound principles that support the integrity of the retirement fund. Those principles include, but are not limited to, consistent treatment of compensation throughout a member’s career, consistent treatment of compensation among an entire class of employees, consistent treatment of compensation for the position, preventing adverse selection, and excluding from creditable compensation remuneration that is paid to enhance a member’s benefits. The system shall determine the appropriate crediting of contributions according to these principles, to the extent not otherwise specified pursuant to this part. A presumption by the system that creditable compensation was paid to enhance the member’s benefits may be rebutted by the member or by the employer on behalf of the member. Upon receipt of sufficient evidence to the contrary, a presumption by the system that creditable compensation was paid to enhance the member’s benefits may be reversed.

Source: Teacher’s Retirement Law Vol. 1 January 1, 2018

Pensionable Compensation 2% at 62 – Government Code 7522.34

(a) “Pensionable compensation” of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules, subject to the limitations of subdivision (c).

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) Notwithstanding any other law, “pensionable compensation” of a new member does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member’s retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

(13) (A) Any form of compensation identified that has been agreed to be non-pensionable pursuant to a memorandum of understanding for state employees bound by the memorandum of understanding. The state employer subject to the memorandum of understanding shall inform the retirement system of the excluded compensation and provide a copy of the memorandum of understanding.

(B) The state employer may determine if excluded compensation identified in subparagraph (A) shall apply to non-represented state employees who are aligned with state employees subject to the memorandum of understanding described in subparagraph (A). The state employer shall inform the retirement system of the exclusion of this compensation and provide a copy of the public pay schedule detailing the exclusion.

§ 22115. “Compensation earnable”

(a) “Compensation earnable” means the creditable compensation a person could earn in a school year for creditable service performed on a full-time basis, excluding service for which contributions are credited by the system to the Defined Benefit Supplement Program.

(b) The board may determine compensation earnable for persons employed on a part-time basis.

(c) If service credit for a school year is less than 1.000, compensation earnable shall be the quotient obtained when creditable compensation paid in that year is divided by the service credit for that year, except as provided in subdivision (d).

(d) If a member earns creditable compensation at multiple pay rates during a school year and service credit at the highest pay rate is at least 0.900 of a year, compensation earnable shall be determined as if all service credit for that year had been earned at the highest pay rate. This subdivision shall be applicable only for purposes of determining final compensation. If a member earns creditable compensation at multiple pay rates during a school year and service credit at the highest pay rate is less than 0.900 of a year, compensation earnable shall be determined pursuant to subdivision (c).

(e) If creditable service is not performed on a full-time basis because a member is performing those activities pursuant to subdivision (d) of Section 22119.5, compensation earnable for those activities shall be determined as if the creditable compensation had been earned at the lowest pay rate for other creditable service activities performed by the member for the same employer during the same school year.

(f) (1) Except as provided in subdivision (g), for purposes of determining compensation earnable for a member employed by a community college prior to July 1, 1996, full time shall be defined pursuant to Section 22138.5 and pursuant to Section 20521 of Title 5 of the California Code of Regulations, as those provisions read on June 30, 1996, if application of that definition will increase the compensation earnable or otherwise enhance the benefits of the member.

(2) For purposes of administering this subdivision, the board shall have the authority to do both of the following:

(A) Establish and implement factors and assumptions necessary to calculate and compare the benefits payable under the definition of compensation earnable described in this subdivision. Those factors and assumptions may be based on information reported by the employer, including, but not limited to, all of the following:

- (i)** Base hours.
- (ii)** Actual earnings.
- (iii)** Compensation earnable.

(B) Review member benefit calculations that were performed using the factors and assumptions described in subparagraph (A). If the board determines that an employer failed to identify part-time service performed, the board shall consider that part-time service to be performed in a part-time lecture assignment as defined by the employer. If the board determines by the review of the member benefit calculations that the required information reported by the employer is inaccurate, incomplete, or the factors and assumptions were applied incorrectly, the board may recalculate member benefits using additional factors and assumptions that may include, but are not limited to, all of the following:

- (i)** Base hours.
- (ii)** Actual earnings.
- (iii)** Compensation earnable.

(3) This subdivision shall apply to a member employed by a community college prior to July 1, 1996, if the community college subsequently acts to reduce the minimum standard for full time as described in subdivision (c) of Section 22138.5 for the class of employees, and that community college provides written notice to the system of the act of the community college to reduce that minimum standard.

(4) This subdivision shall not apply to a member employed by a community college that has not reduced the minimum standard as described in subdivision (c) of Section 22138.5.

(g) Subdivision (f) shall not apply to a member subject to the California Public Employees' Pension Reform Act of 2013.

§ 22106.2. “Base days”

“Base days” means the number of days of creditable service required to earn one year of service credit.

§ 22106.3. “Base hours”

“Base hours” means the number of hours of creditable service required to earn one year of service credit.

§ 22138.6. “Full-time equivalent”

“Full-time equivalent” means the days or hours of creditable service that a person who is employed on a part-time basis would be required to perform in a school year if he or she were employed full time in that part-time position.

Source: Teacher's Retirement Law Vol. 1 January 1, 2018

California Public Employee's Pension Reform Act Summary

- Also known as AB340 and PEPRA.
- Created a different retirement formula for employees who are first hired to perform creditable service on or after January 1, 2013. These employees are referred to as 2% at 62 members.
 - Employees who were first hired to perform creditable service before January 1, 2013, are referred to as 2% at 60 members.
- Caps creditable compensation for 2% at 62 members at 120% of social security wages.
 - Employee and employer contributions stop in the fiscal year once the limit has been met.
- Limits the type of compensation that is creditable for 2% at 62 members.
 - Excludes most special compensation from creditable earnings.
 - Allowances.
 - Bonuses.
 - Cash-in-lieu of receiving a benefit.
 - Compensation paid for a specified number of times.
 - Compensation paid for the purpose of enhancing a benefit.
- Allows CalSTRS to establish a different contribution rate for 2% at 62 members.
 - May stay the same or may change annually.
- Prohibits employer paid contributions.
- Limits a district's ability to offer a one-year final compensation to teachers.
 - Final compensation may only be averaged over at least three schools years for 2% at 62 teachers.
 - One-year final compensation may be provided for 2% at 60 members who are classroom teachers (limitations apply).
- Forfeits benefits for all members (2% at 60 and 2% at 62) who are convicted of a felony.
 - Any benefits that a member accrued after committing the felony will be forfeited and contributions will be returned without interest.
 - Any benefits accrued prior to committing the felony remain intact.
- All members who retire on or after January 1, 2013, must wait 180 days before they can return to school employment as retirees.
 - Exemptions exist to bring a STRS retiree back to perform creditable service within the 180 days from retirement.
 - If no exemptions are requested, CalSTRS will reduce the retiree's benefit dollar per dollar.

AB 1381 Pension Reform Act Cleanup Bill

- Extends the definition of a 2% at 60 member to include any person who was a member of a concurrent retirement system on or before December 31, 2012, and performed services in that system within six months of becoming a CalSTRS member.
- For 2% at 60 members: Compensation determined to have been paid to enhance a member's benefits is only creditable to the DBS account.
 - Not creditable for 2% at 62 members.
- For 2% at 62 members: Creditable compensation must be paid each pay period in which service is performed for that position.
- Requires post-retirement earnings to be reported using an annualized full-time compensation earnable.
- Excludes 2% at 62 members from being eligible to retire at age 50 with 30 years of service credit.

The AB340 New Member box will determine what contribution rate will be used when calculating the employee contribution rate. For programming reasons the boxes have a specific default. **It is the district's responsibility to check the appropriate boxes that apply to each new hire and/or new position assignment when the employee is initially set up in Galaxy or assigned to a new position.**

Menu Add / Modify Employee Information

Start | 1. Personal | 2. Education/Experience | 3. Employee Information | 4. Payroll Information | 5. Extra Pay / Leave Info | 6. Positions | 7. Requirements

SSN: 980-06-2860 SEID: 7506825814 Employee Name: ACKLEY, CRYSTAL District: 99 Employee Number: 167288

Employee Positions

Type	Title	Seq	Description
1	923	066	SUB PERMIT TEACHER, MIGRANT HEADSTART
2	212	012	SEASONAL BUS AIDE, MHSP
2	814	019	SUB I/A, MIGRANT HEAD START

Find | Unassign | Assign | *Unassign Date: []

Assign to Position

*Type: [] *Title: [] *Position Start Date: [] *Sequence: []

1. Information | 2. Salary/Retirement | 3. Funding Lines | 4. Position Extra Pay | 5. Evaluations | 6. Reporting | Prime Position

Salary

* Schedule ID: 600 CLASSIFIED EMP-12MO 260 DAYS

Pay Rate: 3,501.320 Column / Row: 11.0 15.5

* FTE Schedule Type Effective Date 0.4375 M 06/26/2017 Edit

Top of Salary Schedule: []

Contract Days: [] Contract Amount: []

* Pay Frequency: 20 * Pay Type: X

Retirement

* Retirement Plan: P1 - PERS EMPLOYER PU - FICA & MEDICARE

* Retirement Account: 60004 - PERS, PLUS SOCIAL SECURITY

AB340 New Member Cost Shared Employer Paid

Employer Paid Rate: [] PERS Pickup (Tax Deferred)

Effective Date: 03/26/2009 Class Code: []

Survivor Benefit: [] Base Hours: [] AB1586 Eligible

Right to Retire (E8372) Qualification Date: []

Encumbrance: Salary: 11488.65 H & W: 0.00 Total: 14898.00

Fixed Charges: 3177.91 Extra Pay: 231.44 Payroll Paid: 3

Values change when the employee's payroll is processed

Save | Cancel | Update | Save | Cancel

Example 1

When an employee is set up in Galaxy with the AB340 box unchecked as shown below:

AB340

AB340 New Member

1. The employee's contributions will be taken at 10.25% for fiscal year 2018-19.
2. The contributions will be employer pickup (employee pays contributions).

Example 2

When an employee is set up in Galaxy with the AB340 New Member box checked as shown below:

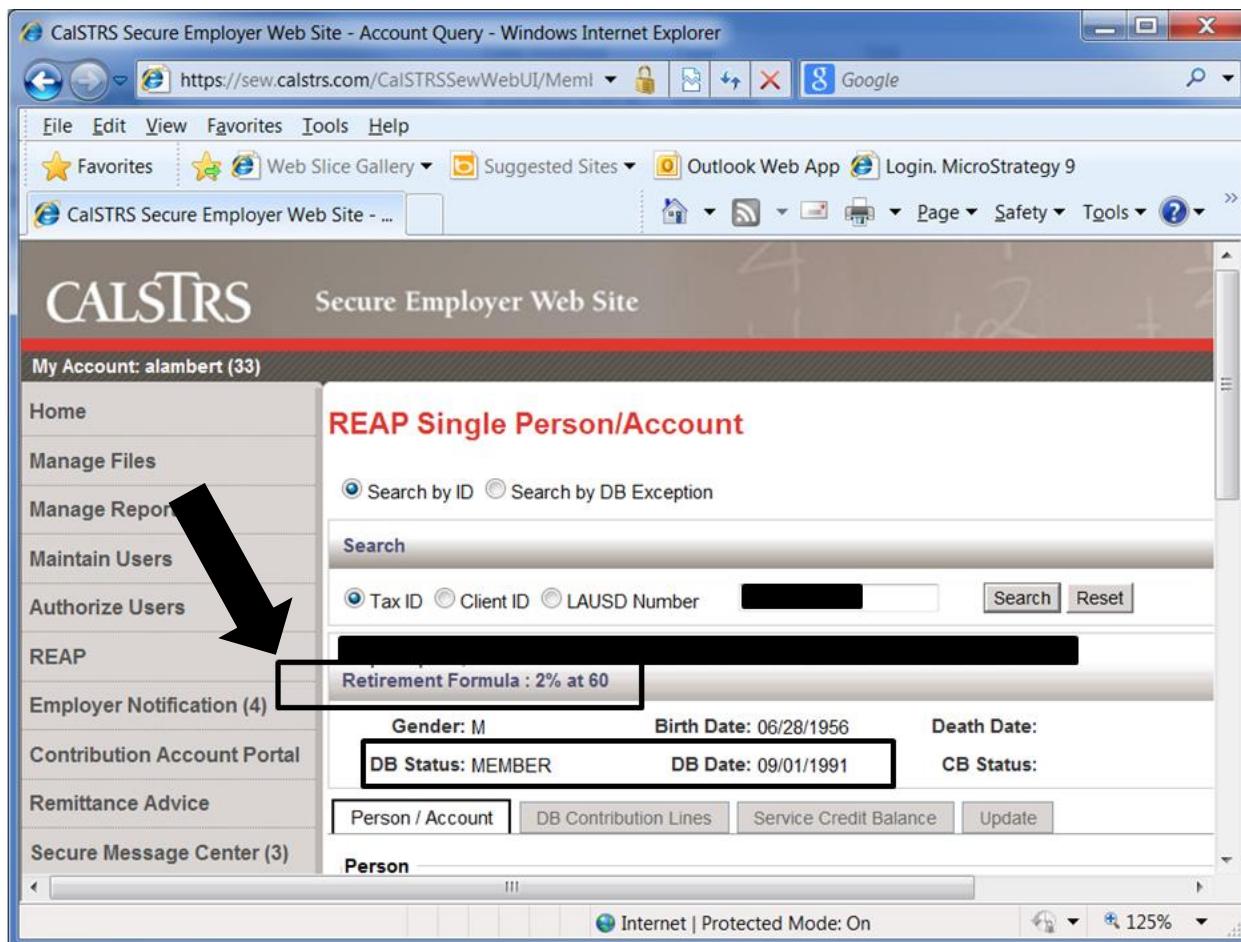


1. The employee's contributions will be taken at 10.205% for fiscal year 2018-19.
2. The contributions will be paid by the employee (employer pickup).

Note:

1. The AB340 New Member box controls which retirement plans are available in the "Retirement Plan" drop down list.
2. The rules for changes made to the AB340 New Member box on the Add/Modify Employee Information screen:
 - a. When a position is saved, the retirement system for the position (PERS, STRS, Alt-FICA, or None) is determined from the retirement code used for the position. Any other position(s) with the same retirement system, held by the employee, will have the AB340 New Member box selection updated automatically by Galaxy to match the position that was saved.

Check the Secured Employer Website (SEW) to determine the employee's retirement formula, 2% at 60 or 2% at 62.



1. The County Office will continue setting up enrollments.
2. All new enrollments set up as of 01/01/2013, will default to the new member formula (2% at 62).
3. If the employee should be considered a “classic” member (2% at 60), the County Office may be able to work with our CalSTRS representative to have the membership date back-dated and the retirement formula changed.
 - a. This will require district documentation to substantiate the hire date.
4. If the request to back-date the employee’s membership effective date is denied, the employee will have to go through the dispute process and work directly with CalSTRS.



California State Teachers'
Retirement System
Executive Office
PO Box 15275
Sacramento, CA 95851-0275
www.CalSTRS.com

December 27, 2012

TO: All County Superintendents of Schools
District Superintendents of Schools
County Offices of Education
Community College Districts
Charter School Administrators and
All Employing Agencies

FROM: Jack Ehnes
Chief Executive Officer

SUBJECT: Employer Directive 2012-07
California Public Employees' Pension Reform Act of 2013

PURPOSE

This directive notifies employers of changes to Education Code and Government Code sections contained in Chapter 296, Statutes of 2012 (AB 340—Furutani), known as the California Public Employees' Pension Reform Act of 2013, that becomes effective January 1, 2013.

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) and Defined Benefit Supplement (DBS) programs.

DISCUSSION

Chapter 296 applies differently to employees depending on when they first became employed to perform activities creditable to CalSTRS.

CalSTRS 2% at 60: First *hired* to a position to perform activities subject to coverage by the DB Program on or before December 31, 2012. An existing member is also someone who may have refunded, reinstated, retired, started as a nonmember or elected to have their creditable service covered by another retirement plan, including Social Security.

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December 27, 2012

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CalSTRS 2% at 62: First *hired* to a position to perform activities subject to coverage by the DB Program on or after January 1, 2013.

ACTION

If you hire a person to perform service that is creditable to the DB Program before January 1, 2013, establish his or her account in the Secure Employer Web site before December 31, 2012. All members with accounts established prior to January 1, 2013 will be under CalSTRS 2% at 60.

Employers will be prohibited from backdating a status date for any CalSTRS 2% at 62 accounts established on or after January 1, 2013.

If a member is defaulted into CalSTRS 2% at 62 in error, please contact your CalSTRS Member Account Services Representative for further instruction.

Compensation Cap

Chapter 296 added section 7522.10 to the Government Code, which establishes a limit on compensation used to calculate benefits for CalSTRS 2% at 62, including compensation credited to the DBS Program. For CalSTRS 2% at 62, the cap on compensation is equal to 120 percent of the 2013 Social Security wage base and will be adjusted annually based on changes to the Consumer Price Index for All Urban Consumers.

Beginning January 1, 2013, the compensation cap for CalSTRS 2% at 62 is \$136,440.

ACTION

CalSTRS 2% at 62:

- Report the full compensation earnable and actual compensation earned.
- Do not submit contributions on compensation over the compensation cap.

Edits implemented in the Secure Employer Web site will prevent employers from submitting contributions to the DB Program for CalSTRS 2% at 62 members whose earnings exceed the cap.

Employers may elect to offer a defined contribution plan for the contributions on salary above the cap to CalSTRS 2% at 62 members. However, the employer contribution rate cannot be greater than the 8.25 percent employer contribution rate for the DB Program.

For members under CalSTRS 2% at 62 who earn more than one year of service credit in a school year, contributions for that compensation will continue to be credited to the DBS Program provided that the compensation does not exceed the compensation cap.

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Creditable Compensation

Chapter 296 added section 22119.3 to the Education Code and added section 7522.34 to the Government Code. These sections define and limit the types of compensation creditable to the DB and DBS programs for CalSTRS 2% at 62 as follows:

1) Creditable compensation is:

- A. The normal monthly rate of pay or base pay of the member;
- B. Paid pursuant to a publicly available pay schedule;
- C. Paid in cash to all persons in the same class of employees on a full-time basis.

For compensation to be creditable, it must be included in the full-time equivalent or specifically identified on a salary schedule or other publicly available document.

2) Creditable compensation paid to CalSTRS 2% at 62 members excludes:

- A. An allowance;
- B. A bonus;
- C. Cash in-lieu of receiving a benefit;
- D. Compensation that is payable for a specified number of times;
- E. Compensation paid for the purposes of enhancing a benefit.

ACTION

For members under CalSTRS 2% at 62, employers cannot report special compensation creditable to the DBS Program only (account code 71) to CalSTRS. Edits implemented in the Secure Employer Web site will prevent employers from submitting special compensation to the DBS Program only for CalSTRS 2% at 62.

Employers may only report compensation paid to CalSTRS 2% at 62 members that meets the definition of creditable compensation under Education Code section 22119.3 and Government Code section 7522.34. Pay schedules may include individual employment contracts or agreements, traditional step and column salary schedules, or other publicly available documentation that delineates pay for a class of employees. Pay schedules must be publicly available, and employers must provide CalSTRS with copies upon request.

Certain payments, such as master's stipends, are considered creditable compensation as long as they are included in the full-time equivalent or specifically identified on a salary schedule or other publicly available document. To report these types of compensation, use the existing contribution code 6 and a new assignment code 72.

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Contribution Rates

Section 7522.30 was added to the Government Code by Chapter 296. This section establishes the contribution rate paid by members under CalSTRS 2% at 62 based on the normal cost of pension benefits. At its November meeting, the Teachers' Retirement Board adopted a normal cost of 15.9 percent for pension benefits under CalSTRS 2% at 62, based on analysis by the system's actuary. Based on this action, the contribution rate paid by a CalSTRS 2% at 62 members will be the same 8 percent rate currently set in statute for CalSTRS 2% at 60 members. There also is no change to the 8.25 percent employer contribution rate for compensation paid for any DB Program member.

Education Code section 22909 allows employers to pay all or a portion of the employee contributions, if that payment is made on behalf of all members in the same class of employees.

However, Chapter 296 prohibits employers from paying employee contributions for CalSTRS 2% at 62 members, unless the prohibition would impair the obligations of an existing contract.

Consequently, if such a contract currently exists, an employer may continue to pay all or a portion of employee contributions until the expiration of that contract, and upon expiration of that contract, may do so only if all members in the class of employees are CalSTRS 2% at 60 members. Employers may, however, continue to "pick-up" their employee's contributions, pursuant to Education Code section 22903, for the purposes of deferring income taxes, as authorized by Internal Revenue Code Section 414(h)(2) and Revenue and Taxation Code Section 17501.

ACTION

Contribution rates for all members, regardless of the benefit structure, and employers remain the same as set forth in Education Code sections 22901, 22950 and 22951. However, member contribution rates for CalSTRS 2% at 62 may change in the future.

Do not pay any portion of the employee contributions for CalSTRS 2% at 62 members unless an existing contract provides for such payment. Continue to pay all or a portion of the employee contributions for CalSTRS 2% at 60 members upon the expiration of that contract or a future contract only if all members in the same class of employees are CalSTRS 2% at 60 members.

Employer Election to Offer One-Year Final Compensation

Currently, Education Code section 22135 gives districts the ability to negotiate with employee organizations to provide one-year final compensation for all classroom teachers, as defined, who meet criteria specified in that section. Under Chapter 296, pursuant to added Government Code section 7522.32, CalSTRS 2% at 62 members' final compensation may only be averaged over at least three school years. Consequently, districts may still negotiate with employee organizations to provide one-year final compensation for CalSTRS 2% at 60 members who are classroom teachers only if all of their classroom teachers in the DB Program who meet the criteria specified in section 22135 are CalSTRS 2% at 60 members.

EMPLOYER DIRECTIVE 2012-07

December 27, 2012

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ACTION

Employers can continue to negotiate with employee organizations to provide one-year final compensation only if all of their classroom teachers in the DB Program who meet the criteria specified in section 22135 are CalSTRS 2% at 60 members.

Members Convicted of a Felony

Chapter 296 adds Government Code sections 7522.72 and 7522.74, which state if any member, regardless of their benefit structure, is convicted of committing a felony in the course of his or her official duties, any benefits that member accrued after committing the felony will be forfeited. Any benefits the member accrued prior to committing the felony will remain intact. Any contributions made by the member to CalSTRS after the date the felony was committed will be returned, without interest.

ACTION

A member convicted of a felony in the course of his or her official duties and the prosecuting agency are required to notify that member's employer within 60 days of the conviction.

The member and the employer are then required to notify CalSTRS within 90 days of the conviction. At a later date, we will provide more information regarding the process to notify CalSTRS of such felony convictions. In the meantime, if you become aware of such a conviction, please contact CalSTRS Legal Office by email at LegalServices@CalSTRS.com or by mail at the following address:

CalSTRS-Legal Services
PO Box 15275, MS #3
Sacramento, CA 95851

Postretirement Employment

Chapter 296 amends Education Code sections 24214 and 24214.5, which affect employers' ability to hire retired teachers and administrators to fill vacancies, depending on when a member retired.

Existing restrictions apply to retirees and members who retire on or before December 31, 2012. New restrictions apply to members who retire on or after January 1, 2013.

CalSTRS will publish a separate employer directive regarding postretirement work, exemptions and earnings limits.

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Other Provisions Affecting Members**Nonqualified Service Credit**

Chapter 296 adds Government Code section 7522.46, which prohibits any member from purchasing nonqualified service credit, also known as airtime, after December 31, 2012. In order for a member to purchase nonqualified service credit, he or she must be vested, and CalSTRS must receive the appropriate CalSTRS form by 5:00 p.m. on December 31, 2012.

Retirement Age and Career Factor

Chapter 296 adds Education Code sections 24202.6, 24202.7 and 24202.8, which make changes to the retirement age for CalSTRS 2% at 62. The normal retirement age for these members is 62 with a 2 percent age factor. The maximum age factor is 2.4 percent at 65 and the minimum age a CalSTRS 2% at 62 member can retire is age 55 with 5 years of service. Additionally, the career factor is eliminated for these members.

Replacement Benefits Program

Chapter 296 adds Government Code section 7522.43, which prohibits CalSTRS 2% at 62 members from receiving any benefits above the federal limit, known as the Replacement Benefits Program.

Retroactive Benefit Increases

Government Code section 7522.44 was added by Chapter 296, which stipulates future benefit enhancements for all members will only apply to service performed on or after the operative date of the improvement.

No employer action is needed for these other provisions affecting members.

If you have any questions, please contact your CalSTRS Member Account Services Representative.



California State Teachers'
Retirement System
Executive Office
PO Box 15275
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March 14, 2014

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 2014-01
Changes to the Teachers' Retirement Law made by Chapter 559, Statutes of 2013,
(Assembly Bill 1381), the Public Employees' Pension Reform Act Conforming
Bill.

PURPOSE

This directive notifies employers of changes to Education Code sections contained in Chapter 559, Statutes of 2013 (AB 1381), that become effective January 1, 2013, or January 1, 2014, as specified.

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 & ACTION

AB 1381 makes various technical and substantive changes to the Teachers' Retirement Law to conform with the provisions of Chapter 296, Statutes of 2012 (AB 340), known as the Public Employees' Pension Reform Act of 2013 (PEPRA).

This employer directive does not take precedence over the law. To view AB 1381 in its entirety, please go to <http://leginfo.legislature.ca.gov>.

If you have any questions regarding this employer directive, please contact your CalSTRS Member Account Services Representative.

Our Mission: Securing the Financial Future and Sustaining the Trust of California's Educators

Employer Directive 2014-01
March 14, 2014
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PROVISIONS AFFECTING DB AND DBS PROGRAMS

Defined Benefit (DB) Membership

Chapter 296, Statutes of 2012 (AB 340), or PEPRA, added Government Code section 7522.02 to distinguish who is considered an existing member subject to the retirement plan that was available on or before December 31, 2012, from a new member who is subject to the provisions set forth in PEPRA.

AB 1381 adds Education Code section 22146.2, operative January 1, 2013, to define a member subject to PEPRA, otherwise known as a CalSTRS 2% at 62 member, as anyone first hired to a position to perform activities subject to coverage by the DB Program on or after January 1, 2013.

Someone *first hired* to perform creditable service prior to 2013 is not subject to PEPRA and is known as a CalSTRS 2% at 60 member.

The new section 22146.2 also defines a DB member not subject to PEPRA as any person who was a member of a concurrent retirement system, pursuant to Education Code section 22115.2, on or before December 31, 2012, and performed service in that system within six months of becoming a CalSTRS member.

A CalSTRS 2% at 60 member also includes someone hired to perform creditable service on or after January 1, 2013, who was *first hired* to perform creditable service prior to 2013 but who refunded, reinstated, retired, started as a nonmember or elected to have their creditable service covered by another retirement plan, including Social Security.

Action:

Employees *first hired* to perform service that is creditable to the DB Program on or after January 1, 2013, who were members of a concurrent retirement system, pursuant to Education Code section 22115.2, on or before December 31, 2012, and who performed service in that system within six months of becoming a CalSTRS member, should be established as CalSTRS 2% at 60 members via the Secure Employer Website (SEW). These members, however, will be defaulted into CalSTRS 2% at 62 unless action is taken.

In order have any membership changed from CalSTRS 2% at 62 to CalSTRS 2% at 60, submit documentation to your CalSTRS Member Account Services Representative to substantiate the employee was hired to perform creditable service prior to January 1, 2013, or that the employee was a member of a concurrent retirement system on or before December 31, 2012, and performed service in that system within six months of becoming a CalSTRS member.

Creditable Compensation for CalSTRS 2% at 60 Members

AB 1381 amends Education Code section 22119.2 to further clarify the definition of creditable compensation for CalSTRS 2% at 60 members, effective January 1, 2014. (Changes are in *italics* below.)

Employer Directive 2014-01

March 14, 2014

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For CalSTRS 2% at 60 members “Creditable compensation” means remuneration *paid* in cash by an employer to all persons in the same class of employees for performing creditable service *in that position*; and includes:

- 1) Salary *or wages* paid in accordance with a *publicly available written contractual agreement, including, but not limited to*, a salary schedule or employment agreement;
- 2) Remuneration paid in addition to salary *or wages*, provided it is *paid* to all persons in the same class of employees in the same dollar amount or same percentage;
- 3) (No change) Remuneration paid for employer-approved leave;
- 4) (No change) Member contributions picked up by an employer, pursuant to Education Code section 22903 or 22904;
- 5) Amounts deducted from the member’s *remuneration*, including, but not limited to, for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement plan or insurance program; and contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United States Code; and
- 6) (No change) Any other payments determined to be “creditable compensation.”

“Creditable compensation” for CalSTRS 2% at 60 members does not include:

- 1) Remuneration not *paid* in cash to all persons in the same class;
- 2) (No change) Remuneration paid for service that is not creditable;
- 3) Remuneration that is paid in addition to salary *or wages* if it is not *paid* to all persons in the same class in the same dollar amount or same percentage;
- 4) Remuneration paid *in exchange for the relinquishment of unused accumulated leave*;
- 5) *Payments* made by an employer, *including, but not limited to*, for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement plan or insurance program; and contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b) or 457(f) of Title 26 of the United States Code;
- 6) (No change) Fringe benefits;
- 7) *Expenses* paid or reimbursed by an employer;
- 8) Severance pay, *including lump-sum and installment payments*, or money paid in excess of salary *or wages* to a member as compensatory damages or as a compromise settlement.

Example: A teacher was wrongfully terminated and, during the process of litigation, was awarded compensatory damages in the form of back wages in the exact amount the teacher would have been paid had he or she never been terminated, plus additional compensation for attorney’s fees. In this case, only the back wages in the exact amount the teacher would have been paid had he or she never been terminated are considered creditable to CalSTRS. The additional compensation awarded for attorney’s fees is not creditable compensation.

- 9) (No change) Any other payments determined to not be “creditable compensation.”

Employer Directive 2014-01

March 14, 2014

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Additionally, section 22119.2 is amended to state that remuneration shall be considered *paid if distributed* to any person *in the same class of employees* who meets the qualifications for receiving the remuneration as specified in a *publicly available written contractual agreement*.

Example: Compensation for obtaining a master's degree is considered paid if distributed to any person in the same class of employees who meets the qualifications. Pursuant to a publicly available written contractual agreement, all full-time teachers are eligible to receive a stipend for having a master's degree; however, only those teachers who meet the qualifications of actually having a master's degree will be paid the stipend. This compensation is creditable even though not all teachers in the same class are paid the stipend.

Section 22119.2 is also amended to include the *consistent treatment of compensation for the position* as one of the sound principles supporting the integrity of the retirement fund. Previously, compensation was excluded from compensation earnable if it was "paid for the principal purpose of enhancing a member's benefits under the plan"; the amended language requires only that the compensation be paid to enhance a member's benefits. Therefore, compensation determined to have been paid to enhance a member's benefits is not creditable to the member's DB account, but it is creditable to the member's DBS account.

Action:

For CalSTRS 2% at 60 members, employers must only report compensation that meets the definition of creditable compensation under Education Code section 22119.2. Written contractual agreements may include individual employment contracts or agreements, traditional step and column salary or pay schedules, or other publicly available documentation that delineates pay for a class of employees. These items must be publicly available, and employers must provide CalSTRS with copies upon request.

Creditable Compensation for CalSTRS 2% at 62 Members

PEPRA added section 22119.3 to the Education Code and section 7522.34 to the Government Code, which defined and limited the types of compensation creditable to the DB and DBS programs for CalSTRS 2% at 62 members.

Effective January 1, 2013, AB 1381 amends Education Code section 22119.3 to reflect the definition of "pensionable compensation" set forth in PEPRA.

For CalSTRS 2% at 62 members, "creditable compensation" means remuneration paid in cash by an employer to all persons in the same class of employees each pay period in which service is performed for that position in accordance with a publicly available written contractual agreement, and includes:

- 1) Remuneration paid for employer-approved leave;
- 2) Member contributions picked up by an employer, pursuant to Education Code section 22903 or 22904;

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- 3) Amounts deducted from the member's remuneration, including, but not limited to, for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement plan or insurance program; and contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b) or 457(f) of Title 26 of the United States Code; and
- 4) Remuneration paid for creditable service in excess of one year in a school year.

"Creditable compensation" for CalSTRS 2% at 62 members does not include:

- 1) Remuneration not paid in cash to all persons in the same class;
- 2) Remuneration paid for service that is not creditable;
- 3) Remuneration not paid each pay period in which creditable service is performed for that position (this is different for CalSTRS 2% at 60 members);
- 4) Remuneration paid in exchange for the relinquishment of unused accumulated leave;
- 5) Payments made by an employer, including, but not limited to, for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement plan or insurance program; and contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b) or 457(f) of Title 26 of the United States Code;
- 6) Fringe benefits;
- 7) Expenses paid or reimbursed by an employer;
- 8) Severance pay, including lump-sum and installment payments, or money paid in excess of salary or wages to a member as compensatory damages or as a compromise settlement;
- 9) Payments determined to have been made to enhance a member's benefit (this is different for CalSTRS 2% at 60 members);
- 10) Cash in-lieu of receiving a benefit;
- 11) One-time or ad hoc payments (this is different for CalSTRS 2% at 60 members);
- 12) An employer-provided allowance, reimbursement or payment, including, but not limited to, one made for housing, vehicle or uniform;
- 13) A bonus (this is different for CalSTRS 2% at 60 members); and
- 14) Any other payments determined to not be "creditable compensation."

Additionally, remuneration shall be considered paid if distributed to any person in the same class of employees who meets the qualifications for receiving the remuneration as specified in a publicly available written contractual agreement.

Also, the sound principles supporting the integrity of the retirement fund for CalSTRS 2% at 60 members are applicable to CalSTRS 2% at 62 members. However, compensation that is paid to enhance a member's benefits is not creditable to either the DB or the DBS program for CalSTRS 2% at 62 members. This presumption may be rebutted by the member or the employer and may be reversed if sufficient evidence to the contrary is received by CalSTRS.

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Action:

Employers must only report compensation paid to CalSTRS 2% at 62 members that meets the definition of creditable compensation under Education Code section 22119.3. Written contractual agreements may include individual employment contracts or agreements, traditional step and column salary or pay schedules, or other publicly available documentation that delineates pay for a class of employees. These items must be publicly available, and employers must provide CalSTRS with copies upon request.

For members under CalSTRS 2% at 62, employers cannot report special compensation creditable to the DBS Program only (account code 71) to CalSTRS. Edits have been implemented in SEW to prevent employers from submitting special compensation to the DBS Program only for CalSTRS 2% at 62.

Certain payments, such as master's stipends, are considered creditable compensation as long as they are included in the full-time equivalent or specifically identified on a salary schedule or other publicly available document. To report these types of compensation, use the existing contribution code 6 and assignment code 72. The special compensation must be paid each pay period in which service was performed.

Cap on Creditable Compensation for CalSTRS 2% at 62 Members

PEPRA added section 7522.10 to the Government Code, which established a limit on compensation used to calculate benefits for CalSTRS 2% at 62 members, including compensation credited to the DBS Program. It also established that for CalSTRS 2% at 62 members, the cap on compensation is equal to 120 percent of the 2013 Social Security wage base and will be adjusted annually based on changes to the Consumer Price Index for All Urban Consumers: U.S. City Average.

AB 1381 amends Education Code section 22119.3 to clarify how the compensation cap for CalSTRS 2% at 62 members shall be adjusted annually and that it is effective on a fiscal year basis.

The compensation cap for CalSTRS 2% at 62 members for July 1, 2013, to June 30, 2014, is \$136,440. The compensation creditable to DB, DBS and CB are combined and subject to a single cap.

CalSTRS will publish a separate employer information circular regarding the compensation cap that will be in effect on July 1, 2014, for CalSTRS 2% at 62 members.

Action:

For CalSTRS 2% at 62 members who meet the compensation cap:

- Continue to report the full compensation earnable and actual compensation earned;
- Do not submit contributions on compensation over the compensation cap.

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Edits will be implemented in SEW to prevent employers from submitting contributions to the DB Program for CalSTRS 2% at 62 members whose earnings exceed the cap. CalSTRS will further discuss the new SEW edits and other compensation cap information in an upcoming employer information circular.

For members under CalSTRS 2% at 62 who earn more than one year of service credit in a school year, contributions for that compensation will continue to be credited to the DBS Program provided that the compensation does not exceed the compensation cap.

Bargained Employer-Paid Member Contributions

AB 1381 amends Education Code section 22909 to prohibit employer-paid member contributions for CalSTRS 2% at 60 members in collective bargaining agreements that are entered into or changed on or after January 1, 2014.

Consistent with PEPRA, groups or classes that contain CalSTRS 2% at 62 members are prohibited from such agreements entered into or changed on or after January 1, 2013, because CalSTRS 2% at 62 members are required to contribute at least 50 percent of the normal cost, pursuant to subdivision (b) of Education Code section 22901.

Employers may continue to “pick-up” their employees’ contributions, pursuant to Education Code section 22903 or 22904, for the purposes of deferring income taxes, as authorized by Internal Revenue Code section 414(h)(2) and Revenue and Taxation Code section 17501.

Action:

Employers can continue to pay all or a portion of employee contributions, as outlined in the collective bargaining agreement, for CalSTRS 2% at 60 members whose bargaining agreements are still in effect as of January 1, 2014. However, employers cannot negotiate new bargaining agreements, or extend, renew or amend current bargaining agreements, to provide employer-paid member contributions for CalSTRS 2% at 60 members.

Bargained One-Year Final Compensation

AB 1381 amends Education Code section 22135 to prohibit one-year final compensation for CalSTRS 2% at 60 members in collective bargaining agreements that are entered into or changed on or after January 1, 2014.

Consistent with PEPRA, CalSTRS 2% at 62 members are not eligible for one-year final compensation pursuant to Government Code section 7522.32.

Action:

Employers can continue to provide one-year final compensation for CalSTRS 2% at 60 members whose collective bargaining agreements are still in effect as of January 1, 2014. However, beginning January 1, 2014, employers cannot enter into new bargaining agreements, or extend, renew or amend current bargaining agreements, to provide one-year final compensation for CalSTRS 2% at 60 members.

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Postretirement Employment Rate of Pay

AB 1381 amends Education Code section 24214 to clarify that the rate of pay for compensation for retired member activities must be annualized to ensure that it is equivalent to the annualized rate of pay of active employees performing comparable duties, effective January 1, 2014.

Action:

Report postretirement earnings using the annualized full-time compensation earnable for employees performing duties comparable to the retired member activities.

Postretirement Employment Earnings Limit

AB 1381 also amends Education Code sections 24214 and 24214.5 to require that the postretirement compensation limits apply to employer contributions to tax-sheltered annuities, tax-deferred retirement plans, insurance programs and other tax-favored products for written agreements entered into, extended, renewed or amended on or after January 1, 2014.

CalSTRS will publish a separate employer directive regarding postretirement work, exemptions and earnings limits.

Other Provisions Affecting DB Members effective January 1, 2013:

Early Retirement (“30 and out”)

AB 1381 amends Education Code section 24203 to exclude CalSTRS 2% at 62 members from being eligible to retire at age 50 with 30 years of service credit.

Reduced Benefit Election (formerly the Limited-Term Reduction Program)

AB 1381 amends Education Code section 24205 to exclude CalSTRS 2% at 62 members from being eligible to elect to retire between the ages of 55 and 60, and receive a reduced benefit for a limited time.

Replacement Benefits Program

AB 1381 adds Education Code section 24252, which prohibits CalSTRS 2% at 62 members from receiving any benefits above the federal limits established each year by Internal Revenue Code Section 415, known as the Replacement Benefits Program.

Action:

No employer action is needed for these provisions.



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Frequently Asked Questions

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Frequently Asked Questions

Retirement Formula Designation

Q1 How do employers know which retirement formula applies to a member?

A1 An indicator is located in REAP that displays retirement formula information per member. In addition, a field on the Match File response file displays the retirement formula information per member.

Q2 If a non-member account was established prior to January 1, 2013 but the employee did not work prior to January 1, 2013, what is his or her retirement formula?

A2 Their retirement formula would be 2% at 60. Any individual with an account prior to January 1, 2013, regardless of membership status or service performed, will have the 2% at 60 retirement formula. Per AB 340, only employees hired to perform creditable service prior to January 1, 2013 are entitled to the 2% at 60 retirement formula.

Q3 If an account was established prior to January 1, 2013 but an employer did not report contribution lines until after January 1, 2013, what formula will the member default into?

A3 This account defaults into the 2% at 60 formula, as long as the transaction was performed prior to January 1, 2013. The retirement formula is set based on the transaction date (the date you perform the REAP or MR87 transaction) not the effective date you set for the account. Reporting contribution lines does not set or change the retirement formula.

Q4 Did employers need to submit reporting lines prior to January 1, 2013 to establish a member with a 2% at 60 retirement formula?

A4 No, if you established an account (member or nonmember) using REAP or the MR87 process prior to January 1, 2013, the account defaulted into the 2% at 60 formula. The retirement formula is set based on the transaction date (the date you perform the REAP or MR87 transaction) not the effective date you set for the account. This is because any employee first hired to perform creditable service on or after January 1, 2013 is subject to the 2% at 62 formula.

Q5 If an account was established on or after January 1, 2013 but the member worked prior to January 1, 2013, can the effective date on the account be backdated prior to January 1, 2013?

A5 Yes, but the effective date cannot be backdated prior to January 1, 2013 through REAP or the MR87 process. If an account is established on or after January 1, 2013 but the member worked prior to January 1, 2013 and this is preventing the employer from submitting their F496 report, the employer must contact their employer services representative to correct the retirement formula and change the effective date on the account.



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Q6 If someone was offered employment in December 2012 but did not work until January 2013 which retirement formula will they default into?

A6 If they were first hired to perform creditable service prior to January 1, 2013 they are entitled to the 2% at 60 retirement formula per the Public Employees' Pension Reform Act of 2013.

Q7 If a person is a CalSTRS member prior to January 1, 2013, refunds and then takes a position on or after January 1, 2013, which retirement formula would apply?

A7 The 2% at 60 retirement formula applies in this case. Anyone hired to perform creditable service prior to January 1, 2013 is a CalSTRS 2% at 60 member, regardless of prior refunds.

Q8 If a person is hired to perform creditable service prior to January 1, 2013, elects CalPERS, terminates the position and is later hired to perform creditable service on or after January 1, 2013 and elects CalSTRS, which retirement formula would apply?

A8 They are entitled to the 2% at 60 retirement formula. Anyone hired to perform creditable service prior to January 1, 2013 is a CalSTRS 2% at 60 member, even if they chose to take that creditable service to CalPERS.

Q9 What documentation does a member need to provide to appeal their retirement formula designation?

A9 CalSTRS requires documentation that substantiates the hire date to perform creditable service in order to change the retirement formula.

Q10 How long does it take to resolve an appeal of a member's retirement formula?

A10 The retirement formula appeal process will quickly and efficiently resolve retirement formula discrepancies. For more information about the member's right to appeal, please refer to the CalSTRS Member Handbook.

Q11 Whose responsibility is it to prove the hire date if a member's retirement formula is incorrect?



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A11 The member is ultimately responsible for providing verification of their hire date. Members can contact CalSTRS at 1-800-228-5453 to initiate an appeal of their retirement formula. In addition, during the first few months following January 1, 2013, CalSTRS anticipates that some members may have been established in error. In these cases, the employer can contact their employer services representative to correct the retirement formula and change the effective date on the account.

Equal Sharing of Pension Costs

Q1 Will changes to contribution rates affect all members (CalSTRS 2% at 60 and CalSTRS 2% at 62)?

A1 No, if contribution rates change under the Public Employees' Pension Reform Act of 2013, it will not affect all members; it will only affect CalSTRS 2% at 62 members. Under the Public Employees' Pension Reform Act of 2013, employees hired to perform creditable service on or after January 1, 2013 (CalSTRS 2% at 62 members) are required to pay 50% of the normal cost of pension benefits.

The member contribution rate remains 8 percent for the 2012-13 Fiscal Year for both CalSTRS 2% at 60 and CalSTRS 2% at 62 members. However, the member contribution rate for CalSTRS 2% at 62 members may change in the future if the normal cost of pension benefits increases or decreases by more than one percent. For CalSTRS 2% at 60 members, the contribution rate is set in statute and can only change by legislative action.

Creditable Compensation, Bonuses and Stipends

Q1 Can a separate pay schedule be created for CalSTRS 2% at 60 members and CalSTRS 2% at 62 members?

A1 No, the retirement formula change does not create a separate class of employees. The same salary schedule must apply to the entire class regardless of retirement formula used.

Q2 Are step increases considered normal monthly pay or base pay?

A2 Yes, step increases are considered normal monthly pay or base pay.



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Q3 As of January 1, 2013, is all special compensation non-creditable for CalSTRS 2% at 62 members?

A3 No, not all special compensation is non-creditable for CalSTRS 2% at 62 members. Certain special compensation is still creditable for CalSTRS 2% at 62 members. In February 2013, CalSTRS will implement assignment code 72 to identify additional compensation for CalSTRS 2% at 62 members. If the compensation is not part of the base pay, this compensation must be reported using a contribution code 6 and assignment code 72. Refer to [Employer Directive 2012-07](#) for more information regarding special compensation for CalSTRS 2% at 62 members.

Q4 If a stipend or other bonus is listed on the salary schedule is this reportable to CalSTRS?

A4 It depends. Compensation that is listed on a publicly available salary schedule that meets the definition of creditable can be reported to CalSTRS. Under the Public Employees' Pension Reform Act of 2013, however, bonuses are specifically not creditable. In February 2013, CalSTRS will implement assignment code 72 to identify additional compensation for CalSTRS 2% at 62 members. If the compensation is not part of the base pay, this compensation must be reported using a contribution code 6 and assignment code 72. Refer to [Employer Directive 2012-07](#) for more information regarding special compensation for 2% at 62 members.

Q5 What special compensation can be reported with assignment code 72?

A5 Certain payments, such as master's stipends, are considered creditable compensation as long as they are included in the full-time equivalent or specifically identified on a salary schedule or other publicly available document. Refer to [Employer Directive 2012-07](#) for more information regarding special compensation for CalSTRS 2% at 62 members.

Q6 Are master's degree stipends reported using contribution code 6 for CalSTRS 2% at 62 members?

A6 Yes, as long as the contribution code 6 line is reported with assignment code 72. In February 2013, CalSTRS will implement assignment code 72 to identify additional compensation for CalSTRS 2% at 62 members. If the compensation is not part of the base pay, this compensation must be reported using a contribution code 6 and assignment code 72. Refer to [Employer Directive 2012-07](#) for more information regarding special compensation for 2% at 62 members.

Q7 Is assignment code 72 valid for both Cash Balance and Defined Benefit?

A7 Yes, special compensation that can be reported for CalSTRS 2% at 62 members applies to both Cash Balance and Defined Benefit.



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Q8 Are there edits in the Secure Employer Website that ensure correct assignment codes are used for CalSTRS 2% at 62 members?

A8 Yes, business rule B114 and B115 ensure assignment code 72 is reported for CalSTRS 2% at 62 members only.

Q9 When reporting special compensation for 2% at 62 members will there be an edit in the Secure Employer Website that monitors the total amount of compensation reported?

A9 Yes, an edit will be implemented that monitors the total amount of special compensation reported for CalSTRS 2% at 62 members. Since special compensation is limited for CalSTRS 2% at 62 members, the threshold will be set much lower than the current \$15,000 limit set for CalSTRS 2% at 60 members.

Q10 Can employers add a bonus or stipend, that currently is not creditable to CalSTRS for the CalSTRS 2% at 62 members, to the salary schedule and make it part of the base pay?

A10 Yes, you can add a stipend or a bonus to a salary schedule to make it part of the base pay. The Public Employees' Pension Reform Act of 2013 states that the normal monthly pay or base pay is considered creditable to CalSTRS. If a bonus or stipend is added to the base pay it would be reportable to CalSTRS. However, a salary schedule change of this nature must apply to the entire class of employees. You cannot create a separate salary schedule for CalSTRS 2% at 62 members.

Cap on Compensation

Q1 If a member reaches the cap, is the employer required to pay contributions over the cap to Social Security and/or establish a separate Defined Benefit (DB) plan?

A1 No, CalSTRS members do not pay into Social Security, therefore, employers are not required to pay contributions over the cap to Social Security. Nor can employers establish a separate DB plan. However, the Public Employees' Pension Reform Act of 2013 does allow, but does not require, employers to contribute to a defined contribution plan for compensation above the cap. Beginning January 1, 2013, the cap on compensation for CalSTRS 2% at 62 members is \$136,440.

If an agreement exists between an employer and its employees that a retirement supplement must be provided on compensation above a cap, CalSTRS is not aware of the details and cannot comment on how it should be implemented, except that per the Public Employees' Pension



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Reform Act of 2013, any retirement supplement above the cap must be a defined contribution plan and the rate of employer contribution to such a plan cannot exceed 8.25 percent.

Q2 Is the cap on compensation based on a calendar year or fiscal year?

A2 Per the Public Employees' Pension Reform Act of 2013, the cap on compensation is based on a calendar year. However, CalSTRS is seeking legislative changes to base the cap on a fiscal year.

Q3 Does the compensation cap apply to Cash Balance participants?

A3 No, the Public Employees' Pension Reform Act of 2013 does not apply to Cash Balance. However, CalSTRS is pursuing legislation to apply the Public Employees' Pension Reform Act of 2013 requirements to the Cash Balance Benefit Program.

Q4 Does CalSTRS or the employer monitor the cap on compensation?

A4 Ideally, each employer should monitor the compensation reported to CalSTRS to prevent reporting problems. However, CalSTRS will be implementing a running balance, visible in REAP, of compensation reported to CalSTRS. This display can be used to monitor compensation reported to CalSTRS per member.

In addition, Defined Benefit business rules will evaluate the amount of contributions reported and prevent contributions from being submitted in excess of the compensation cap. The business rules allow for no contributions for members that meet the compensation cap.

Q5 If a member works for multiple districts and reaches the compensation cap, how will CalSTRS determine which district to accept contributions from?

A5 For members working in multiple districts, reporting will be accepted based on the transmittal date of the F496 report. Once CalSTRS accepts reporting from one district which causes the member to meet the compensation cap, contributions will not be accepted for any subsequent reporting regardless of district.

Q6 If an employee works for multiple districts in the same county and the compensation cap is met based on the cumulative total of two or more contribution lines on the same F496 file how will the system treat each individual line?

A6 CalSTRS is determining how the system will treat this scenario. This question will be updated when a solution is determined.



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Q7 For subsequent year adjustment reporting for 2% at 62 members, will the compensation apply to the compensation cap for the fiscal year represented on the contribution lines or the fiscal year in which the contribution lines were received by CalSTRS?

A7 Compensation will apply to the fiscal year represented on the contribution lines. For example, if a contribution line is reported to CalSTRS in September 2014 (fiscal year 2014/2015) but the service period is for June 2014 (fiscal year 2013/2014), the compensation would apply to the cap for fiscal year 2013/2014.

Three-year Final Compensation

Q1 Does the three-year final compensation provision of the Public Employees' Pension Reform Act of 2013 affect CalSTRS 2% at 60 members?

A1 No, the three-year final compensation provision of the Public Employees' Pension Reform Act of 2013 does not affect CalSTRS 2% at 60 members. The three-year final compensation provisions only apply to members hired on or after January 1, 2013, CalSTRS 2% at 62 members. CalSTRS 2% at 60 members are still eligible for one-year and three-year final compensation.

Q2 Does the three-year final compensation provision affect CalSTRS 2% at 62 members that are entitled to employer paid one-year final comp per their employment agreement?

A2 Yes, the three-year final compensation provision supersedes any existing employment agreement. CalSTRS 2% at 62 members are subject to three-year final compensation regardless of their employment agreement.

Post Retirement Earnings Limitation

Q1 Does the 180-day post retirement earnings provision apply to members who retire before January 1, 2013?

A1 Yes, members who retire prior to January 1, 2013 are subject to the 180-day zero-dollar earnings limitation if they are under normal retirement age. Education Code section 24214.5 requires any retiree who retires prior to January 1, 2013, and who is under normal retirement age (age 60), to wait 180-days from the date of their retirement, or turn age 60, before returning to perform creditable service in order to avoid a reduction in his or her benefit. If a retiree who



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retires prior to January 1, 2013 is at or above age 60, he or she is not subject to the 180-day break from service.

Q2 What exemptions to the 180-day zero dollar earnings limitation apply to 2% at 60 members versus 2% at 62 members?

A2 For all members who retire after January 1, 2013 and who are at or above normal retirement age (age 60 for CalSTRS 2% at 60 members, and age 62 for CalSTRS 2% at 62 members), an exemption can be requested if all of the following conditions are met:

- The appointment is necessary to fill a critically needed position
- The governing body of the employer approves the appointment through a resolution adopted at a public meeting.
- The retired member did not receive any financial inducement to retire.
- The retired member's termination of service was not the cause of the need to acquire the services of the member.
- The exemption request and documentation required are received by CalSTRS prior to any service being performed.

If approved, this exemption only applies to the zero-dollar earnings limit.

Q3 What exemptions to the annual postretirement earnings limitation apply to 2% at 60 members versus 2% at 62 members?

A3 For the 2012-13 and 2013-14 school years only, there is an exemption for all retired members who are at or above normal retirement age (age 60 for CalSTRS 2% at 60 members, and age 62 for CalSTRS 2% at 62 members) and who are appointed by a county superintendent of schools, the California Community Colleges Board of Governors, the State Board of Education or the State Superintendent of Public Instruction to specified positions to assist schools that are experiencing specific academic or fiscal distress. CalSTRS must receive the exemption request and required documentation substantiating a member's eligibility before the member begins working. The member is not eligible for this exemption if he or she has received a retirement incentive in the previous six months.

If approved, this exemption only applies to the annual postretirement earnings limit.



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CalSTRS System Changes

Q1 When will CalSTRS implement the Match File changes (the indicator for CalSTRS 2% at 60 and CalSTRS 2% at 62)?

A1 The indicator on the Match file was added on January 1, 2013. The response field length still remains 30 characters long.

Q2 Can employers submit contribution lines with service periods prior to the effective date on a CalSTRS account?

A2 No, member contribution lines cannot precede the effective date on the CalSTRS account. These lines will receive a correction required error in SEW. Nonmember contribution lines also cannot precede the effective date on the CalSTRS account.

Q3 What other items in the Public Employees' Pension Reform Act of 2013 is CalSTRS seeking clarification on?

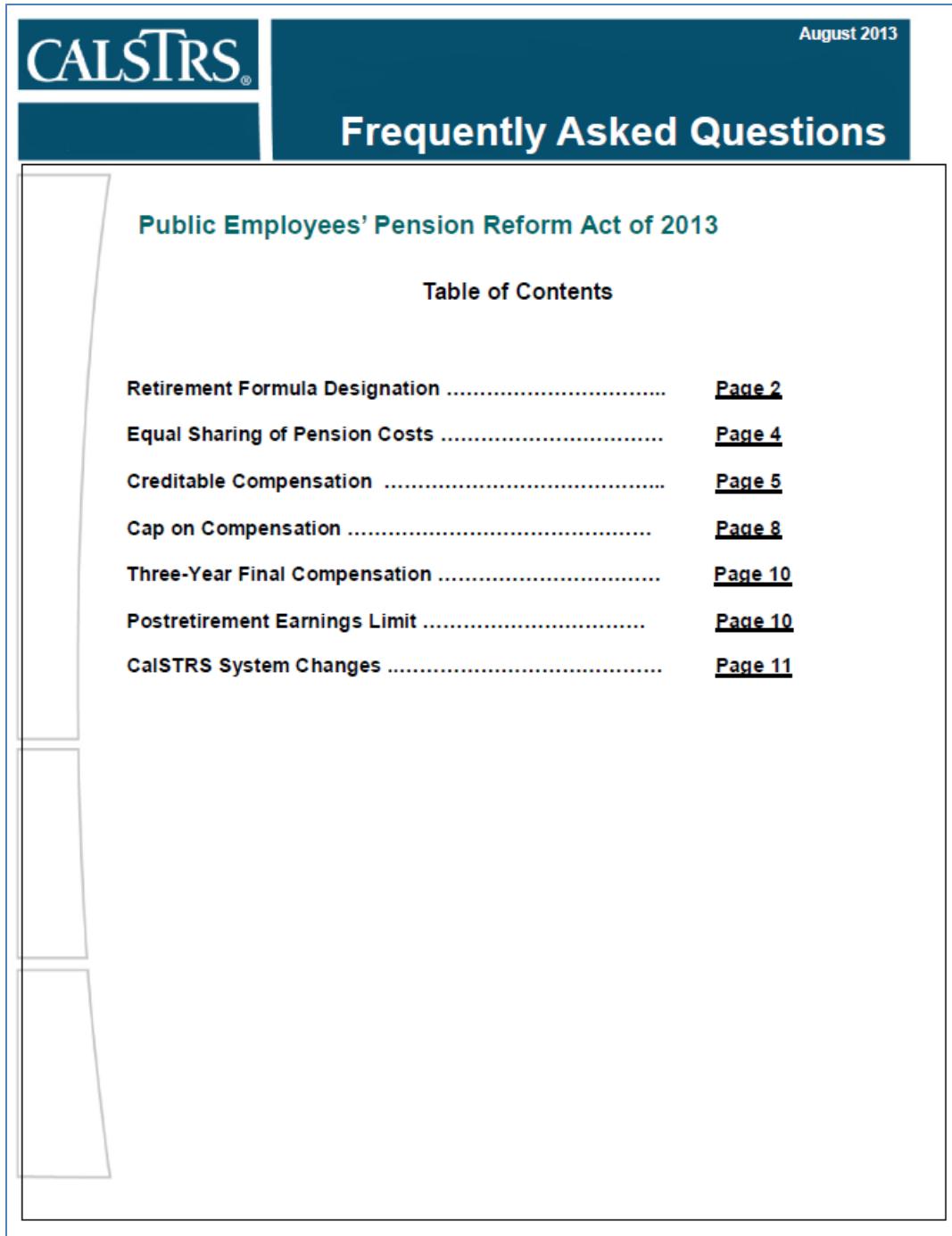
A3 CalSTRS is pursuing numerous points of legislation to clarify and conform the Teachers' Retirement Law to Pension Reform. CalSTRS is pursuing legislation on:

- Allowing for CalSTRS members who were members of a concurrent retirement system prior to January 1, 2013, to be designated as CalSTRS 2% at 60 members if they performed service under that retirement system in the six months prior to performing CalSTRS creditable service;
- Changing the compensation cap to be based on a fiscal year instead of calendar year;
- Applying the Public Employees' Pension Reform Act of 2013 requirements to the Cash Balance Benefit Program;
- Allowing for bargained for employer-paid member contributions for 2% at 60 members;
- Allowing for bargained for one-year final compensation for 2% at 60 members;
- Clarifying the limits on types of creditable compensation.

CalSTRS will notify employers when updates occur that impact employer reporting. Regularly check the announcements on the SEW home page for updates.

Q4 Will there be a new assignment code to differentiate between 2% at 60 and 2% at 62 members?

A4 No, not at this time. CalSTRS is researching this requirement and may consider this for a future release. CalSTRS will update this FAQ question if this answer changes.



The image shows a page from the CalSTRS website. At the top left is the CalSTRS logo. To the right of the logo is a dark blue header bar with the text "August 2013" in white. Below the header bar is a large white section containing the title "Frequently Asked Questions" in a bold, black, sans-serif font. Underneath this title, the text "Public Employees' Pension Reform Act of 2013" is displayed in a smaller, bold, black font. Below this, the "Table of Contents" is listed in a standard black font. The table of contents includes the following items:

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Frequently Asked Questions

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Retirement Formula Designation

Question	Answer
How do employers know which retirement formula applies to a member?	An indicator is located in REAP that displays retirement formula information per member. In addition, a field on the Match File response file displays the retirement formula information per member.
If a non-member account was established prior to January 1, 2013 but the employee did not work prior to January 1, 2013, what is his or her retirement formula?	Their retirement formula would be 2% at 60. Any individual with an account prior to January 1, 2013, regardless of membership status or service performed, will have the 2% at 60 retirement formula. Per AB 340, only employees hired to perform creditable service prior to January 1, 2013 are entitled to the 2% at 60 retirement formula.
If any account was established prior to January 1, 2013 but an employer did not report contribution line until after January 1, 2013, what formula will the member default into?	This account defaults into the 2% at 60 formula. The retirement formula is set based on the date the account was established (in this case, prior to January 1, 2013). Reporting contribution lines does not set or change the retirement formula.
Did employers need to submit reporting lines prior to January 1, 2013 to establish a member with a 2% at 60 retirement formula?	No, if you established an account (member or nonmember) using REAP or the MR87 process prior to January 1, 2013, the account defaulted into the 2% at 60 formula. The retirement formula is set based on the transaction date (the date you perform the REAP or MR87 transaction) not the effective date you set for the account. This is because any employee first hired to perform creditable service on or after January 1, 2013 is subject to the 2% at 62 formula.
If an account was established on or after January 1, 2013 but the member worked prior to January 1, 2013, can the effective date on the account be backdated prior to January 1, 2013?	Yes, but the effective date cannot be back dated prior to January 1, 2013 through REAP or MR87 process. If an account is established on or after January 1, 2013 but the member worked preventing the employer from submitting their F496 report, the employer must contact their employer services representative to correct the retirement formula and change the effective date on the account.
If someone was offered employment in December 2012 but did not work until January 2013 which retirement formula will they default into?	If they were first hired to perform creditable service prior to January 1, 2013 they are entitled to the 2% at 60 retirement formula per the Public Employee's Pension Reform Act of 2013.

Question	Answer
If a person is a CalSTRS member prior to January 1, 2013, refunds and then takes a position on or after January 1, 2013 which retirement formula would apply?	If they were first hired to perform creditable service prior to January 1, 2013 they are entitled to the 2% at 60 retirement formula per the public employees' pension reform act of 2013.
If a person is hired to perform creditable service prior to January 1, 2013, elects CalPERS, terminates the position and is later hired to perform creditable service on or after January 1, 2013 and elects CalSTRS, which retirement formula would apply?	The 2% at 60 retirement formula applies in this case. Anyone hired to perform creditable service prior to January 1, 2013 is CalSTRS 2% at 60, regardless of prior refunds
What documentation does a member need to provide to appeal their retirement formula designation?	They are entitled to the 2% at 60 retirement formula. Anyone hired to perform creditable service to January 1, 2013 is a CalSTRS 2% at 60, even if they chose to take that creditable service to CalPERS.
How long does it take to resolve an appeal of a member's retirement formula?	CalSTRS requires documentation that substantiates the hire date to perform creditable service in order to change the retirement formula.
Whose responsibility is it to prove the hire date if a member's retirement formula incorrect?	The retirement formula appeal process will quickly and efficiently resolve retirement formula discrepancies. For more information about the members' right to appeal, please refer to the CalSTRS Member handbook.

Equal Sharing of Pension Costs

Question	Answer
Will changes to contribution rates affect all members (CalSTRS 2% at 60 and CalSTRS 2% at 62)?	No, if contribution rates change under the Public Employees' Pension Reform Act of 2013, it will not affect all members; it will only affect CalSTRS 2% at 60. Under the Public Employees' Pension Reform Act of 2013, employees hired to perform creditable service on or after January 1, 2013 (CalSTRS 2% at 62) are required to pay at least 50% of the normal cost rate of the Defined Benefit plan. The member contribution rate remains 8 percent for the 2013-2014 Fiscal Year or both CalSTRS 2% at 60 and CalSTRS 2% at 62. However, the member contribution rate for CalSTRS 2% at 62 may change in the future if the normal cost of the plan increases or decreases by more than one percent. For CalSTRS 2% at 60, the contribution rate is set in statute and can only change by legislative action.

Creditable Compensation

Question	Answer
Can a separate pay schedule be created for CalSTRS 2% at 60 and CalSTRS 2% at 62?	No, the retirement formula does not create a separate class of employees. The same salary must apply to the entire class.
Are step increases considered normal monthly pay or base pay?	Yes, step increases are considered normal monthly pay or base pay.
As of January 1, 2013, is all special compensation non-creditable for CalSTRS 2% at 62?	No, not all special compensation is non-creditable for CalSTRS 2% at 62. Certain special compensation is still creditable for CalSTRS 2% at 60. Refer to Employer Directive 2012-07 for more information regarding special compensation for CalSTRS 2% at 62.
If a stipend or other bonus is listed on the salary schedule is this reportable to CalSTRS?	It depends. If the stipend or other bonus is a publicly available salary schedule and it meets the definition of creditable compensation it can be reported to CalSTRS. Under the Public Employees' Pension Reform Act of 2013, however, bonuses are specifically not creditable for 2% at 62. For 2% at 62, if the stipend is not part of the base pay, the stipend must be reported using a contribution code 6 and assignment code 72. Refer to Employer Directive 2012-07 for more information regarding special compensation for 2% at 62.
What special compensation can be reported with assignment code 72?	Certain payments, such as master's stipends, are considered creditable compensation as long as they are included in the base pay or specifically identified on a salary schedule or other publicly available document. Refer to Employer Directive 2012-07 for more information regarding special compensation for CalSTRS 2% at 62.
Are master degree stipends reported using contribution code 6 for CalSTRS 2% at 62?	Yes, as long as the contribution code 6 line is reported with assignment code 72. If the compensation is not part of the base pay, this compensation must be reported using a contribution code 6 and assignment code 72. Refer to Employer Directive 2012-07 for more information regarding special compensation for 2% at 62.
Is assignment code 72 valid for both Cash Balance and Defined Benefit?	Yes, special compensation that can be reported for CalSTRS 2% at 62 applies to both Cash Balance and Defined Benefit.

Question	Answer
Are there edits in the Secure Employer Website that ensure correct assignment codes are used for CalSTRS 2% at 62?	Yes, edit code MO-B114-CC6 reported member has a 2% at 62 and the assignment code is not 72, and edit MO-B115- contribution line is coded with assignment code 72 and the member has a 2% at 60 formula.
When reporting special compensation for 2% at 62, will there be an edit in the Secure Employer Website that monitors the total amount of compensation reported?	Yes, an edit will be implemented that monitors the total amount of special compensation reported for CalSTRS 2% at 62. Since special compensation is limited for CalSTRS 2% at 62, the threshold will be set much lower than the current \$15,000 limit set for CalSTRS 2% at 60.
Can employers add a bonus or stipend that currently is not creditable to CalSTRS for the CalSTRS 2% at 62, to the salary schedule and make it part of the base pay?	Yes, you can add a stipend or a bonus to a salary schedule to make it part of the base pay. The Public Employees' Pension Reform Act of 2013 states that the normal monthly pay or base pay it would be reportable to CalSTRS. However, a salary schedule change of this nature must apply to the entire class of employees. You cannot create a separate salary schedule for CalSTRS 2% at 62.

Creditable Compensation

Question	Answer
If a member reaches the cap, is the employer required to pay contributions over the cap to Social Security and/or establish a separate Defined Benefit (DB) Plan?	No, CalSTRS members do not pay into Social Security, therefore, employers are not required to pay contributions over the cap to Social Security. Nor can employers establish a separate DB plan, However, the Public Employee's Pension Reform Act of 2013 does allow, but does not require, employers to contribute to a defined contribution plan for compensation above the cap. Beginning January 1, 2013, the cap on compensation for CalSTRS 2% at 62 is \$136,440. If an agreement exists between an employer and its employees that a retirement supplement must be provided on compensation above a cap, CalSTRS is not aware of the details and cannot comment on how it should be implemented, except that per the Public Employees' Pension Reform Act of 2013, any retirement supplement above the cap must be a defined contribution plan and rate of employer contribution to such a plan cannot exceed 8.25 %
Is the cap on compensation based on a calendar year or fiscal year?	Per the Public Employees' Pension Reform Act of 2013, the cap on compensation is based on a calendar year. However, CalSTRS is seeking legislative changes to base the cap on a fiscal year.

Question	Answer
Does the compensation cap apply to Cash Balance participants?	No, the Public Employees' Pension Reform Act of 2013, the cap on compensation is based on a calendar year. However, CalSTRS is pursuing legislation to apply the Public Employees' Pension Reform Act of 2013 requirements to the Cash Balance Benefit Program.
Does CalSTRS or the employer monitor the cap on compensation?	Ideally each employer should monitor the compensation reported to CalSTRS. However, CalSTRS will be implementing a running balance, visible REAP, of compensation reported to CalSTRS. This display can be used to monitor compensation reported to CalSTRS per member. In addition, future Defined Benefit business rules may evaluate the amount of contributions reported and prevent contributions from being submitted in excess of the compensation cap.
If a member works for multiple districts and reaches the compensation cap, how will CalSTRS determine which district to accept contribution from?	We are in the process of developing the business requirements to implement this and will provide more information as we progress with the implementation.
If an employee works for multiple districts in the same county and the compensation cap is met based on the cumulative total of two or more contribution lines on the same F496 file how will the system treat each individual line?	CalSTRS is determining how the system will treat this scenario. This question will be updated when a solution is determined.
For subsequent year adjustment reporting for 2% at 62, will the compensation apply to the compensation cap for the fiscal year represented on the contribution line or the fiscal year in which the contribution lines were received by CalSTRS?	Compensation will apply to the fiscal year represented on the contribution line as reported to CalSTRS in September 2014 (fiscal year 2014/2015) but the service period is for June 2014 (fiscal year 2013/2014), the compensation would apply to the cap for fiscal year 2013/2014.

Three-year Final Compensation

Question	Answer
Does the three-year final compensation provision of the Public Employees' Pension Reform Act of 2013 affect CalSTRS 2% at 60?	No, the three-year final compensation provision of the Public Employees' Pension Reform Act of 2013 does not affect compensation provisions only apply to members hired on or after January 1, 2013, CalSTRS 2% at 62. CalSTRS 2% at 60 are still eligible for one-year and three-year final compensation.
Does the three-year final compensation provision affect CalSTRS 2% at 62 that are entitled to employer paid one-year final comp per their employment agreement?	Yes, the three-year final compensation provision supersedes any existing employment agreement. CalSTRS 2% at 62 are subject to three-year final compensation regardless of their employment agreement.

Post Retirement Earning Limitations

Question	Answer
Does the 180-day post retirement earnings provision apply to members who retire before January 1, 2013?	Yes, members who retire prior to January 1, 2013 are subject to the 180-day zero-dollar earnings limitation if they are under normal retirement age. Education Code section 24214.5 requires any retiree who retire prior to January 1, 2013, and who is under normal retirement age (age 60), to wait 180-days from the date of their retirement, or turn age 60, before returning to perform creditable service in order to avoid a reduction in his or her benefit. If a retiree who retires prior to January 1, 2013 is at or above age 60, he or she is not subject to the 180-day break service.
What exemptions to the annual postretirement earnings limitation apply to 2% at 60 members versus 2% at 62 members?	For the 2012-13 and 2013-14 school years only, there is exemption for all retired members who are at or above normal retirement age (age 60 for CalSTRS 2% at 60, and age 62 for CalSTRS 2% at 62) and who are appointed by a county superintendent of schools, the California Community Colleges Board of Governors, the State Board of Education or the State Superintendent of Public Instruction to specified positions to assist schools that are experiencing specific academic or fiscal distress. CalSTRS must receive the exemption request and required documentation substantiating a member's eligibility before the member begins working. The member is not eligible for this exemption if he or she has received a retirement incentive in the previous six months. If approved, this exemption applies to the annual postretirement earnings limit.

CalSTRS System Changes

Question	Answer
When will CalSTRS implement the Match File changes (the indicator for CalSTRS 2% at 60 and CalSTRS 2% at 62)?	The indicator on the Match file was added on January 1, 2013. The respond field length still remains 30 characters long.
Can employers submit contribution lines with service periods prior to the effective date on a CalSTRS account?	No, member contribution lines cannot precede the effective date on the CalSTRS account. These lines will receive a correction required error in SEW. Nonmember contribution lines also cannot precede the effective date on the CalSTRS account.

Question	Answer
What other items in the Public Employees' Pension Reform Act of 2013 is CalSTRS seeking clarification on?	<p>CalSTRS is pursuing numerous points of legislation to clarify and conform the Teachers' Retirement Law to Pension Reform. CalSTRS is pursuing legislation on:</p> <ul style="list-style-type: none"> • Allowing for CalSTRS members who were members of concurrent retirement system prior to January 1, 2013, to be designated as CalSTRS 2% at 60 if they performed service under that retirement system in the six months prior to performing CalSTRS creditable service; • Changing the compensation cap to be based on a fiscal year instead of calendar year; • Applying the Public Employees' Pension Reform Act of 2013 requirements to the Cash Balance Benefit Program; • Allowing for bargained for employer-paid member contributions for 2% at 60; • Allowing for bargained for one-year final compensation for 2% at 60 members; • Clarifying the limits on types of creditable compensation.
Will there be a new assignment code to differentiate between 2% at 60 and 2% at 62 members?	No.

Creditable Compensation Regulations Summary

The Creditable Compensation Regulations cover members under the 2% at 60 retirement formula. The rules and regulations affecting 2% at 62 members are covered by the Pension Reform Act of 2013.

The Creditable Compensation Regulations became effective January 1, 2015, and cover:

- Class of employees.
- Creditable compensation.
- Remuneration in addition to salary.
- Consistent treatment of compensation.
- Appropriate crediting of contributions to the Defined Benefit and Defined Benefit Supplement Program.

Two main areas that affected districts were the reclassification of certain stipends and the disallowance of certain types of payments as creditable items.

Department chair and coaching stipends were previously considered special compensation (did not generate service credit). The Creditable Compensation Regulations now treat these payments and all outgrowth activities as salary on the basis that the employee is performing additional service in order to receive these wages (does generate service credit).

Special compensation, such as longevity and master stipends, that is received and is not tied to the performance of additional service is considered remuneration in addition to salary (assuming all requirements are met).

Automobile and housing allowances as well as cash in lieu of benefits are no longer creditable items, but can be restructured into an employee's contract and treated as consistent compensation if the contract is restructured before January 1, 2016.

District Fiscal Services made several changes in Galaxy to comply with the new regulations. Payroll adjustment codes were modified and districts informed of the changes.

Please refer to the final regulations for a complete description of all areas affected. The final regulation text can be found in the CalSTRS website: <http://www.calstrs.com>.



Employer Information Circular

Volume 30; Issue 5

December 10, 2014

Creditable Compensation Regulations Effective January 1, 2015

The purpose of this circular is to alert employers that on January 1, 2015, CalSTRS Creditable Compensation Regulations, Sections 27200 through 27602 of Chapter 2, Division 3, Title 5 of the California Code of Regulations become effective. The regulations clarify Education Code sections 22112.5, 22119.2 and 22905 and apply to CalSTRS 2% at 60 members.

Class of Employees

Education Code section 22112.5 defines class of employees. It states, in part, that a "class of employees" means a number of employees considered as a group because they are employed to perform similar duties, are employed in the same type of program, or share other similarities related to the nature of the work being performed.

Section 27300 of the regulations clarifies similar duties and type of program. Job duties grouped within each paragraph outlined in Education Code section 22119.5(a)(1)-(9) and (b) are similar. A program is any educational program established under state or federal law.

CalSTRS did not clarify other similarities related to the nature of the work in the regulations. The regulations do not affect CalSTRS' ability to override an employer's determination of a class of employees.

In addition, Education Code section 22112.5 states a class of employees may be comprised of one person if no other person employed by the employer performs similar duties, is employed in the same type of program, or shares other similarities related to the nature of the work being performed and that same class is in common use among other employers. Section 27300 of the regulations clarifies common use means the same class is in use by at least two other employers throughout the state.

Section 27301 of the regulations prohibits the establishment of a class of employees based on any of the following:

- Retirement benefit formula or retirement program;
- Minimum or maximum threshold for age or service credit;
- Characterization or structure of compensation;
- Option or requirement to work a longer or shorter day, or more or fewer days per year, performing similar job duties, except as provided in the Education Code section 22138.5 for community college instructors; or
- Performing only outgrowth activities.

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Creditable Compensation

Education Code section 22119.2 defines creditable compensation. The law states remuneration paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position is creditable compensation. The law also states that both of the following are creditable:

- Salary paid in accordance with a publicly available written contractual agreement; and
- Remuneration paid in addition to salary provided that it is paid to everyone in the same class of employees and in the same amount or percentage.

Section 27400 of the regulations clarifies what compensation is considered salary. To be considered salary, the compensation must be all of the following:

- Paid in cash for the performance of creditable service;
- Explicitly characterized as salary on a contract, salary schedule or employment agreement;
- Used as the basis for future pay increases; and
- Paid without a requirement for proof of expenditure.

If compensation is paid for any outgrowth activities identified in Education Code section 22119.5(a)(6), it does not have to be the basis for future pay increases to still be considered salary.

Additionally, since salary is compensation for the performance of creditable service, the employer must establish a compensation earnable for all assignments for which an employee will earn salary.

If any compensation is restructured as salary, and it meets all four characteristics of salary outlined above, CalSTRS considers that compensation to be salary on the effective date of the restructure regardless of how the compensation was previously paid or characterized.

Section 27401 of the regulations clarifies compensation that is considered remuneration in addition to salary. The compensation must be paid in cash in accordance with a publicly available written contractual agreement, and the compensation is not associated with the performance of additional service. Remuneration in addition to salary is compensation that either meets a qualification or requirement on the list below or is paid contingent upon the availability of funds.

- Possession or an attainment of a certificate, license, special credential or advanced degree;
- Career or service longevity;
- Hiring, transfer or retirement;
- Employment in a position that is hazardous or difficult to staff;
- Employment in an assignment in which the number of students enrolled exceeds the contractual amount; or
- Achievement of a performance benchmark.

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Compensation that meets the definition of remuneration in addition to salary is creditable to CalSTRS and reportable as special compensation.

Compensation Paid a Limited Number of Times

Education Code section 22905 requires contributions on certain types of compensation be credited to the Defined Benefit Supplement Program. Section 27602 of the regulations clarifies contributions on compensation that is not ongoing and is contingent upon either the availability of funds or meeting specified qualifications or requirements are creditable to the Defined Benefit Supplement Program only.

Noncreditable Compensation

Education Code section 22119.2(c) defines compensation that is not creditable. Sections 27501 and 27502 of the regulations define fringe benefit and an expense paid or reimbursed by an employer. Below are types of compensation that are noncreditable compensation:

- Automobile allowances;
- Cash in lieu of benefits; and
- Housing allowances.

Additionally, Section 27500 of the regulations states that compensation that is contingent on the purchase of any items listed in Education Code section 22119.2(a)(5) is deemed to be covered by the employer, and therefore, it is noncreditable compensation. If an employer offers compensation for the purchase of a Tax Sheltered Annuity, it would be deemed covered by the employer and considered noncreditable compensation.

Appropriate Crediting of Contributions

Education Code section 22119.2(f) provides CalSTRS with the authority to determine whether compensation is consistent throughout a member's career, consistent amongst an entire class of employees or consistent for a position. If CalSTRS determines compensation is inconsistent, it will determine which portion of the compensation is creditable to the Defined Benefit Program and the Defined Benefit Supplement Program.

Section 27600 states that seven years, ending with the last day used to calculate final compensation, is generally the period of time that CalSTRS will review to determine if an increase in compensation is consistent. For a member with three-year consecutive or one-year final compensation, this means that CalSTRS will review his or her compensation for the year he or she retired and the immediately preceding six years.

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When CalSTRS determines an increase in compensation is inconsistent, the employer or member may rebut the determination by providing substantiating documentation that the increase was attributable to one or more of the specific circumstances listed in Section 27600 of the regulations:

- A restructure of compensation that is a permanent change.
- A salary deferral due to a reduction in school funds.
- A commensurate percentage increase in compensation earnable for the majority of members employed by the same employer.
- A change in duties required of the employee that is incorporated in the first contract for the immediate successor to the position.
- An increase in responsibility of the employee that is incorporated in the first contract for the immediate successor to the position.
- Attainment of an educational or performance benchmark.
- An increase that establishes pay parity.
- A commensurate compensation earnable for the immediate successor or predecessor.
- More education or experience than the immediate predecessor.
- An increase in compensation that is required to recruit for a position which is directly responding to a specific time-bound financial crisis, as defined in the regulations.

For example, if CalSTRS inquires about an unusual increase in pay prior to an individual's retirement and the employer can demonstrate that the job responsibilities for that position were expanded because of a permanent change in the employer's business practice that was continued for the next person to hold that position, that would be viewed by CalSTRS as a consistent pay increase.

In another example, if the employer provides documentation demonstrating that an individual was promoted to a new position and that the predecessor to that position earned a similar amount, that would generally be viewed as consistent, unless the employer shows a pattern of promoting individuals into this position just prior to retirement. If CalSTRS determines that there is a pattern of assignment of duties or responsibilities by an employer to employees during the final compensation period, the additional compensation for those duties is presumed to be inconsistent.

The contributions on compensation increases presumed to be inconsistent will be allocated to the Defined Benefit Supplement Program. Compensation that does not exceed 150 percent of the median increase in compensation earnable earned by a broader population, as defined in the regulations, will be creditable to the Defined Benefit Program. Any compensation in excess of that amount will be allocated to the Defined Benefit Supplement Program.

Additionally, a restructure of compensation that does not meet the criteria of being permanent is presumed to be inconsistent, and the contributions on the restructured compensation will be credited to the Defined Benefit Supplement Program, even if the increase in compensation is less than 150 percent of the median increase of the applicable population.

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CalSTRS will presume a restructure of compensation to be inconsistent if it is:

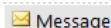
- Negotiated after January 1, 2016, and is outside of the employer's standard bargaining or employment contract timeframes; or
- Implemented for a class of one and is not negotiated in the first contract for the immediate successor in that position.

For complete information, please refer to the Creditable Compensation Regulations at calstrs.com/general-information/creditable-compensation.

Creditable Compensation Regulations Changes to Galaxy**DFS-NOTIFY**

❶ You forwarded this message on 1/12/2015 11:27 AM.
This message was sent with High importance.

Sent: Mon 1/12/2015 9:51 AM
To: jeff.hinshaw@alvord.k12.ca.us; cbagnara@banning.k12.ca.us; cmeza@beaumontusd.k12.ca.us; msalcedo@cvusd.us; antonio.raymo@cvusd.us; nguith@gmail.com; tammiedye@eaglemtnschool.com; karen.stone@desertsands.us; carol.cole@leusd.k12.ca.us; lynne.fargo@leusd.k12.ca.us; pbuckhou@hemetusd.org; Afogerty@hemetusd.org; krussell@jusd.k12.ca.us; cgarcia@jusd.k12.ca.us; ggebauer@menifeeusd.org; pgillette@menifeeusd.org; dcherry@murrieta.k12.ca.us; smatusek@murrieta.k12.ca.us; jcrabtree@nuview.k12.ca.us; ehernandez@psusd.us;
Cc: Ana Lambert; Ellen Yufa; Steve Leland; Celeste Baldonado; Frances Davenport; Debbie Van Holland; Shabana Berket; Lisa Hopkins; Nancy Sheets

 Message  Creditable Compensation Regulations- Galaxy Modifications.pdf (621 KB)
 Galaxy Extra Pay and Payroll Adjustment Codes- January 2015.xlsx (45 KB)

Subject: Changes in CalSTRS effective January 1, 2015

PLEASE FORWARD THIS DFS-NOTIFY TO THE APPLICABLE STAFF. YOU ARE THE ONLY CONTACT AT YOUR DISTRICT RECEIVING THIS EMAIL.

Good Morning:

The attached document summarizes the changes that were made to the extra pay and payroll adjustment codes to meet the new requirements of the Creditable Compensation Regulations. This new coding structure will be effective with the 7A payroll and should be used for any payment of earnings to certificated staff paying into STRS for service performed on or after January 1, 2015.

This is essential information for your payroll and personnel departments--please share with your staff.

If you have any questions, please contact the STRS retirement unit in District Fiscal Services, Ellen Yufa or Ana M. Lambert at (951) 826- 6538.

Thank you,

Ana M. Lambert, Coordinator
District Fiscal Services/Payroll & Retirement
Division of Administration and Business Services
Riverside County Office of Education
(951) 826-6538
FAX: [951] 826-6961

Creditable Compensation Regulations

This summary is only intended to provide guidance on the changes that will be implemented in Galaxy to accommodate the new CalSTRS mandates related to creditable compensation.

The Creditable Compensation Regulations address additional items that are not discussed in this notification. The complete regulations have been discussed and presented in several forums to district payroll and personnel staff as well as district administrators.

The complete official regulations can be found at calstrs.com/general-information/creditable-compensation

The Employer Information Circular Volume 30; Issue 5 "Creditable Compensation Regulations Effective January 1, 2015" is also available for your reference.

As previously discussed, District Fiscal Services intends to streamline and organize in a more logical way the Payroll Adjustment and Extra Pay Codes that are available for district use. We intend to have this new structure ready for use with the 2015 – 16 fiscal year. DFS will work closely together with our districts during this process. We intend to have a committee to assist in this process.

In the meantime, our office attempted to make the least amount of changes possible to the current list of Payroll Adjustment and Extra Pay Codes. It was unavoidable that changes had to be made in order to meet the new requirements. Please remember that the creditable compensation regulations only apply to 2% at 60 members. Further adjustments may be needed for 2% at 62 members as compensation is reviewed in more detail.

All earnings reported to CalSTRS must meet the specific criteria defined by CalSTRS and the new regulations in order to be considered creditable compensation. Districts must assure this first validation is made before any of the Payroll Adjustment or Extra Pay Codes that are available in Galaxy are used.

The new coding structure should be used beginning with the 7A payroll. Please contact our office if you have any questions regarding these changes.

Ana M Lambert, Coordinator

District Fiscal Services

Riverside County Office of Education

Creditable Compensation Regulations

Most provisions of the Creditable Compensation Regulations are effective for service performed on or after January 1, 2015 and apply to CalSTRS 2% at 60 members. Amongst the items addressed are Salary, Remuneration in Addition to Salary and Non-Creditable Compensation.

Salary

For earnings to be considered salary that is creditable compensation to CalSTRS, they must meet all of the following four characteristics:

- Paid in cash for performance of creditable service
- Explicitly characterized as "salary" on contract, agreement or salary schedule
- Subject to pay increases
 - Exception-stipends for outgrowth activities
- Paid without requirement for proof of expenditure

Outgrowth Activities

If an employer provides additional compensation in exchange for performing activities described in paragraph (6) of subdivision (a) of Section 22119.5 of the Education Code, the additional compensation is for additional service and must be reported with a compensation earnable or restructured into salary. If restructured into salary, then the compensation must also be subject to pay increases. These activities are commonly known as "outgrowth activities" and include such things as:

- Department chair
- Mentor teacher
- Coaching

In the past, these activities may have been reported as stipends that did not earn additional service credit. Because employees are performing additional duties to earn these stipends, these activities will now earn additional service credit.

Walk-On coach activities have been allowed as reportable compensation to CalSTRS if the employee was an active STRS member. This is no longer the case. Outgrowth activities like coaching can only be reported for employees who also perform creditable service for the same employer.

Creditable Compensation Regulations

Galaxy Changes for Reporting Outgrowth Activities

The existing list of Extra Pay Codes was reviewed and the following items have been identified as fitting the description of an outgrowth activity and/or lump sum payment. Earnings paid with these extra pay codes will be reported to CalSTRS with the employee's annual pay rate for his main contract assignment.

Outgrowth Activities and Lump Sum Payments (for the Performance of Additional Credit)								
Extra Pay Code	Extra Pay Code Description	Employee / Position	Affects Actual Pay Rate	Cash Option Flag	Uniform Allowance Flag	Old Adj. Code (STRS)	New STRS Adj. Code	Treat As:
4	SUPERVISORY	P	Y	N	N	620	320	FTE Annual Pay for the Position
6	SP ED AIDE STIPEND	P	Y	N	N	620	320	FTE Annual Pay for the Position
8	ATHLETIC DIRECTOR	P	N	N	N	420	320	FTE Annual Pay for the Position
12	SHORTHAND	P	Y	N	N	620	320	FTE Annual Pay for the Position
16	BILINGUAL STIPEND	E	N	N	N	620	320	FTE Annual Pay for the Position
17	BILINGUAL/CROSS CULTURAL	P	Y	N	N	620	320	FTE Annual Pay for the Position
18	SUPERVISORY	E	N	N	N	620	320	FTE Annual Pay for the Position
19	HEAD COACH	P	N	N	N	420	320	FTE Annual Pay for the Position
20	ASST COACH	P	N	N	N	420	320	FTE Annual Pay for the Position
21	DEPT CHAIR	E	N	N	N	420	320	FTE Annual Pay for the Position
22	DEPT CHAIR	P	N	N	N	420	320	FTE Annual Pay for the Position
23	LEAD/HEAD TEACHER	P	Y	N	N	620	320	FTE Annual Pay for the Position
25	OTHER	E	N	N	N	520	320	FTE Annual Pay for the Position
26	DRAMA	P	N	N	N	420	320	FTE Annual Pay for the Position
27	BAND	P	N	N	N	420	320	FTE Annual Pay for the Position
28	CHORAL	P	N	N	N	420	320	FTE Annual Pay for the Position
29	SPECIAL ASSIGNMENT	P	N	N	N	620	320	FTE Annual Pay for the Position
33	READING LAB TEACHER	P	N	N	N	620	320	FTE Annual Pay for the Position
35	ADDITIONAL DUTIES	E	N	N	N	520	320	FTE Annual Pay for the Position
36	MENTOR TEACHER	P	N	N	N	620	320	FTE Annual Pay for the Position
39	PROGRAM SPECIALIST	P	N	N	N	620	320	FTE Annual Pay for the Position
44	ADVISOR - RELEASE TIME	E	N	N	N	420	320	FTE Annual Pay for the Position
65	CURRICULUM COACH	P	N	N	N	420	320	FTE Annual Pay for the Position
70	BILINGUAL STIPEND/ORAL	P	Y	N	N	620	320	FTE Annual Pay for the Position
71	BILINGUAL STIPEND/WRITTEN	P	Y	N	N	620	320	FTE Annual Pay for the Position
72	BILINGUAL STIPEND/INTERMITTENT	P	Y	N	N	620	320	FTE Annual Pay for the Position
74	CONTACT TEACHER	P	N	N	N	520	320	FTE Annual Pay for the Position
78	HEALTHCLERK	P	Y	N	N	520	320	FTE Annual Pay for the Position
79	BILINGUAL STIPEND/ORAL	E	Y	N	N	620	320	FTE Annual Pay for the Position
99	OTHER	P	N	N	N	520	320	FTE Annual Pay for the Position

Creditable Compensation Regulations

If outgrowth activities and lump sum payments are paid with a payroll adjustment code instead of an extra pay code, the following range of payroll adjustment codes may be used. Each district has the ability to assign its own district specific code description. Earnings will be reported to CalSTRS with the employee's annual pay rate for his main contract assignment.

Adjustment Code	County Description	District Description Override?	Member Retirement Pay Rate Reported to STRS	Effect on Payroll	Affects Service Credit?	+ / - Service Credit
320 - 369	Outgrowth Activities and Lump Sum Payments	Yes	FTE Annual Pay for the Position	+	Yes	+
370 - 379	Outgrowth Activities and Lump Sum Payments	Yes	FTE Annual Pay for the Position	+	Yes	+

Earnings for outgrowth activities for employees who do not perform creditable service for the district are not creditable to STRS and should be paid with a non-creditable payroll adjustment code. The following range of payroll adjustment codes may be used. Each district has the ability to assign its own district specific code description.

Adjustment Code	County Description	District Description Override?	Member Retirement Pay Rate Reported to STRS	Effect on Payroll	Affects Service Credit?	+ / - Service Credit
960 - 969	Non-Creditable Payments	Yes	Not reported: Non-creditable	+	No	N/A
970	Non-Creditable Adjustment	Yes	Not reported: Non-creditable	-	No	N/A
971 - 979	Non-Creditable Payments	Yes	Not reported: Non-creditable	+	No	N/A

[Outgrowth Activities for Substitute Employees](#): Official determination is still pending on this issue. As of now, for K-12 districts, once a substitute teacher is performing creditable service for the same employer, in that district and within the fiscal year, their coaching activities can be reported to CalSTRS whether they are currently substituting or not. However, they have to perform creditable service first before the outgrowth activities can be considered creditable. There is currently no guidance for community college reporting.

Creditable Compensation Regulations

Remuneration in Addition to Salary

Earnings not associated with the performance of additional service, is considered remuneration in addition to salary and is creditable if it is:

- Paid in cash in accordance with a publicly available written contractual agreement
- Paid to all persons who are in a class of employees, in the same dollar amount, same percentage of salary or same percentage of amount being distributed
- Paid for meeting a qualification or requirement or
- Paid contingent upon the availability of funds

Examples of remuneration in addition to salary:

- Possession/attainment of a certificate/license, advanced degree or special credential
- Career or service longevity
- Lottery pay
- Bonus paid upon hire or transfer
- Employment in an assignment in which the number of students enrolled exceeds the contractual amount

This compensation may be restructured into salary or it may still be reported separately as special compensation but does not accumulate additional service credit. Remuneration in addition to salary may be creditable to the Defined Benefit (DB) or the Defined Benefit Supplement (DBS) program depending upon whether or not the payment is ongoing. A payment is creditable to the DBS program if it is not ongoing because the number of times paid is specified in law or in a contract or the compensation is not scheduled to continue

Creditable Compensation Regulations

Galaxy Changes for Remuneration in Addition to Salary that is Ongoing

The existing list of Extra Pay Codes was reviewed and the following items have been identified as fitting the description of remuneration in addition to salary. Remuneration in addition to salary that is ongoing and meets the criteria listed above can be paid with these extra pay codes. These items will continue to be reported as special compensation and no additional service credit will be earned. For reporting purposes, these are contribution code 6 lines (CC6) and the pay rate equals the earnings amount.

Remuneration In Addition to Salary (Not Associated with the Performance of Additional Service Credit)								
Extra Pay Code	Extra Pay Code Description	Employee / Position	Affects Actual Pay Rate	Cash Option Flag	Uniform Allowance Flag	Old Adj. Code (STRS)	New STRS Adj. Code	Treat As:
14	MASTER'S DEGREE	E	N	N	N	620	Same	CC6- Pay Rate Equals Earnings
30	LONGEVITY	E	Y	N	N	620	Same	CC6- Pay Rate Equals Earnings
31	LONGEVITY	E	N	N	N	620	Same	CC6- Pay Rate Equals Earnings
32	LONGEVITY	P	Y	N	N	620	Same	CC6- Pay Rate Equals Earnings
37	DOCTORATE	E	N	N	N	620	Same	CC6- Pay Rate Equals Earnings
41	LONGEVITY/YEAR EIGHT	E	Y	N	N	620	Same	CC6- Pay Rate Equals Earnings
42	LONGEVITY/YEAR TEN	E	Y	N	N	620	Same	CC6- Pay Rate Equals Earnings
43	LONGEVITY/YEAR FIFTEEN	E	Y	N	N	620	Same	CC6- Pay Rate Equals Earnings
60	CLEAR CREDENTIAL/SPECIAL EDUC	P	N	N	N	620	Same	CC6- Pay Rate Equals Earnings
61	CREDENTIAL SPEECH THERAPIST	P	N	N	N	620	Same	CC6- Pay Rate Equals Earnings
62	PERMIT TEACHER/SH CENTER	P	N	N	N	620	Same	CC6- Pay Rate Equals Earnings
64	FULL CRED+BA-MINIMUM	P	N	N	N	620	Same	CC6- Pay Rate Equals Earnings
75	LEVEL I PARAPROFESSIONAL	P	Y	N	N	620	Same	CC6- Pay Rate Equals Earnings
76	LEVEL II PARAPROFESSIONAL	P	Y	N	N	620	Same	CC6- Pay Rate Equals Earnings
77	LEVEL III PARAPROFESSIONAL	P	Y	N	N	620	Same	CC6- Pay Rate Equals Earnings
82	BACHELOR'S DEGREE	P	N	N	N	620	Same	CC6- Pay Rate Equals Earnings

If a payroll adjustment code is used to pay the above items instead of the extra pay code, the existing range of payroll adjustment codes below may be used. Each district has the ability to assign its own district specific code description. Only earnings that fit the description of ongoing remuneration in addition to salary should be paid using this range of codes:

Adjustment Code	County Description	District Description Override?	Member Retirement Pay Rate Reported to STRS	Effect on Payroll	Affects Service Credit?	+ / - Service Credit
620 - 669	Bonus / Special Compensation / Allowance	Yes	CC6-Pay Rate Equals Earnings	+	No	N/A

Creditable Compensation Regulations

Galaxy Changes for Remuneration In Addition to Salary that is not Ongoing

Remuneration in addition to salary that is not ongoing but still meets the definition of creditable earnings should be paid with a payroll adjustment codes since there are no existing extra pay codes associated with this type of payment. Each district has the ability to assign its own district specific code description:

Adjustment Code	County Description	District Description Override?	Member Retirement Pay Rate Reported to STRS	Effect on Payroll	Affects Service Credit?	+ / - Service Credit
920 - 929	Special Compensation - DBS Only	Yes	CC6- Pay Rate Equals Earnings	+	No	N/A

See
correction
below

Note: For 2% at 62 members, employers cannot report special compensation creditable to the DBS program only. These types of payments are not creditable to CalSTRS and should be paid with any of the following non-creditable adjustment code:

Adjustment Code	County Description	District Description Override?	Member Retirement Pay Rate Reported to STRS	Effect on Payroll	Affects Service Credit?	+ / - Service Credit
960 - 969	Non-Creditable Payments	Yes	Not reported: Non-creditable	+	No	N/A
970	Non-Creditable Adjustment	Yes	Not reported: Non-creditable	-	No	N/A
971 - 979	Non-Creditable Payments	Yes	Not reported: Non-creditable	+	No	N/A



Correction: The 920 – 929 codes can be used to pay compensation that is paid to 2% at 62 members. The code has been programmed so contributions are not taken from earnings paid to employees with a 2% at 62 benefit formula

Creditable Compensation Regulations

Non-Creditable Compensation

The following items are no longer creditable for 2% at 60 members effective with service performed as of January 1, 2015. Districts may still pay this compensation to their employees but the earnings will no longer be reported to CalSTRS.

Compensation for these items can be restructured into salary and become creditable compensation. If compensation is restructured into salary, then the compensation is subject to pay increases. Non-creditable payments include:

- An allowance to purchase benefits
- Fringe benefits such as a housing allowance
- Expenses paid or reimbursed by an employer
- Business allowances
- Phone allowances
- Auto allowances
- Cash option

Galaxy Changes for Non-Creditable Compensation

The existing list of Extra Pay Codes was reviewed and the following items have been identified as fitting the description of non-creditable compensation. These extra pay codes will no longer be reported to CalSTRS:

Non-Creditable Compensation								
Extra Pay Code	Extra Pay Code Description	Employee / Position	Affects Actual Pay Rate	Cash Option Flag	Uniform Allowance Flag	Old Adj. Code (STRS)	New STRS Adj Code	Treat As:
45	HOUSING ALLOWANCE	E	N	N	N	620	960	Non-Creditable Item
50	CASH OPTION	E	N	Y	N	620	960	Non-Creditable Item
51	CASH OPTION	P	N	Y	N	620	960	Non-Creditable Item
52	CASH OPTION	P	N	Y	N	620	960	Non-Creditable Item
63	BUSINESS ALLOWANCE NONACNTABLE	E	N	N	N	620	960	Non-Creditable Item
66	BUSINESS ALLOWANCE NONACNTABLE	P	N	N	N	620	960	Non-Creditable Item
67	CELL PHONE STIPEND NONACNTABLE	P	N	N	N	620	960	Non-Creditable Item
68	CELL PHONE STIPEND NONACNTABLE	E	N	N	N	620	960	Non-Creditable Item
69	AUTOMOBILE ALLOWANCE	P	N	N	N	620	960	Non-Creditable Item

Creditable Compensation Regulations

If these non-creditable earnings are paid with a payroll adjustment code instead of the extra pay code, the following range of payroll adjustment codes may be used. Each district has the ability to assign its own district specific code description. Earnings will not be reported to CalSTRS.

Adjustment Code	County Description	District Description Override?	Member Retirement Pay Rate Reported to STRS	Effect on Payroll	Affects Service Credit?	+ / - Service Credit
960 - 969	Non-Creditable Payments	Yes	Not reported: Non-creditable	+	No	N/A
970	Non-Creditable Adjustment	Yes	Not reported: Non-creditable	-	No	N/A
971 - 979	Non-Creditable Payments	Yes	Not reported: Non-creditable	+	No	N/A

Additional Galaxy Changes

Adjustment Code	Previous County Description	New County Description
220 - 269	Stipend Time Based Without Release Time	Time Based Additional Assignments

No change on the usage of the above codes; only the county description was changed but each district has the ability to assign its own district specific code description.

These codes should be used to pay additional duties that are based on a predetermined hourly or daily rate. Galaxy will use the hourly/daily rate to calculate the FTE equivalent.

For example, if the additional assignment is paid at a daily rate of \$210 and the salary schedule associated with the payment of this assignment lists 175 days for the fiscal year, then the FTE is calculated at \$36,750 (\$210 per day X 175 days)

Adjustment Code	Previous County Description	New County Description
380 - 389	Stipend Non-Time Based Without Release Time-No Other Employer	Do not Use

The above codes should no longer be used for reporting only coaching activities for employees who are STRS members employed at a different district. Outgrowth activities can only be reported for employees who are also performing creditable activities with the same employer.

Creditable Compensation Regulations

Adjustment Code	Previous County Description	New County Description
420 - 469	Stipend Non-Time Based With Release Time	Outgrowth Activities and Lump Sum Payments

The description of the codes will be changed and earnings paid with these codes will no longer be reported as special compensation where the pay rate equals the earnings. These codes will be redirected to behave like 320 – 379 codes since these are lump sum payments not associated with a time based rate (hourly/daily). If earnings are paid based on a predetermined hourly/daily rate, then these codes should not be used; a code in the 220 – 269 range should be used. The description of the code will also be changed.

Adjustment Code	Previous County Description	New County Description
520 - 569	Stipend Additional Duties	Time Based Additional Assignments

The description of the codes will be changed and earnings paid with these codes will no longer be reported as special compensation where the pay rate equals the earnings. These codes will be redirected to behave like 220 – 269 codes since these codes are associated with performance of additional duties and assume payment on a predetermined hourly/daily rate. An FTE equivalent will be required. If earnings are being paid as a lump sum amount and a predetermined hourly/daily rate is not applicable, then a code in the 320 – 379 or 420 - 469 range should be used.

Extra Pay Code	Extra Pay Code Description	Employee / Position	Affects Actual Pay Rate	Cash Option Flag	Uniform Allowance Flag	Adj. Code (STRS)	New STRS Adj. Code	Treat As
2	CONFIDENTIAL	P	Y	N	N	620	Contact DFS-Case by case basis	
5	ISOLATION PAY	P	Y	N	N	620	Contact DFS-Case by case basis	
9	NON-TRADITIONAL WORKWEEK	P	N	N	N	620	Contact DFS-Case by case basis	
10	CSEA PROFESSION GROWTH	E	N	N	N	620	Contact DFS-Case by case basis	
11	PROFESSIONAL GROWTH	E	N	N	N	620	Contact DFS-Case by case basis	
13	ISOLATION PAY	E	N	N	N	620	Contact DFS-Case by case basis	
73	MULTI SITE	P	N	N	N	620	Contact DFS-Case by case basis	

If you have employees who have been assigned any of the above extra pay codes, please contact our office. Determining if these payments are creditable will be based on a review of the employee's contract or bargaining agreement.

Administrative Leave

CalSTRS would consider compensation paid while someone is on administrative leave as creditable service pursuant to Education Code 22119.2(a)(3):

“Remuneration that is paid for the use of sick leave, vacation, and other employer-approved leave, except as provided in paragraph (4) of subdivision (c).”

Paragraph (4) of subdivision (c): Remuneration that is paid in exchange for the relinquishment of unused accumulated leave.

Retirement Incentives

Retirement incentives paid before employees separate from their employing districts are creditable.

Retirement incentives paid after employees separate from their employing districts are not creditable.

Settlement Payments

Settlement payments are usually not creditable since they are not issued for the performance of creditable service. The district may request a review of the settlement by CalSTRS by submitting the agreement to the STRS Unit in DFS. Note: settlements should be processed through payroll and are subject to all applicable taxes.

Defined Benefit Program (DB) Contribution Rates

EMPLOYEE FORMULA	FY 15-16 (Effective July 1, 2015)		FY 16-17 (Effective July 1, 2016)		FY 17-18 (Effective July 1, 2017)		FY 18-19 (Effective July 1, 2018)	
	EMPLOYEE RATE	EMPLOYER RATE						
2% at 60	9.200%	10.730%	10.250%	12.580%	10.250%	14.430%	10.250%	16.280%
2% at 62	8.560%	10.730%	9.205%	12.580%	9.205%	14.430%	10.205%	16.280%

Defined Benefit Supplement (DBS) Program Contribution Rates

EMPLOYEE FORMULA	UP TO FY 17-18 (Effective July 1, 2017)		FY 18-19 (Effective July 1, 2018)	
	EMPLOYEE RATE	EMPLOYER RATE	EMPLOYEE RATE	EMPLOYER RATE
2% at 60	8.000%	8.250%	8.000%	8.250%
2% at 62	8.000%	8.250%	9.000%	8.250%

Please note the increase in employee contribution rate for FY 18-19 for 2% at 62 members.

DBS contribution rates are set in statute for 2% at 60 members; 8% of the employer contribution is credited to the member's DBS Program account and 0.25% goes to the DB Program to pay for the cost of service credit for unused sick leave.

The difference in the DB vs DBS contribution rates is what causes the employee/employer Excess Contribution Refunds, which are transacted on a monthly basis.

Reduced Workload Program (RWP)

Program	Employer Rate FY 2018-19
Reduced Workload Program - 2% at 60	16.280%
Reduced Workload Program - 2% at 62	N/A

CalSTRS 2% at 62 members are not eligible to participate in RWP until at least 2023.

Other Limits for Fiscal Year 2018-19

Unused Sick Leave Service Credit: Present Value Factor is 0.333 through June 30, 2019.

Post Retirement Earnings Limit: \$45,022.00

Compensation Limit Internal Revenue Code Section 401(a)(17): \$275,000.00

- For all persons who became a CalSTRS DB member or CB participant on or after July 1, 1996.
- Employee and employer contributions stop when the limit is reached.

Creditable Compensation Limit for 2% at 62 Members (FY 18-19): \$146,230.00

- 120% of the social security wage limit adjusted annually.
- Employee and employer contributions stop when the limit is reached.

Interest Rates for Penalties and Interest: 7.00% for late monthly report and late contribution remittance.

Future Employee and Employer Contribution Rates

AB 1469 allows for the annual review of employee contributions to the Defined Benefit Program. Employee contributions increased for member and employers beginning July 2014.

Basic Sick Leave

A basic sick leave day is equivalent to one day's paid leave of absence per monthly pay period due to illness or injury. CalSTRS members can earn up to 12 basic sick leave days per year. Excess sick leave days are the total number of days granted by the district in excess of total basic sick leave days.

Work and Paid 12 Months = 12 days of basic sick days.

Work and Paid 11 Months = 11 days of basic sick days.

Work and Paid 10 Months = 10 days of basic sick days.

Excess Sick Leave

Example: An employee who works and is paid 12 months, but receives 15 days of sick leave per year. The employee earns 12 basic sick days plus 3 days of excess sick leave per year.

At retirement, the employee receives additional service credit for all unused basic sick days and CalSTRS bills the last employing district the unused excess sick days. The district must certify the number of unused basic and excess sick leave days in the Express Benefit Report (Unused Sick Leave) form SR-0554E.



Common
audit
finding

How should Sick Leave be Deducted?

Education Code section 22724(a) states, "To determine the number of excess sick leave days to which a member is entitled when he or she retires, the employer shall deduct the days of sick leave used by the member from the member's accumulated and unused sick leave balance according to the following method:

- (1) Sick leave usage shall first be deducted from the accumulated and unused sick leave balance existing on July 1, 1986.
- (2) Sick leave usage shall next be deducted from basic sick leave days granted to the member by an employer after June 30, 1986.
- (3) Sick leave usage shall then be deducted from any excess sick leave days granted to the member by an employer after June 30, 1986.
- (4) Upon request from the board, the employer shall submit sick leave records of past years for audit purposes.

Districts have been cited for failing to exhaust members' **basic** sick leave balances first, as stated in Ed Code 22724, prior to reducing the **excess** sick leave balances. In addition, CalSTRS is also finding that districts are not separately tracking basic sick days and excess sick days in their leave records.

Express Benefit Report

SR 0554E rev 01/17

SAMPLE

CALSTRS
 California State Teachers' Retirement System
 P.O. Box 15275, MS 65
 Sacramento, CA 95851-0275
 800-228-5453
 CalSTRS.com

Members: Complete only section 1, then submit a form to each employer you performed CalSTRS-creditable service during your last school year. This form allows you to request your accumulated unused sick leave balance and employment information from your last employer(s). Credit for unused sick leave is included in your final retirement benefit calculation. This form is not an application for a benefit. You must submit your *Service Retirement Application* to CalSTRS before you'll receive your CalSTRS retirement benefit.

Employers: Complete sections 2-4 and return directly to CalSTRS. This form is used to report employment and sick leave benefit information, including the termination of employment and unused and excess sick leave. This form must be certified by the county superintendent or an authorized designee. Employers are required to certify employment termination and sick leave information within 30 days of the member's retirement date or the date CalSTRS receives his or her retirement application, whichever is later. CalSTRS may assess penalties for delinquent reports.

Section 1: Member Information (To be completed by member)

NAME (LAST, FIRST, INITIAL)	CLIENT ID OR SOCIAL SECURITY NUMBER		
MAILING ADDRESS	DATE OF BIRTH (MM/DD/YYYY) ()		
CITY	STATE	ZIP CODE	HOME TELEPHONE
POSITION TITLE			
REQUESTED RETIREMENT DATE			
<input type="checkbox"/> I had more than one employer during my last school year of CalSTRS-covered employment.			

Members: Stop here and forward this form to each of your last employer(s) to complete and return to CalSTRS.

Section 2: Employer Information

(To be completed by last employer(s) and returned directly to CalSTRS)

<input type="checkbox"/> <input type="checkbox"/> - <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	()		
COUNTY AND DISTRICT CODE (FIVE DIGITS)	EMPLOYER CONTACT NAME	EMPLOYER TELEPHONE	
EMPLOYER ADDRESS	CITY	STATE	ZIP CODE
EMPLOYER EMAIL ADDRESS			
EMPLOYER FAX			

LAST DAY OF WORK, VACATION OR COMPENSATED APPROVED LEAVE. (MM/DD/YYYY)
(THIS DATE MUST BE EARLIER THAN THE RETIREMENT DATE.)

By signing this form, I certify the member will have terminated all CalSTRS creditable service with this district before his or her retirement date.

Continued on reverse side.

District: Complete the form and
 mail directly to CalSTRS



SR0554E

EXPRESS BENEFIT REPORT • REV 01/17 • PAGE 1 OF 2

Express Benefit Report continued

SAMPLE



MEMBER'S NAME (LAST, FIRST, INITIAL)

CLIENT ID OR SOCIAL SECURITY NUMBER

Section 2: Employer Information continued**Sick Leave Days**

Report unused and excess sick leave as of the member's anticipated last day of paid employment. If the *Express Benefit Report* form is submitted before the last day of work, vacation or compensated approved leave and the member uses sick leave after submitting this form, the district must submit a correction on the *Employment Termination or Sick Leave Data Correction* form to CalSTRS to ensure the member receives an accurate final benefit. The form is available on SEW, CalSTRS Secure Employer Website, or at CalSTRS.com/forms.

Unused Sick Leave Report/Unused Excess Sick Leave Billing

If the employee has no accumulated unused sick leave days, enter zero.

Accumulated Unused Regular Sick Leave Days	+ Unused Excess Sick Leave Days*	=	Total Sick Leave	Contract Base Service Days
Days only	Days only		Days only	Not less than 175 days

*To determine unused excess sick leave days: First deduct sick leave usage from any unused sick leave balances as of July 1, 1986. Next, deduct sick leave usage from basic sick leave days granted after June 30, 1986. Last, deduct sick leave usage from any excess sick leave days granted after June 30, 1986.

Section 3: Employer Final Compensation Information (To be completed by employer) **One-year final compensation**

I certify pursuant to the district bargaining agreement that the present-value payment for one-year final compensation will be made to CalSTRS within 30 days of receiving billing for the member, who has fewer than 25 years of service credit.

I have attached a written agreement demonstrating the member is eligible for one-year final compensation. Please attach only the relevant pages of the written agreement that demonstrate the member's eligibility for one-year final compensation.

For CalSTRS 2% at 60 members (first hired on or before December 31, 2012; see the *Member Handbook* for other requirements): Those who have at least 25 years of service credit are eligible for one-year final compensation. Employers may also provide one-year final compensation to those with fewer than 25 years of service credit in collective bargaining agreements entered into, extended, renewed or amended before January 1, 2014.

For CalSTRS 2% at 62 members (first hired on or after January 1, 2013): These members are not eligible for one-year final compensation.

 Final compensation—salary reduction

I certify that because of a reduction in school funds, the member's salary was reduced during the following school year(s) ____/_____. The member's final compensation does not have to be based on consecutive periods of time.

Section 4: Required Signatures

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

I understand that perjury is punishable by imprisonment for up to four years (Penal Code section 126).

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 penalties, including restitution, up to one year in jail and/or a fine of up to \$5,000 (Education Code section 22010).

PRINT NAME OF SUPERINTENDENT OR AUTHORIZED DESIGNEE

()

TELEPHONE

OFFICIAL TITLE

()

FAX

SIGNATURE (SUPERINTENDENT OR AUTHORIZED DESIGNEE)

DATE (MM/DD/YYYY)

District: Complete the
form and mail directly to
CalSTRS

SAMPLE

Express Benefit Report—Information and Instructions

The *Express Benefit Report* form is used to request accumulated unused sick leave balances and employment termination information from your employer(s) during your last school year for whom you performed CalSTRS creditable service.

This form must be completed and submitted even if your unused sick leave balance at the time of retirement is zero.

Each employer must report and certify required employment information on this form to comply with California law:

- For retirements effective on or after January 1, 2013, each of your employers during the last school year in which you earned service credit can submit an *Express Benefit Report* form if your unused sick leave was not transferred between districts. Your last employer is required to submit an *Express Benefit Report* form to certify your employment termination and last day of work, vacation or compensated approved leave.
- For retirements effective before January 1, 2013, only your last employer can report unused sick leave. Your last employer is required to submit this form to certify your employment termination and last day of work, vacation or compensated approved leave.

Credit for unused sick leave is included in the calculation of your retirement benefit. You must submit your *Service Retirement Application* to CalSTRS before you'll receive your CalSTRS retirement benefit. If your employer submits this form after you submit your retirement application, it will not delay your initial benefit. Your full benefit will be calculated when the *Express Benefit Report* form is processed. You will receive a payment for any accumulated difference.

An award letter with the updated information will be mailed to you. Contact your employer if there are discrepancies between your records and what your employer reported to CalSTRS.

Members, please do not submit this form to CalSTRS. Complete section 1, then give the form to your employer(s). Your employer(s) will return the *Express Benefit Report* form directly to CalSTRS after completing sections 2–4.

**SECTION 1: MEMBER INFORMATION
(TO BE COMPLETED BY MEMBER)**

Enter your full name as it appears on your Social Security card, Client ID or Social Security number, date of birth, mailing address, telephone number, position title and retirement date listed on your *Service Retirement Application*.

Complete only section 1 of the *Express Benefit Report* form and give the form and these instructions to each of your last employer(s). Your employer(s) will complete sections 2–4 and return the form directly to CalSTRS. Your last employer(s) must complete and certify the information in the remaining sections.

If your retirement date is on or after January 1, 2013, and you had multiple employers during the last school year of CalSTRS-covered employment, mark the box indicating this. Each employer will need a copy of this form.

**SECTION 2: EMPLOYER INFORMATION
(TO BE COMPLETED ONLY BY EMPLOYER)**

County and District Codes: Enter the appropriate five-digit county and district codes. Example: Kern County, Edison, would be 15-012. Contact your CalSTRS liaison if you are unsure of your code.

Employer Contact Name, Address and Telephone: Enter the name, mailing and email addresses, and phone and fax numbers of the person CalSTRS should contact if there are questions about information submitted on this form.

Last Date of Work, Vacation or Compensated Approved Leave: Enter the date of the member's last day of work, vacation or compensated approved leave. If the member was on a compensated approved leave or a leave of absence, enter the date of the last actual day of that leave. *This date must be before the member's retirement date.*

Sick Leave Days

Accumulated Unused Regular Sick Leave Days

Enter the number of accumulated unused sick leave days the member will have as of the last day of paid employment.

Unused Excess Sick Leave Days

Enter the number of accumulated unused excess sick leave days the member will have as of the last day of paid employment. Excess sick leave is sick leave granted by the employer after June 30, 1986, that exceeds one day of sick leave per pay period of at least four weeks.

If you granted or accepted the transfer of excess sick leave for the member, CalSTRS will bill you for the present-value cost of the unused excess sick leave you report. If we don't receive your payment within 30 days, we will recalculate the present-value cost to include interest. This applies only if you're reporting unused excess sick leave days.

Express Benefit Report—Information and Instructions continued**SAMPLE**

To determine unused excess sick leave days: First deduct sick leave usage from any unused sick leave balances as of July 1, 1986. Next, deduct sick leave usage from basic sick leave days granted after June 30, 1986. Last, deduct sick leave usage from any excess sick leave days granted after June 30, 1986.

Total Sick Leave Days

Accumulated Unused Regular Sick Leave Days + Unused Excess Sick Leave Days = Total Sick Leave Days

Contract Base Service Days (final year)

To determine Contract Base Service Days, subtract the number of school and legal holidays from the full-time equivalent, if they are included in the FTE. The base service days cannot be fewer than 175 days. FTE is the number of days that a person is required to work in that position for the school year if employed full time.

SECTION 3: EMPLOYER FINAL COMPENSATION**INFORMATION (TO BE COMPLETED ONLY BY EMPLOYER)**

One-Year Final Compensation: Check this box only if the district has a collective bargaining agreement that authorizes one-year final compensation and the member meets the eligibility requirements. Please attach only the relevant pages of the written agreement that demonstrate the member's eligibility for one-year final compensation.

For CalSTRS 2% at 60 members (first hired on or before December 31, 2012; see the *Member Handbook* for other requirements): Those 2% at 60 members who have at least 25 years of service credit are eligible for one-year final compensation. Employers may also provide one-year final compensation to those with fewer than 25 years of service credit in collective bargaining agreements entered into, extended, renewed or amended before January 1, 2014.

For CalSTRS 2% at 62 members (first hired on or after January 1, 2013): These members are not eligible for one-year final compensation.

Excess Sick Leave Worksheet (Optional)

If excess sick leave days were accumulated and unused, complete the calculation given below to determine present-value amount.

Unused Excess Sick Leave Days	Contract Base Service Days	Prior Year Earnable	Present-Value Factor	Present Value
<input type="text"/>	<input type="text"/> ÷ <input type="text"/> X <input type="text"/> X <input type="text"/> = <input type="text"/>			

Final Compensation—Salary Reduction: If the member received a reduced salary due to a reduction in school funds, his or her final compensation does not have to be based on consecutive periods of time. Check this box and indicate the school year or years in which the reduction occurred.

**SECTION 4: REQUIRED SIGNATURES
(TO BE COMPLETED ONLY BY EMPLOYER)**

Print the name of the superintendent or authorized designee, official title, and telephone and fax numbers. Have this person sign and date the form. Return the form to CalSTRS within 30 days of the member's retirement date or the date CalSTRS receives his or her retirement application, whichever is later. CalSTRS may assess penalties for delinquent reports.

**SUBMITTING THE REPORT
(TO BE COMPLETED BY EMPLOYER)****Mail to:**

CalSTRS
P.O. Box 15275, MS 65
Sacramento, CA 95851-0275

Fax to:

916-414-5964 or 916-414-5965

Overnight or hand deliver to:

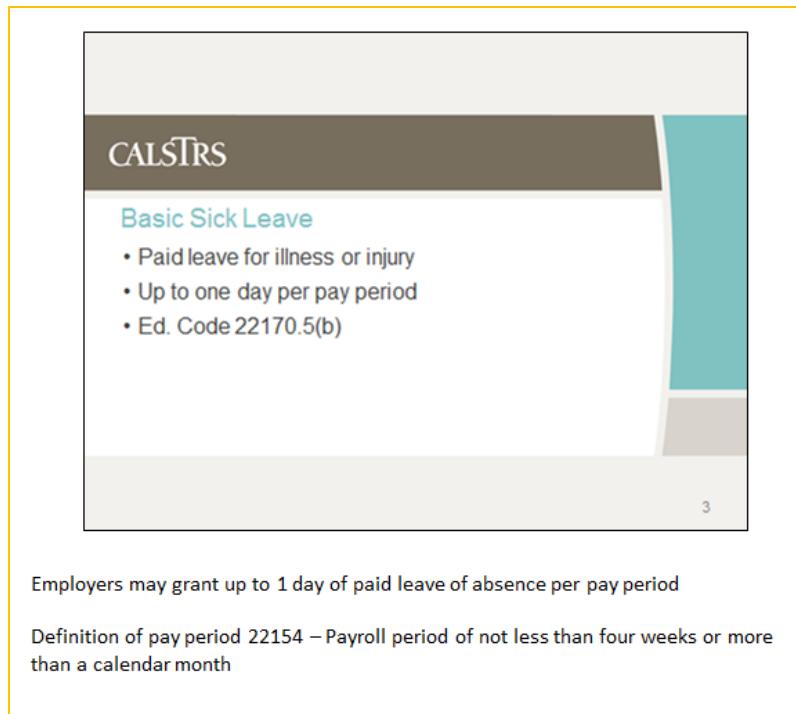
If you are hand delivering or using a special mailing service such as UPS or FedEx, send the form to:

CalSTRS Member Services
100 Waterfront Place
West Sacramento, CA 95605

QUESTIONS—MEMBERS ONLY

Email your questions using your *myCalSTRS* account or at CalSTRS.com/contact, or call 800-228-5453.

Below is the PowerPoint presentation for the excess sick leave training held on October 6, 2015. Also, attached are the questions posed by districts and the answers CalSTRS provided to those questions.



CALSTRS

Basic Sick Leave

- Paid leave for illness or injury
- Up to one day per pay period
- Ed. Code 22170.5(b)

Employers may grant up to 1 day of paid leave of absence per pay period

Definition of pay period 22154 – Payroll period of not less than four weeks or more than a calendar month



CALSTRS

Excess Sick Leave

- Day or days of paid leave for illness or injury
- In excess of a basic sick leave day
- Ed Code 22170.5(c)
- Should be tracked separately

Excess is granting anything more than one paid sick day per month. Excess sick days should be tracked separately from regular sick leave days.

CALSTRS**Order of Usage**

Deduct sick leave in this order:

- Accumulated and unused sick leave days existing on 7/1/1986 (if any)
- Basic sick leave days granted on or after 7/1/1986
- Excess Sick leave days granted on or after 7/1/1986
- Ed Code 22724(a)

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Excess sick leave days will be used only when all other sick leave has been exhausted.

This is why excess sick leave needs to be accounted for separately from basic sick leave.

CALSTRS**Reporting to CalSTRS**

- Send form SR 0554E (Express Benefit Report)
- Within 30 days of the member's
 - Retirement date, or
 - Date the retirement application is received at CalSTRS
- Ed Code 22717.5(c)

6

Express benefit report 0554E has a spot on the back for unused excess sick leave. Employers don't have to do the whole formula – just enter excess days and base days. CalSTRS will do the rest and send the bill.

CALSTRS

Cost

- Basic sick leave is paid for by 0.25% employer contributions
 - Ed. Code §22951
- CalSTRS bills for the present value of unused excess sick leave
- Regular interest will be charged on unpaid balances
 - Ed Code § 22718(a)

7

Basic sick leave is funded by the 0.25% contributions that employers pay in addition to their regular contributions. Ed Code 22951.

Excess sick leave is charged after members retire.

Present value is determine using the prior year earnable and the present value factor.
Excess days ÷ base days x prior year earnable x present value factor = present value.

The present value factor for 7/1/12 - 6/30/15 = 0.301 (Ed. Code 22311.7 & 22718)
Always announced in an ER Directive (newest is ED 2014-06)

CALSTRS

Audits

- Sick leave records may be audited
 - Ed Code § 22724(b)
- Submit form *SR0559 Employment Termination or Sick Leave Data Correction* to correct sick leave reporting

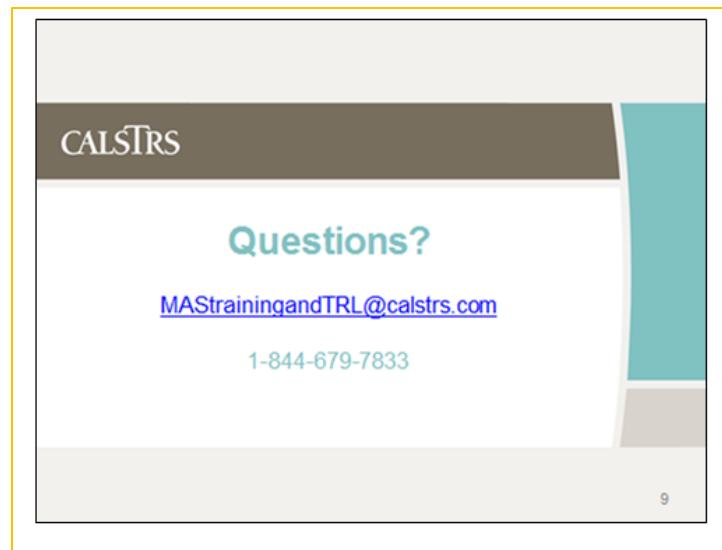
8

If anyone asks about transferring sick leave between employers:

Outside of TRL – not our area

K-12 =Ed. Code §44979, 44980, and 44982

Community Colleges =Ed. Codes §87782, 87783, and 87785



Questions for CalSTRS Training/See Ed Codes that Pertain to Excess Sick Leave

Districts Who Offer Excess Sick Leave

1. How should excess and basic sick leave be tracked? *It is up to each district to determine how to track excess and regular separately.*
CalSTRS: CalSTRS cannot advise on how to track, only how to report, our expectation is that it will be in compliance with Ed Code 22724.
2. Excess sick leave would only be used when all accumulated regular sick leave is used first? *Yes, that is correct- Ed Code 22724.*
3. Is accumulated basic sick leave from a classified position allowed to be transferred to CalSTRS when the employee is hired to perform certificated service paying into STRS? *No, outside of the law unless the employer is willing to pay for the amount transferred.* What about the excess sick leave? *No, same answer as the first section. This is considered an unfunded liability.*
CalSTRS: The transfer of sick leave, while addressed in the Ed Code is outside of TRL and therefore outside of CalSTRS' purview.
4. Is there a standard form to complete when employee leaves? *No standard form. This is an internal process at each district when the employee is leaving to go to another employer.*
CalSTRS: CalSTRS does not have a form for the purpose of transferring sick leave between employers. When the employee is retiring, the employer submits the Express Benefit Report (EBR) to CalSTRS to report the unused basic sick leave and excess sick leave days.

5. What is the basic/minimal information that should be included in the transfer of sick leave form? *CalSTRS does not have a standard form, when leaving to go to another employer, this is between employers.*
CalSTRS: Agreed. When the employee is retiring, the employer submits the EBR to CalSTRS to report the unused basic sick leave and excess sick leave days.
6. Is the Express Benefit Form being revised to provide clearer guidance on the regular and excess sick leave calculation? *CalSTRS reviews their forms annually, excess sick leave calculation in on page 2 of the instructions.*
CalSTRS: The Express Benefit Report is currently being reviewed. The excess sick leave worksheet is currently on page two of the instructions.

Districts Who Do Not Offer Excess Sick Leave But May be Next Employing or Last Employing District

7. Section 22718(B). What does it mean if eligible? Can the employee be ineligible? *CalSTRS is reviewing and will respond later.*
CalSTRS: A member must first use accumulated basic sick leave as per Ed Code 22724, before they are eligible to use excess sick leave.
8. How does the next employer know that the incoming employee has excess sick leave? And the next employer after that? And the last one? Is there a standard form to complete when employee leaves that is used throughout the state? *This is an internal process of transferring information from one employer to the next.*
CalSTRS: Refer to questions 4 and 5.
9. If a district has an employee that has excess sick leave that is from another district and the person goes to another employer and the former employer doesn't know that there is excess sick leave. Are there any problems for either employer? *It is the last employer's responsibility to pay CalSTRS for the excess sick leave. During a CalSTRS audit, the responsibility will be the last employer.*
CalSTRS: Agreed.
10. Same question above- but what happens to the last employer if the employee retires and the excess is not paid because it was not known. If in the future, it is known, who pays the excess? *The last employer will pay the excess sick leave.*
CalSTRS: §22717 (a)
11. If a new employee has excess sick leave, the receiving district is aware of this. How is excess sick leave tracked? *It is up to the district to develop a tracking system for excess sick leave.*
CalSTRS: Agreed. Refer to question 1.

12. Can an employer reject the transfer of excess sick leave from another employer and only accept regular sick leave? *This is outside teacher retirement law. There is no distinction between the two types of sick leave.*

CalSTRS: The transfer of sick leave, while addressed in the Ed Code is outside of TRL and therefore outside of CalSTRS' purview.

13. Is there a time frame after which an employer is not required to accept sick leave transfer (regular and excess) from another employer? For example, it has been over a year that the employee accepted the position and a transfer of sick leave form was never submitted- is the employer required to accept the sick leave transfer? *This is outside of CalSTRS retirement law.*
CalSTRS: Agreed.

14. Why is the last employer responsible for the financial impact of excess sick leave? *Per law, CalSTRS only accepts excess sick leave from the last employer.*

CalSTRS: Agreed. §22717 (a), §22718

Regular Sick Leave Questions:

15. Does sick leave earned as a part-time employee get added to sick leave earned as a regular/contractual employee? *If the sick leave was already funded through contributions it can be added.* *Agreed.* Can a district ever deny the leave accumulated from a part-time employee? *Should not be denied but this is outside of CalSTRS law.*

CalSTRS: Agreed. Refer to questions 12 and 13.

16. Is sick leave earned out of state allowed to be transferred into CalSTRS? *This would be funded by the employer- should have district policy on out of state transfers of sick leave.*

CalSTRS: The transfer of sick leave, while addressed in the Ed Code is outside of TRL and therefore outside of CalSTRS' purview.

17. When an employee leaves a district and goes to work in private industry and is not old enough to retire, does their sick leave balance (in days) from the employer get reported/recorded on district letterhead or should it be placed on the Express Benefit form? Or is there any reporting requirement at all? *Express Benefit form is completed and submitted to CalSTRS when the member retires. The district could record the information on letterhead and give to employee, this would need to be validated when the employee returns to the district.*

CalSTRS: CalSTRS recommends that the district or employer submit the Express Benefit Report. It will be uploaded to the member file and processed once the member's retirement application is entered.

18. Is accumulated sick leave lost if the employee has a break in service with the district of two or more years? If the employee comes back after the 2 years, does the employee start with a zero balance of sick leave? *This is outside of retirement law, but based on Ed Code 44931 the balances are restored if the employee returns to the same employer within 39 months.*

CalSTRS: While addressed in the Ed Code, this question is outside of TRL and therefore outside of CalSTRS' purview.

19. A teacher accumulates sick leave based on a 6 hour work day. As an administrator, the same employee earns sick leave based on an 8 hour work day. At the time of retirement as an administrator, how should the conversion of sick into days be made for this employee? Would the divisor be 8 hours based on the current position the employee holds or should there be two conversions: one for the leave earned as a teacher with a 6 hour divisor and one for leave earned as an administrator with an 8 hour divisor? *The divisor would be based on the last position the employee is in when they retire- 8 hours in this example.*

CalSTRS: Agreed. §22717 (b)

Additional Questions During the Webinar:

20. What is excess sick leave? *Please see the power point presentation. A basic sick leave day is equivalent to one day's paid leave of absence per monthly pay period. Excess sick leave days are the total number of days granted in excess of the basic sick leave.*

CalSTRS: Agreed. §22170.5

21. Sick leave carried over from the previous year to the current year, is this excess sick leave? *No, this is carryover of basic sick leave.*

22. The Express Benefit Report is not always received on time. *It is still the employer's responsibility to complete and sign. The "Employer Notification" in the Secured Employer Website is an available tool for districts to use. Employee status changes are posted every day on this site.*

CalSTRS: Agreed, employer responsibility.

23. Teacher is working summer school- they are earning 10 basic sick days a year based on their contract but are paid twelve times per month. If they earn sick leave working summer school, is this excess? *No, it would not be considered excess sick leave.*

CalSTRS: Agreed.

24. A substitute earning sick leave under AB1522 does this count? *This does not count for excess sick leave- CalSTRS will be sending an email that addresses this topic to Ana.*

CalSTRS: *There is nothing in the law that would treat this sick leave any differently than regular sick leave days. Education Code 22170.5(b) defines "Sick Leave Days" as the "number of days of accumulated and unused leave of absence for illness or injury". The sick leave granted under AB1522 falls under this category and, therefore, should be reportable to CalSTRS when a member retires. This sick leave should be treated as regular basic sick leave days, not excess sick leave. 22170.5(b) defines basic sick leave as the equivalent to one day of paid leave per pay period. If a member earns more sick leave than one day per pay period, it is considered excess sick leave (defined in 22170.5(c)).*

25. A request for the PowerPoint presentation was also made. *CalSTRS will e-mail to Ana.*

26. This question was asked at the webinar and the district had additional information to add on the question - this needs a response from CalSTRS.

We have an employee that is hired in a classified position with the district. Because of prior CalSTRS service, the employee is offered the “Right of Election” and chooses to elect CalSTRS on their classified employment. The Collective Bargaining Agreement with the Classified Labor Union provides for more than one (1) day of sick leave per month to classified employees. Because of this, classified employees working for the district essentially earn one additional day of sick leave over the course of the year in their classified assignment.

Example: A 12 month employee earns 13 days of sick leave
 An 11 month employee earns 12 days of sick leave
 A 10 month employee earns 11 days of sick leave

Because of our CBA, we are contractually bound to offer this leave. Would a CalSTRS member performing classified work have this additional day of sick leave treated as excess sick leave for CalSTRS purposes? Or since it is under a CBA for a classified position- is the leave permissible to be treated as “basic” leave?

CalSTRS: By definition, any sick leave awarded above and beyond one day per pay period is excess and must be reported as such. §22170.5

Additional Questions After the Webinar

- 1) A Certificated employee (under CalSTRS) moves to a classified position at the same (or another) district and elects CalSTRS coverage. Since the leave was accrued under their previous Certificated CalSTRS position and the employee is electing CalSTRS in their new classified position- they would be eligible to have the SL moved from their certificated position to the classified position for which they have elected CalSTRS?

CalSTRS: Yes. Again, the transfer of sick leave, while addressed in the Ed Code is outside of TRL and therefore outside of CalSTRS’ purview.

- 2) Similarly, a classified employee who had previously had the right to elect (and did elect) CalSTRS on their classified work moves to a certificated position. The sick leave from the classified position would be eligible to be transferred to the certificated position because both positions were covered by CalSTRS?

CalSTRS: Yes. As long as the service was reported to CalSTRS and the unused sick leave funded. Again, the transfer of sick leave, while addressed in the Ed Code is outside of TRL and therefore outside of CalSTRS’ purview.

Military Service Credit

Government Code section 20997 allows a member to receive service credit for military leave of absence at no member cost, under specific conditions. Senate Bill 294 amends this section to include the following requirement:

- Employers are required to inform employees of their rights pursuant to section 20997, and provide the request form, within 30 days of the employee's return to employment.

Government Code sections 21024 and 21029 allows for a member to purchase service credit for past active duty military service, served prior to establishing CalPERS/CalSTRS membership. Senate Bill 294 amends this section to include the following requirement:

- Employers are required to inform all new employees upon being hired of their right to purchase their active duty military service credit.

For more information, please refer to the following CalSTRS Uniform Services Reemployment Notification Form on pages 610-2 and 610-3.

Uniformed Services Reemployment Notification – Instructions**SAMPLE**

The *Uniformed Services Reemployment Notification* notifies CalSTRS of the reemployment of a Defined Benefit Program member or Cash Balance Benefit Program participant after a period of uniformed service subject to the Uniformed Services Employment and Reemployment Rights Act of 1994 (Chapter 43 of Title 38 of the United States Code).

After receiving and processing this form, CalSTRS will contact the employee regarding his or her right to receive benefits for the period of uniformed service by paying the employee contributions that would have been paid had he or she remained employed.

If the employee chooses to make the contributions, the employer must remit the employer contributions that would have been paid had the employee remained employed. CalSTRS will contact the employer regarding any employer contribution amount due.

SECTION 1: EMPLOYEE INFORMATION

Provide the following information:

- Employee's full name
- Employee's Client ID

Uniformed Service Period:

Indicate the start and end dates of the employee's period of uniformed service.

Reemployment Date:

Enter the date the employee was rehired to perform creditable service.

Retirement Program:

Check the appropriate box to indicate whether the employee is a member of the Defined Benefit Program or a participant of the Cash Balance Benefit Program.

If the employee is in both programs, submit a separate *Uniformed Services Reemployment Notification* form for each program.

SECTION 2: EMPLOYMENT INFORMATION

Provide the following information:

- Employer name
- Five-digit report unit code

Complete the following fields of the assignment data table based on any creditable compensation the employee would have received had he or she remained employed and not performed service in the uniformed services:

- Service periods
- Assignment code
- Full-time annual pay rate, including any pay increases the employee would have received
- Creditable earnings
- Contribution code

If more space is needed, attach additional *Uniformed Services Reemployment Notification* forms and indicate the total number of pages submitted in the space provided at the top of each form.

SECTION 3: EMPLOYER CERTIFICATION

Provide your name, title and contact information and sign and date the form.

SUBMITTING THE FORM:

CalSTRS must receive the *Uniformed Services Reemployment Notification* form within 30 days after the employee's reemployment date. You can submit the form by mail, fax or the Secure Employer Website.

Mail to:

CalSTRS
P.O. Box 15275, MS 17
Sacramento, CA 95851-0275

Fax to:

916-414-5476

Secure Employee Website:

Attach the form to a secure message and submit via SEW.

QUESTIONS:

For information regarding this form, please contact your CalSTRS Employer Services Representative.

Uniformed Services Reemployment Notification

ES 664 (Rev. 02/2017)

SAMPLE

 number of additional pages attached

Employer completes this form when an employee is reemployed after a period of uniformed service subject to the Uniformed Services Employment and Reemployment Rights Act of 1994. CalSTRS must receive this form within 30 days of the employee's reemployment date in order for us to inform the employee of his or her right to CalSTRS benefits.

Section 1: Employee Information

NAME (LAST, FIRST, INITIAL)	CLIENT ID
UNIFORMED SERVICE PERIOD (START – END DATE)	REEMPLOYMENT DATE
RETIREMENT PROGRAM (CHECK ONE):	<input type="checkbox"/> DEFINED BENEFIT <input type="checkbox"/> CASH BALANCE

Section 2: Employment Information

EMPLOYER NAME		REPORT UNIT CODE			
Assignment Data					
Service Period Start Date	Service Period End Date	Assignment Code	Full-Time Annual Pay Rate	Creditable Earnings	Contribution Code

Section 3: Employer Certification

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct. I understand that perjury is punishable by imprisonment for up to four years (Penal Code section 126). I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the altering a benefit administered by CalSTRS and it may result in penalties, including restitution, up to one year in jail and/or a fine and a fine of up to \$5,000 (Education Code section 22010).

EMPLOYER CONTACT NAME	OFFICIAL TITLE
TELEPHONE	EMAIL
SIGNATURE	DATE (MM/DD/YYYY)



ES664

UNIFORMED SERVICES REEMPLOYMENT NOTIFICATION • REV 02/17 • PAGE 1 OF 1

The monthly reports that the STRS Unit audits and transmits to CalSTRS are driven by how an employee is set-up in Galaxy, and the payroll adjustment codes and/or extra pay codes used to pay the employee.

The New Employee Authorization Transmittal (NEAT) form is the first step in setting up an employee in Galaxy to ensure that their contributions come across for retirement reporting correctly.

New Employee Authorization Transmittal (NEAT) Form

For retirement purposes, the NEAT form provides the STRS Unit notification that a new employee has been hired at a district. The employee must have a correct social security number that matches the name per the Social Security Administration for W-2 reporting purposes.

The appropriate retirement unit reviews the employee profile in Galaxy to verify the employee retirement plan, retirement account, AB340 box and position type. The information on the NEAT form will help the STRS Unit correctly set up an employee's account with either CalPERS or CalSTRS.

If there is a discrepancy between the employee's information in either MyCalPERS or CalSTRS SEW and Galaxy, the DFS Retirement Unit will correct the employee's set up in Galaxy and notify the affected district(s) that a change was made to the employee's retirement information in Galaxy. For example, an employee was changed from new member to classic member.

Districts should complete the NEAT form in its entirety and attach all applicable retirement forms. The complete packet will assist DFS in setting up all employees correctly to avoid district charges or refunds.

Note: When NEATs are not required to be approved by DFS because the employee has already been established at the district, the DFS Retirement Unit does not review the employee's profile again and therefore the retirement coding cannot be verified. This may happen when an employee accepts a position with a different classification within the same district or when a former employee returns to work for the same district.

It is essential that districts verify employee status in MyCalPERS and CalSTRS SEW to ensure employees are correctly set up in Galaxy before payroll processes.



Division of Administration and Business Services
District Fiscal Services

New Employee Authorization Transmittal

SAMPLE
Form currently
under review.

Employee Information:

District Name: _____

Employee Name: _____
(Last) (First) (MI)

Employee Type: **SELECT**

CE- Certificated
CL- Classified
NE- Student
BM- Board Member

Social Security Number (SSN): _____

Birthdate (mm/dd/yyyy): _____

Retirement Status:

Select the applicable status and complete information requested under the appropriate retirement system.

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

District has:

- verified* the employee's PERS status in the myCalPERS website.
- verified* the employee's STRS status in the CalSTRS Secured Employee System.
- *Verified by: _____ Phone: _____ Date: _____
(District Representative)
- entered employee in Galaxy as a **Select** member for the current plan.

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's License

Reminders:

- Name must match social security card.
- Check CalSTRS SEW to verify STRS status.
- Include all required back-up.

Authorization:

Information indicated in this section will be verified with the district's current Certification of 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.

NEAT Form: Retirement Status Section

It is critical that the retirement status section of the NEAT is completed correctly. The retirement status determines the employee's PERS/STRS contribution rates and will change the employee's taxable wages and FICA deductions. Furthermore, it will drive how the employee's retirement is reported to their retirement system. District staff should be checking membership status with the retirement systems for all new hires and employee's changing classifications.

If you are unsure about what coding to use for an employee, contact DFS for additional guidance. The following codes are available:

GALAXY PAYROLL RETIREMENT PLAN CODES

CODE	DESCRIPTION	TAX DEFERRED *	FICA	MC	SURVIVOR BENEFIT	O/T SAME DISTRICT FICA	O/T SAME DISTRICT MC
	STRS - EMPLOYEE PAYS RETIREMENT						
S1	MEMBER PAYS RETIREMENT	Y	N	Y		N	Y
S3	MEMBER HIRED PRIOR TO 4/1/86	Y	N	N		N	N
	STRS - EMPLOYER PAYS EMPLOYEE'S RETIREMENT						
S4	EMPLOYER PAYS MEMBER CONTRIBUTIONS	Y	N	Y		N	Y
S5	EMPLOYER PAYS MEMBER CONTRIBUTIONS-HIRED PRIOR TO 4/1/86	Y	N	N		N	N
S6	EMPLOYER PAYS PORTION OF EMPLOYEE CONTRIBUTIONS	Y	N	Y		N	Y
S7	EMPLOYER PAYS PORTION OF EMPLOYEE CONTRIBUTIONS-HIRED PRIOR TO 4/1/86	Y	N	N		N	N
	PERS - EMPLOYEE PAYS RETIREMENT						
P1	PERS EMPLOYER PU- FICA & MEDICARE	Y	Y	Y		Y	Y
P2	PERS EMPLOYER PU- NO FICA NO MEDICARE	Y	N	N	Y	N	N
	PERS - EMPLOYER PAYS EMPLOYEE'S RETIREMENT						
P3	PERS EMPLOYER PD - FICA & MEDICARE	N	Y	Y		Y	Y
P4	PERS EMPLOYER PD - NO FICA & NO MEDICARE	N	N	N	Y	N	N
	PERS - EMPLOYEE PAYS RETIREMENT						
P5	PERS - EMPLOYEE PD - FICA & MEDICARE	N	Y	Y		Y	Y
P6	PERS - EMPLOYEE PD - NO FICA & MEDICARE	N	N	N	Y	N	N
P7	MEMBER WORKING PT AT THIS DISTRICT WHILE FULL TIME AT ANOTHER	N	Y	Y		Y	Y
P8	EMPLOYER PAYS PORTION OF EMPLOYEE PICKUP	N	Y	Y		Y	Y
	ALT FICA						
A1	ALTERNATE TO A RETIREMENT PLAN	Y	N	Y		N/A	Y
	NON MEMBER						
N1	HAS NOT QUALIFIED FOR PERS MEMBERSHIP	N	Y	Y		Y	Y
N2	HAS NOT ELECTED TO BECOME STRS MEMBER	N	Y	Y		Y	Y
N3	NOT ELIGIBLE DEDUCT NO FICA NO MEDICARE	N	N	N		N	N
N4	NOT ELIGIBLE DEDUCT FICA & MEDICARE	N	Y	Y		Y	Y
N5	NOT ELIGIBLE DEDUCT FICA & MEDICARE (STUDENTS)	N	Y	Y		Y	Y
	RETIREE						
R1	RETIREE DRAWING BENEFIT FROM PERS	N	N	Y		N	Y
R2	RETIREE DRAWING BENEFIT FROM STRS	N	N	Y		N	Y

Remember: An employee who does not meet the minimum requirements for membership at your district may still be required to be set up as a member if the employee has established PERS/STRS membership at another district.

Once a member, always a member.

The Payroll and Retirement Units in District Fiscal Services will be restructuring the Extra Pay and the Payroll Adjustment Codes in Galaxy to better fit CalPERS and CalSTRS reporting.

Extra Pay Codes

Districts can assign Extra Pay Codes to employees in the personnel module to process earnings in addition to their base salary. Extra Pay Codes can be attached to an employee or a position. The Extra Pay Codes are payments that are expected to be recurring on an employee's check.

Each Extra Pay Code is associated with a Payroll Adjustment Code. The Payroll Adjustment Codes control how the earnings are paid. For example, if a STRS employee were eligible to receive a MASTER'S DEGREE stipend using Extra Pay Code 14, the payment of that stipend would follow the STRS business rules under Payroll Adjustment Code 620 (see below).

Below and on the subsequent pages is a listing of the current version of the Extra Pay Codes. Please be aware these codes are currently under review by DFS. Once finalized, the new version will be disseminated.

Extra Pay Code	Extra Pay Code Description	Employee / Position	Affects Actual Pay Rate	Cash Option Flag	Uniform Allowance Flag	Adjustment Code (STRS)	Adjustment Code (PERS)
2	CONFIDENTIAL	P	Y	N	N	620	800
3	NIGHT DIFFERENTIAL	P	Y	N	N	960	801
4	SUPERVISORY	P	Y	N	N	320	761
5	ISOLATION PAY	P	Y	N	N	620	808
6	SP ED AIDE STIPEND	P	Y	N	N	320	809
7	NIGHT DIFFERENTIAL	E	Y	N	N	960	801
8	ATHLETIC DIRECTOR	P	N	N	N	320	XPS
9	NON-TRADITIONAL WORKWEEK	P	N	N	N	620	805
10	CSEA PROFESSION GROWTH	E	N	N	N	620	781
11	PROFESSIONAL GROWTH	E	N	N	N	620	780
12	SHORTHAND	P	Y	N	N	320	760
13	ISOLATION PAY	E	N	N	N	620	807
14	MASTER'S DEGREE	E	N	N	N	620	783
15	DRIVERS EDUCATION	P	N	N	N	960	XPS
16	BILINGUAL STIPEND	E	N	N	N	320	810
17	BILINGUAL/CROSS CULTURAL	P	Y	N	N	320	815
18	SUPERVISORY	E	N	N	N	320	762
19	HEAD COACH	P	N	N	N	320	XPS
20	ASST COACH	P	N	N	N	320	XPS
21	DEPT CHAIR	E	N	N	N	320	960
22	DEPT CHAIR	P	N	N	N	320	960
23	LEAD/HEAD TEACHER	P	Y	N	N	320	960

24	SPLIT SHIFT DIFFERENTIAL	E	Y	N	N	960	803
Extra Pay Code	Extra Pay Code Description	Employee / Position	Affects Actual Pay Rate	Cash Option Flag	Uniform Allowance Flag	Adjustment Code (STRS)	Adjustment Code (PERS)
25	OTHER	E	N	N	N	320	960
26	DRAMA	P	N	N	N	320	XPS
27	BAND	P	N	N	N	320	XPS
28	CHORAL	P	N	N	N	320	XPS
29	SPECIAL ASSIGNMENT	P	N	N	N	320	960
30	LONGEVITY	E	Y	N	N	620	763
31	LONGEVITY	E	N	N	N	620	764
32	LONGEVITY	P	Y	N	N	620	763
33	READING LAB TEACHER	P	N	N	N	320	XPS
34	SALARY DIFFERENTIAL	P	Y	N	N	960	806
35	ADDITIONAL DUTIES	E	N	N	N	320	960
36	PSYCHOLOGIST	E	N	N	N	960	XPS
37	DOCTORATE	E	N	N	N	620	783
38	MENTOR TEACHER	P	N	N	N	320	XPS
39	PROGRAM SPECIALIST	P	N	N	N	320	XPS
40	CSEA STRS STIPEND	E	N	N	N	960	XPS
41	LONGEVITY/YEAR EIGHT	E	Y	N	N	620	766
42	LONGEVITY/YEAR TEN	E	Y	N	N	620	767
43	LONGEVITY/YEAR FIFTEEN	E	Y	N	N	620	768
44	ADVISOR - RELEASE TIME	E	N	N	N	320	960
45	HOUSING ALLOWANCE	E	N	N	N	960	960
46	1.25 VAC FACTOR	E	N	N	N	960	960
47	1.50 VAC FACTOR	E	N	N	N	960	960
48	1.75 VAC FACTOR	E	N	N	N	960	960
50	CASH OPTION	E	N	Y	N	960	960
51	CASH OPTION	P	N	Y	N	960	960
52	CASH OPTION	P	N	Y	N	960	960
53	CASH OPTION-STRS NONCREDITABLE	E	N	Y	N	960	960
54	SPECIAL ED STIPEND	E	N	N	N	620	XPS
55	NOTARY PAY	E	N	N	N	960	782
59	SPLIT SHIFT DIFFERENTIAL	P	Y	N	N	960	803
60	CLEAR CREDENTIAL/SPECIAL EDUC	P	N	N	N	620	784
61	CREDENTIAL SPEECH THERAPIST	P	N	N	N	620	960
62	PERMIT TEACHER/SH CENTER	P	N	N	N	620	XPS
63	BUSINESS ALLOWANCE NONACNTABLE	E	N	N	N	960	960
64	FULL CRED+BA-MINIMUM	P	N	N	N	620	XPS
65	CURRICULUM COACH	P	N	N	N	320	XPS

66	BUSINESS ALLOWANCE NONACNTABLE	P	N	N	N	960	960
Extra Pay Code	Extra Pay Code Description	Employee / Position	Affects Actual Pay Rate	Cash Option Flag	Uniform Allowance Flag	Adjustment Code (STRS)	Adjustment Code (PERS)
67	CELL PHONE STIPEND NONACNTABLE	P	N	N	N	960	960
68	CELL PHONE STIPEND NONACNTABLE	E	N	N	N	960	960
69	AUTOMOBILE ALLOWANCE	P	N	N	N	960	960
70	BILINGUAL STIPEND/ORAL	P	Y	N	N	320	811
71	BILINGUAL STIPEND/WRITTEN	P	Y	N	N	320	813
72	BILINGUAL STIPEND/INTERMITTENT	P	Y	N	N	320	814
73	MULTI SITE	P	N	N	N	620	XPS
74	CONTACT TEACHER	P	N	N	N	320	960
75	LEVEL I PARAPROFESSIONAL	P	Y	N	N	620	XPS
76	LEVEL II PARAPROFESSIONAL	P	Y	N	N	620	XPS
77	LEVEL III PARAPROFESSIONAL	P	Y	N	N	620	XPS
78	HEALTH CLERK	P	Y	N	N	320	XPS
79	BILINGUAL STIPEND/ORAL	E	Y	N	N	320	811
80	NON-PERS DIFFERENTIAL	P	N	N	N	960	XPS
81	TSA NONACNTABLE	E	N	N	N	960	960
82	BACHELOR'S DEGREE	P	N	N	N	620	783
83	OUT OF CLASS (TEMPORARY UPGRADE PAY)	E	N	N	N	960	720
84	NON-PERS STIPEND	E	Y	N	N	960	960
85	NON-PERS DIFFERENTIAL	E	N	N	N	960	XPS
86	NON-PERS DIFFERENTIAL	P	Y	N	N	960	XPS
87	OTHER - STRS NON-CREDITABLE	E	N	N	N	960	XPS
88	OTHER - STRS NON-CREDITABLE	P	N	N	N	960	960
89	PROFESSIONAL GROWTH NON-PERS	E	N	N	N	620	960
90	VACATION PAY	E	N	N	N	960	700
91	HAZARD PAY	E	N	N	N	960	818
96	UNIFORM ALLOWANCE VALUE (PERS)	E	N	N	Y	960	740
97	UNIFORM ALLOWANCE PAY (PERS)	P	N	N	N	960	741
98	UNIFORM ALLOWANCE VALUE (PERS)	P	N	N	Y	960	740
99	OTHER	P	N	N	N	320	960
103	NIGHT DIFFERENTIAL	P	N	N	N	960	801
104	SUPERVISORY	P	N	N	N	320	761
105	ISOLATION PAY	P	N	N	N	620	808
112	SHORTHAND	P	N	N	N	320	760
170	BILINGUAL STIPEND/ORAL	P	N	N	N	320	811
171	BILINGUAL STIPEND/WRITTEN	P	N	N	N	320	813
172	BILINGUAL STIPEND/INTERMITTENT	P	N	N	N	320	814

Payroll Adjustment Codes

Payroll Adjustment Codes can be used for various items such as the payment of overtime, additional assignments, one time stipends, as well as retroactive payments. Be sure to contact the DFS Retirement Unit when making any retroactive payments due to the PERS/STRS reporting requirements.

Some Payroll Adjustment Codes can have customized descriptions assigned by districts to appear on an employee's paycheck. Contact DFS if your district has questions about how the use of certain Payroll Adjustment Codes will affect an employee's pay and/or retirement reporting.

Below is a subset of the Payroll Adjustment Code table, for more instructions on which code to use, please contact DFS.

Adj. Code	Adjustment Description (Default)	District Description Override	Multiplier	Current Period Earnings	Adj. to Salary	Retro Adj.	STRS Member Pay Rate Type	STRS Non-Member Pay Rate Type
109	CONTRACT ADJ - LATE START/EARLY TERM/ADJ	N	1.00	Y	N	N	FTE	FL
110	REGULAR HOURLY/DAILY	N	1.00	Y	N	N	FTE	FL
111 - 119	REGULAR HOURLY/DAILY	Y	1.00	Y	N	N	FTE	FL
120 - 121	SUMMER SCHOOL HOURLY/DAILY	N	1.00	Y	N	N	FTE	FL
220 - 269	TIME BASED ADDITIONAL ASSIGNMENTS	Y	1.00	N	N	N	FTE	FL
301 - 312	JAN - DEC PR ADJ	N	1.00	N	Y	Y		
320 - 369	OUTGROWTH ACTIVITIES AND LUMP SUM PAYMENTS	Y	1.00	N	N	N	A	FL
400	NO SICK LEAVE - CURRENT PAYROLL	N	-1.00	N	Y	N		
401 - 412	JAN - DEC PAY ADJ	N	-1.00	N	Y	N		
413	WYR/FURLOUGH ADJ	N	-1.00	N	Y	N		
420 - 469	OUTGROWTH ACTIVITIES AND LUMP SUM PAYMENTS	Y	1.00	N	N	N	A	FL
501 - 513	501 RETRO INCREASE (PAY RATE)	Y	1.00	N	Y	Y		
50A - 50Z	RETRO INCREASE (PAY RATE)	Y	1.00	N	Y	Y		
51A - 51Z	510 RETRO INCREASE (PAY RATE)	Y	1.00	N	Y	Y		
520 - 569	TIME BASED ADDITIONAL ASSIGNMENTS	Y	1.00	N	N	N	FTE	FL
600	CUR MO ADJ ENTIRE MONTH RATE OF PAY NOT PAYABLE	N	-1.00	N	Y	N		
620 - 669	BONUS/COMPENSATION FOR SPECIAL SKILLS/ALLOWANCE	Y	1.00	N	N	N	E	FL
920 - 929	SPECIAL COMPENSATION - DBS ONLY	Y	1.00	N	N	N	E	FL
955	VAC PAY OFF	N	1.00	N	N	Y		
960 - 969	NON-CREDITABLE COMPENSATION	Y	1.00	N	N	Y		
971 - 979	NON-CREDITABLE COMPENSATION	Y	1.00	N	N	Y		
997	WORKER'S COMP ADJSTMNT OFFSET	N	-1.00	N	Y	N		
998	WORKER'S COMP ADJUSTMENT	N	1.00	N	Y	N		

STRS Pay Rate Types	
A	Annual pay rate for the position
D	District defined annual salary for assignment
E	Earnings
FL	Funding line pay rate
FTE	Annual pay rate for the funding line
M	Median salary for district

Salary Adjustment Worksheets are vital for correct reporting to CalSTRS; they are an essential piece of back-up documentation to have on file. These worksheets allow the STRS Unit to ensure that the correct earnings are recorded under the intended pay rates, so that the employee's service credit generates appropriately.

Reasons for these worksheets being completed include, but are not limited to, the following:

- Late Start
- Early Termination
- Step/Column Change
- Retroactive Salary Payment
- Over- or underpayment

In addition to these worksheets being required for retirement auditing, they are a useful tool for a district payroll department to determine the exact amount of earnings that may need to be docked or paid back to an employee.

Prior Period Adjustment to Retirement Data forms should be completed and submitted to DFS. The information in this document will help the DFS STRS Retirement Unit assign earning adjustments to the correct reporting months.

We request districts to submit Salary Adjustment Worksheets and Prior Period Adjustment to Retirement Data forms by the 5th business day following the pay date.

Note: When a Salary Adjustment Worksheet or Prior Period Adjustment form is not completed, retirement records may be inaccurately reported to CalSTRS. Inaccurate reporting may result in audit findings and possible reduction of retirement benefits to the district's employee.

The following pages include nine sample Salary Adjustment Worksheets that were created for a variety of scenarios. The final page of this section also includes a blank Prior Period Adjustment form.

LATE START

CERTIFIED SALARY ADJUSTMENT WORKSHEET

DISTRICT No:	999	DISTRICT NAME:	Pleasantville USD
EMPLOYEE NAME:	John Doe	FROM:	PLEASE COMPLETE THIS SECTION AS WELL
EMPLOYEE NO:	987654	Class - Step	Annual
EMPLOYEE SSN NO:	XXX-XX-1234	TO:	PLEASE COMPLETE THIS SECTION AS WELL
PERCENT CONTRACT:	100 %	Class - Step	Annual
<p>REASON FOR SALARY ADJUSTMENT WORKSHEET (Please check appropriate box(es) below):</p> <p><input type="checkbox"/> DAY COUNT ADJ /POS CHANGE <input type="checkbox"/> LEAVE OF ABSENCE <input type="checkbox"/> RETRO</p>			
<input checked="" type="checkbox"/> LATE START <input type="checkbox"/> EARLY TERM <input type="checkbox"/> STEP/COLUMN		Prepared by:	Carolyn Yankum
		Phone No.:	(951) 826-6538
<p>Date Salary Change Effective: Adj. Made On Payroll No(s) of Fiscal Year:</p> <p>3M17</p>			
<p>OTHER / COMMENTS:</p> <p> </p>			

SALARY ONLY - ANNUAL RECAP		Total Earnings	
Salary Only	Sub Diff	Salary Adj.	
1M			0.00
2M			0.00
3M	\$7,500.00		7,500.00
4M	\$7,500.00		7,500.00
5M	\$7,500.00		7,500.00
6S	\$7,500.00		7,500.00
7M	\$7,500.00		7,500.00
8M	\$7,500.00		7,500.00
9M	\$7,500.00		7,500.00
10M	\$7,500.00		7,500.00
11M	\$7,500.00		7,500.00
12M	\$75,000.00		\$0.00

STEP/COLUMN CHANGE

CERTIFICATE SALARY ADJUSTMENT WORKSHEET

DISTRICT No:	999 Peasantville USD
DISTRICT NAME:	
EMPLOYEE NAME:	John Doe
EMPLOYEE NO:	987654
EMPLOYEE SSN NO:	XXX-XX-1234
PERCENT CONTRACT:	100 %
REASON FOR SALARY ADJUSTMENT WORKSHEET (Please check appropriate box(es) below):	
<input type="checkbox"/> LATE START	<input type="checkbox"/> DAY COUNT ADJ/ POS CHANGE
<input type="checkbox"/> EARLY TERM	<input type="checkbox"/> LEAVE OF ABSENCE
<input checked="" type="checkbox"/> STEP/COLUMN	<input type="checkbox"/> RETRO
<input type="checkbox"/> OTHER / COMMENTS:	

FROM: **PLEASE COMPLETE THIS SECTION AS WELL** #DIV/0!
 Class - Step Annual Diem

TO: **PLEASE COMPLETE THIS SECTION AS WELL** #DIV/0!
 Class - Step Annual Diem

TO: **PLEASE COMPLETE THIS SECTION AS WELL** #DIV/0!
 Class - Step Annual Diem

Date: Salary Change Effective: 5M17
 Adj. Made On Payroll No(s) of Fiscal Year:

OTHER / COMMENTS:

Prepared by: Carolyn Yoakum
 Phone No: (951) 8226-6558

Period of Service (1)	Contract Annual (2)	Monthly (3)=(2)/(5)	Days (4)	Months (5)	Daily Rate (6)=(2)/(4)	Work Days (7)	Annual Earnable (8)=(6)*(7)	Prior Pay Deduction (9)	Net Annual Earnable (10)=(8)-(9)	No. of Pay Periods (11)	Actual Amount Paid (12)	Adjustment (13)=(12)+(13)y(2)	Service Credit (14)=(12)+(13)y(2)	Payroll Adj. Code (15)
9/1/16 - 11/25/16	\$75,000.00	\$7,500.00	185	10	\$405.405	57	\$23,108.11	\$0.00	\$23,108.11	2	\$15,000.00	\$8,108.11	0.3081	
11/26/16 - 6/30/17	\$80,000.00	\$8,000.00	185	10	\$432.432	128	\$55,351.35	\$0.00	\$55,351.35	8	\$64,000.00	\$8,648.65	0.6919	
TOTAL						185	\$78,459.46	\$0.00	\$78,459.46	10	\$79,000.00	(\$540.54)	1,000	600

SALARY ONLY - ANNUAL RECAP		
Salary Only	Sub Diff Salary Adj.	Total Earnings
1M		0.00
2M		0.00
3M		7,500.00
4M		7,500.00
5M		8,000.00
6S		8,000.00
7M		8,000.00
8M		8,000.00
9M		8,000.00
10M		8,000.00
11M		8,000.00
12M	\$79,000.00	\$0.00
		\$79,000.00

DAY COUNT CHANGE

CERTIFICATE SALARY ADJUSTMENT WORKSHEET

DISTRICT No:	999 Pleasantville USD
EMPLOYEE NAME:	John Doe
EMPLOYEE NO:	987654
EMPLOYEE SSN NO:	XXX-XX-1234
PERCENT CONTRACT:	100 %

REASON FOR SALARY ADJUSTMENT WORKSHEET (Please check appropriate box(es) below):

<input checked="" type="checkbox"/> LATE START	<input type="checkbox"/> DAY COUNT ADJ / POS CHANGE
<input type="checkbox"/> EARLY TERM	<input type="checkbox"/> LEAVE OF ABSENCE
<input type="checkbox"/> STEP/COLUMN	<input type="checkbox"/> RETRO

OTHER / COMMENTS:

Accepted new position effective 1/1/2016. Includes day count change from 185 to 233.

PLEASE COMPLETE THIS SECTION AS WELL	
FROM:	Class - Step Annual
TO:	Class - Step Annual
PLEASE COMPLETE THIS SECTION AS WELL	
Class - Step	Annual
Class - Step	Annual
PLEASE COMPLETE THIS SECTION AS WELL	
Class - Step	Annual
Class - Step	Annual

Prepared by:
Carolyn Yoakum
(951) 828-6538

Date Salary Change Effective:
Adj. Made On Payroll (No) of Fiscal Year:
5M17

Period of Service (1)	Contract Annual (2)	Monthly (3)=(2)/(5)	Days (4)	Months (5)	Daily Rate (6)=(2)/(4)	Work Days (7)	Annual Earnable (8)=(6)*(7)	Prior Pay Deduction (9)	Net Annual Earnable (10)=(8)-(9)	No. of Pay Periods (11)	Actual Amount Paid (12)	Service Credit (14)=(12)+(13)/2	Payroll Adj. Code (15)
9/1/16 - 11/25/16	\$75,000.00	\$7,500.00	185	10	\$405,405	57	\$23,108.11	\$0.00	\$23,108.11	2	\$15,000.00	\$8,108.11	0.3081
11/26/16 - 6/30/17	\$85,000.00	\$7,727.27	223	11	\$381,166	155	\$59,080.72	\$0.00	\$59,080.72	8	\$61,818.16	(\$2,737.44)	0.6951
TOTAL						212	\$82,188.83	\$0.00	\$82,188.83	10	\$76,818.16	\$5,370.67	1.003
													109

SALARY ONLY - ANNUAL RECAP		
Salary Only	Sub Diff Salary Adj.	Total Earnings
1M		
2M		
3M	\$7,500.00	7,500.00
4M	\$7,500.00	7,500.00
5M	\$7,727.27	7,727.27
6S	\$7,727.27	7,727.27
7M	\$7,727.27	7,727.27
8M	\$7,727.27	7,727.27
9M	\$7,727.27	7,727.27
10M	\$7,727.27	7,727.27
11M	\$7,727.27	7,727.27
12M	\$7,727.27	7,727.27
	\$0.00	\$0.00

**LATE START +
PERCENT FTE
(DAYS)**

CERTIFICATE SALARY ADJUSTMENT WORKSHEET

DISTRICT No:	999 Pleasantville USD
EMPLOYEE NAME:	John Doe
EMPLOYEE NO:	987654
EMPLOYEE SSN NO:	XXX-XX-1234
PERCENT CONTRACT:	60 %

REASON FOR SALARY ADJUSTMENT WORKSHEET (Please check appropriate box(es) below):

<input checked="" type="checkbox"/> LATE START	<input type="checkbox"/> DAY COUNT ADJ / POS CHANGE
<input type="checkbox"/> EARLY TERM	<input type="checkbox"/> LEAVE OF ABSENCE
<input type="checkbox"/> STEP/COLUMN	<input type="checkbox"/> RETRO

OTHER / COMMENTS:

Employee late hire. Typical 60% contract equals 111 days out of 185. Will work 90 days.

PLEASE COMPLETE THIS SECTION AS WELL	
FROM:	Monthly
Class - Step	Annual
PLEASE COMPLETE THIS SECTION AS WELL	
TO:	Monthly
Class - Step	Annual
PLEASE COMPLETE THIS SECTION AS WELL	
TO:	Monthly
Class - Step	Annual

Prepared by:
Carolyn Yoakum
Phone No.: (951) 826-6538

Date Salary Change Effective:
Adj. Made On Payroll No(s) of Fiscal Year:

4M17

Period of Service (1)	Contract Annual (2)	Monthly (3)=(2)/(5)	Days (4)	Months (5)	Daily Rate (6)=(2)/(4)	Work Days (7)	Annual Earnable (8)=(6)*(7)	Prior Pay Deduction (9)	Net Annual Earnable (10)=(8)-(9)	No. of Pay Periods (11)	Actual Amount Paid (12)	Adjustment (13)=(10)-(12)	Service Credit (14)=(12)+(13)-(12)	Payroll Adj. Code (15)
10/6/16 - 6/30/17	\$75,000.00	\$7,500.00	185	10	\$405.405	90	\$36,486.49	\$0.00	\$36,486.49	9	\$40,500.00	(\$4,013.51)	0.4865	
TOTAL						90	\$36,486.49	\$0.00	\$36,486.49	9	\$40,500.00	(\$4,013.51)	0.486	600

salary only - ANNUAL RECAP		
Salary Only	Daily Rate Salary Adj.	Sub Diff Salary Adj.
1M		
2M		
3M		
4M	\$4,500.00	
5M	\$4,500.00	
6S	\$4,500.00	
7M	\$4,500.00	
8M	\$4,500.00	
9M	\$4,500.00	
10M	\$4,500.00	
11M	\$4,500.00	
12M	\$4,500.00	
	\$0.00	
		\$40,500.00

LATE START +
PERCENT FTE
(HOURS)

CERTIFICATE OF SALARY ADJUSTMENT WORKSHEET

DISTRICT No:	999
DISTRICT NAME:	Pleasantville USD
EMPLOYEE NAME:	John Doe
EMPLOYEE NO.:	987654
EMPLOYEE SSN NO.:	XXX-XX-1234
PERCENT CONTRACT:	75%

REASON FOR SALARY ADJUSTMENT WORKSHEET (Please check appropriate box(es) below):

3 3 5

OTHER / COMMENTS:

PLEASE COMPLETE THIS SECTION AS WELL

FROM:

DAY COUNT ADJ / POS CHANGE
LEAVE OF ABSENCE
RETRO

Employee late hire will work 150 days out of 185. Typical 75% contract will work 6 hours each day.

SALARY ONLY - ANNUAL RECAP	
Calories Out	Sub Diff
Daily Rate	Calories Out
Calories	Actual
	Estimated

**LEAVE OF
ABSENCE +
RETURN FROM
ABSENCE**

CERTIFICATE SALARY ADJUSTMENT WORKSHEET

DISTRICT No.: 999
DISTRICT NAME: Pleasantville USD
EMPLOYEE NAME: John Doe
EMPLOYEE NO.: 987654
EMPLOYEE SSN NO.: XXX-XX-1234
PERCENT CONTRACT: 100

FROM: **PLEASE COMPLETE THIS SECTION AS WELL**
Class - Step Annual
TO: **PLEASE COMPLETE THIS SECTION AS WELL**
Class - Step Annual
TO: **PLEASE COMPLETE THIS SECTION AS WELL**
Class - Step Annual

REASON FOR SALARY ADJUSTMENT WORKSHEET (Please check appropriate box(es) below):

LATE START
 DAY COUNT ADJ / POS CHANGE
 LEAVE OF ABSENCE
 RETRO

OTHER / COMMENTS:

Employee returning from leave of absence.

PLEASE COMPLETE THIS SECTION AS WELL

Prepared by: Carolyn Yankum
Phone No: (551) 826-8538

Date Salary Change Effective:
Adj. Made On Payroll No(s) of Fiscal Year:
8M17

Period of Service (1)	Contract Annual (2)	Monthly (3)=(2)/(5)	Days (4)	Months (5)	Daily Rate (6)=(2)/(4)	Work Days (7)	Annual Earnable (8)=(7)	Prior Pay Deduction (9)	Net Annual Earnable (10)=(8)-(9)	No. of Pay Periods (11)	Actual Amount Paid (12)	Adjustment (13)=10-(12)	Service Credit (14)=(12+13)/2	Payroll Adj. Code (15)
9/1/16 - 11/30/16	\$80,000.00	\$8,000.00	185	10	\$432.432	66	\$28,540.54	\$0.00	\$28,540.54	3	\$28,540.54	\$0.00	0.3568	
12/1/16 - 1/31/17	\$80,000.00	\$8,000.00	185	10	\$432.432	0	\$0.00	\$0.00	\$0.00	2	\$0.00	\$0.00	0.0000	
2/1/17 - 6/30/17	\$80,000.00	\$8,000.00	185	10	\$432.432	88	\$38,054.05	\$0.00	\$38,054.05	5	\$40,000.00	(\$1,945.95)	0.4757	
TOTAL						154	\$66,564.59	\$0.00	\$66,564.59	10	\$68,540.54	(\$1,945.95)	0.832	600

SALARY ONLY - ANNUAL RECAP
Daily Rate
Salary Adj.
Sub Diff
Salary Adj.
Total Earnings

1M		0.00
2M		0.00
3M	\$8,000.00	8,000.00
4M	\$8,000.00	8,000.00
5M	\$8,000.00	8,000.00
6S	\$0.00	12,540.54
7M	\$0.00	0.00
8M	\$8,000.00	8,000.00
9M	\$8,000.00	8,000.00
10M	\$8,000.00	8,000.00
11M	\$8,000.00	8,000.00
12M	\$8,000.00	8,000.00
		\$68,540.54
		\$0.00

SAMPLE

PRIOR PERIOD ADJUSTMENT TO RETIREMENT DATA

DISTRICT NAME:
PAYROLL NUMBER:

Contact Name:
Date:

Salary Abatements and Retirement Reporting

There are many reasons for processing salary abatements and procedures for completing a Salary Abatement Request can be located in the DFS- Payroll Manual.

For the purposes of retirement reporting, a salary abatement must be applied to the appropriate service dates, the type of earnings, and the pay rate if necessary.

Specifically, if a Salary Abatement Request is being completed due to an employee being placed on the wrong step/column, it is necessary for the STRS Unit to affect the employee's pay rate when processing the abatement.

In the case that a salary abatement is being completed due to an employee being on the wrong step/column, the district should complete a Salary Adjustment Worksheet and submit it to the STRS Unit. The worksheet will ensure that the corrected earnings are reported under the corrected pay rate. Using the worksheet to make this change will ensure that the employee's service credit is accurately reflected with CalSTRS.

Please refer to Section 705- Retirement Reporting Forms for an example on how to complete the worksheet for a step/column change.

Retroactive Pay Increases

Before processing a retroactive pay increase, a meeting with District Fiscal Services is required. All staff involved in the processing of payroll increases should attend the meeting.

DFS is conducting these meetings with district staff to mitigate the number of errors and manual corrections that are required before the payroll/retirement information can be transmitted to CalSTRS and CalPERS.

The questions below will be e-mailed to you in advance of our meeting. Please review and answer the following questions prior to the meeting.

1. Notify DFS- Payroll & Retirement staff of the retroactive period.
 - a. Current fiscal year only, or prior fiscal year as well?
 - b. Specifically, which payrolls are being affected?
 - c. When do you plan to pay the retroactive increase?
 - d. When are new salary schedules being rolled? (Note: Salary schedules cannot be updated in Galaxy prior to board approval.)
2. Is the retroactive pay increase for the contracted monthly earnings only, or is the retroactive increase also affecting additional assignment pay, stipends, overtime, vacation payoffs, cash options, etc.? Which specific salary schedules are receiving the retroactive increase?
 - a. Note: If more than just contracted monthly earnings, multiple adjustment codes will be required for correct reporting. Retroactive pay increases on non-creditable earnings (overtime, vacation payoffs, cash option, etc.) should be paid with a non-creditable code. Also, retroactive increases on special compensation need a separate adjustment code.
3. Is the increase being paid to employees with multiple positions and/or paid at different pay rates?
 - a. Note: If multiple positions with different pay rates are receiving a retro, multiple adjustment codes will be required for correct reporting- one for each pay rate.
4. Are retirees receiving a retroactive pay increase?
 - a. If yes, contributions will not be taken since their retirement plan is already either R1 or R2. Potential solutions are as follows:
 - i. Earnings can run without taking contributions, and the district will be charged for employee and employer contributions.
 - ii. The district can change the retirement plan to S1, or P1/P3, and then change it back to R1/R2 after the payment.
5. Does the retroactive increase include earnings for employees prior to them becoming a STRS or PERS member?
 - a. Note: The pay increase for earnings prior to membership is not creditable. A non-creditable code must be used.

6. Was there a change in pay frequencies? For example, changing from an A/B pay cycle to a monthly M frequency?
7. Did the district change from employer paid to employer pick-up?
8. Is the retroactive pay increase being issued on an active pay schedule from which employees have received earnings already? (Ex: Is the increase being paid in May, but the salary schedule increase rolled in April?)
9. The Retroactive Reports from the Service Desk have been discontinued, so you will need to use the new Retroactive Reports from MicroStrategy. Have you received training?
 - a. If so, will you be using the mass upload feature?

Additional Reminders

- Adjustment Codes:
 - Use the appropriate adjustment code depending on what type of earnings are being paid.
 - For example, the retroactive pay for overtime earnings originally paid with payroll adjustment code 001 (overtime) should be reported with a non-creditable code.
 - Use the appropriate time frame with each retroactive adjustment code.
 - For example 7/01/2014 – 1/31/2015 if the employee received earnings the entire length of time from July through January.
 - It is common to use one retroactive adjustment code for 10-month employees, one for 11-month employees and another for 12-month employees.
 - If the employee is receiving retroactive pay on an additional assignment that was only performed once, in October, then the dates on the retroactive adjustment codes for that specific assignment should be 10/01/14 – 10/31/14.
- Payroll Reminders:
 - If any of your employees receiving the retroactive pay are deceased in the current calendar year or a prior calendar year, please contact DFS Payroll for information on how to process the payments to the beneficiary.
 - It is likely that many employees will submit new W-4's in anticipation of a large payroll check. Keep in mind that the district has until the 1st payroll period 30 days after the next IRS status determination date (1/1, 5/1, 7/1, and 9/1) before the lack of input into Galaxy becomes an error. The IRS and EDD do not allow refund of taxes until the timeline stated for input of the new W-4 has expired. Treasury Reg. § 31.3402(f) (3)-1(b).
 - New Salary Schedules should be in Galaxy and approved prior to "Time Sheet" date on the Payroll Calendar.
 - Retroactive pay paid separately from salary on a POD is viewed as supplemental wages and therefore the supplemental tax rate should be utilized.
 - Retroactive payments issued on PODs do not have direct deposit capability.
 - Retroactive payments paid on a POD should be reviewed for H&W employee contributions and voluntary deductions.
 - Retroactive payments are not exempt from established or new garnishments.
 - Retroactive payments will not have deferred pay calculated or deducted.
 - Abatements, Cancels, and Direct Deposit Reversals can be viewed in the Galaxy Screen, "View Employee Earnings Corrections". Outstanding Abatements may be viewed in MicroStrategy with the report "Uncollected Salary Abatements". Retro payments should not be given on cancels, direct deposit reversals or abatements, collected or uncollected.
 - All employee wages exceeding \$15,000 cumulative Gross Wages in one calendar month are to have backup e-mailed to Suzanne Tanenbaum and Amal Qaqish in DFS to clarify the high-earnings.

Retirement Contribution Refunds

Employee refunds of PERS and STRS contributions are processed via payroll through the use of negative voluntary deductions and are entered into Galaxy by the Retirement Units in District Fiscal Services. Refunds are the result of three different processes:

- The monthly audit process of the retirement report
- Excess contributions (DB vs DBS)
- The return of service credit purchase deductions

Employees in active status receive the refund with their payroll earnings, when payroll is processed. Refunds for employees in a 700 status are returned to the former/current employing district for processing.

Negative voluntary deductions are given an effective ending date. Refunds that did not process before the effective end date are returned to the former/current employing district.

The employer portion of the retirement contribution refunds are processed via financial transactions to the designated employer holding accounts.

Please see page 801-3 for the Employee Contribution Refund Process.
Please see page 801-8 for the Employer Contribution Refund Process.

Monthly Audit Refunds

Through the normal monthly audit process of the retirement records, DFS Retirement staff identifies the employees requiring a refund. These adjustments require monetary changes, which are recorded in each district's Control Sheet. Following the completion of each retirement report audit, Control Sheets are submitted to the affected districts with the financial transaction for the STRS Fixed Charges.

CalSTRS Return of Excess Contributions DB vs DBS- Process Started in October of 2015

With the passage of the CalSTRS 2014 Full Funding Plan, enacted in AB 1469, contribution rates for the Defined Benefit (DB) Program are now greater than contribution rates for the Defined Benefit Supplement (DBS) Program. As a result, when contributions on compensation that is earned for service in excess of one school year (excess service credit) are transferred to the Defined Benefit Supplement Program, the contributions that exceed the required amount are deemed to be excess contributions and by law must be returned by CalSTRS.

Excess contributions for both members and employers will be returned to the employer that remitted the contributions associated with the excess service credit. It is the responsibility of employers to return excess member contributions to employees. The negative voluntary deduction process was developed to assist districts with the refund process. Returned pre-tax contributions will be considered taxable income in the year employees receive them regardless of when the contributions were initially paid.

On a monthly basis CalSTRS remits excess contribution refunds for those members who refund, retire, receive a disability benefit or die. Excess contributions for active members are returned annually around October. Interest is not paid on excess contributions as CalSTRS has no legal requirement or authority to pay interest on the return of excess contributions.

Service Credit Purchase Deduction Refunds

Employees may purchase service credit or redeposit contributions for service they performed and subsequently requested a refund from CalSTRS. This is an agreement between the employee and CalSTRS. Once a service credit purchase is in effect, DFS receives a Payroll Deduction Notification requesting DFS to initiate payroll deductions as either pre- or post-tax.

If the employee changes employers, the service credit or redeposit deduction may continue to be taken under the new employer, if agreed upon by the three parties (the employee, the former, and the new employing district). The form "Assignment and Assumption of Irrevocable Payroll Authorization Agreement" must be completed and signed by the three parties.

If the terms of the agreement are not fulfilled because the employee retires or is no longer working, CalSTRS may refund all contributions previously made. The refund is made payable to the Riverside County Office of Education and DFS processes the refund according to how the deductions were taken (pre- or post-tax).

Post-Tax Service Credit/Redeposit Deductions Refunds

If the deductions were post-tax, DFS will issue a commercial claim for the full amount payable to the employee. The claim is forwarded to the Payroll Supervisor at the district.

Pre-Tax Service Credit/Redeposit Deductions Refunds

Pre-tax service credit refunds are done via the negative voluntary deduction process.

Employee Contribution Refund Process

1. The Retirement Unit in DFS will work directly with the IT Department to mass upload the negative voluntary deductions (refunds) to Galaxy.
 - Employees in a 700 status are immediately identified after the negative voluntary deductions are processed.
2. A financial transaction will be processed to transfer the funds to the district for employees in a 700 status. See sample of e-mail on page 801-8.
3. The negative voluntary deductions are uploaded to Galaxy once a month.
 - The negative voluntary deduction will automatically be transacted the next time the employee is paid in their normal pay frequency, A/B/M; no refunds will be processed on PODs.
4. Negative voluntary deductions that were uploaded to Galaxy, but were not processed by the effective ending date assigned to the negative voluntary deduction code, will be refunded to the district.
5. The employee's retirement contributions were originally taken pre-tax. The refunds are now taxable wages and should be processed as such when the district issues the refunds to employees.
6. Districts should issue claims through accounts payable by the December commercial warrant deadline for all employee contribution refunds that were returned to the district.
7. Refunds for former employees are processed through commercial claims and must be coded as Tax Type 9. For the refund of retirement contributions to correctly reflect an increase in taxable wages for former employees (paid on a commercial warrant):
 - Set-up each employee as a vendor; include the employee's social security number in the vendor's profile.
 - Setting up the vendor as tax type 9 does not process the employee refund properly
 - Check the commercial claim as Tax Type 9.
 - Please note the mass claim upload process with vendor number "0" will not create the proper record to generate a W-2 entry.
8. Refunds to a deceased employee's beneficiary are also processed through commercial claims and must be coded as Tax Type 2. This tax type may generate a 1099 MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income) in the calendar year that the commercial warrant was issued.
 - Set-up the beneficiary of record as a vendor.
 - Check the commercial claim as Tax Type 2.

Please see next pages on how to properly issue tax type 9 claims and to verify if claims were issued properly.

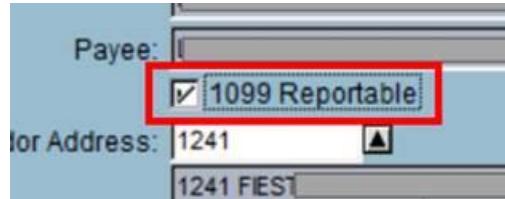
Tax Type 9 Commercial Claim Issuance

Districts often must process claims to reimburse former district employees for retirement contributions (such as the DB vs. DBS refunds). These are taxable earnings reportable in the employees' W-2 form. Setting up the vendor as a tax type 9 does not properly process the employee's reimbursement; the claim itself should be identified as tax type 9.

Claims that have been entered and paid in can still be updated as tax type 9:

1. Go to the **Modify A/P Claim 1099/W2 Information** screen and find the claim number in question.
2. Click on the plus sign next to the claim number, under the claim number column.
3. Click on the **Add** button - this opens up fields where the tax type and the claim amount can be added (tax type must be entered as 09).

When processing new claims, make sure to check the "1099 Reportable" box:



You will be prompted to choose the tax type at a later time. Should you have any questions, please feel free to call the Service Desk or Tracey Corso or Ana Lambert at (951) 826-6538.

Deadline Reminders:

- December XX, 2018: Last day to enter tax type 9 claims for earnings to be included in the employees' 2018 W-2 form.
- December XX - 31, 2018: Do not process any more tax type 9 claims for the calendar year. Any claims processed will generate a revised 2018 W-2 form.
- January 1, 2019 and forward: all earnings paid with tax type 9 will be included in the employees' 2019 W-2 form.

W2 Reportable Tax Type 9- MicroStrategy Report

To verify if your district has issued accounts payable claims for the employee retirement contributions returned to your district, you may access the above report in MicroStrategy following the path below:

Galaxy Countywide Reporting > Shared Reports > Business > Accounts Payable > **W2 Reportable Tax Type 9**

Select the fiscal year in question and the following report should appear:

W2 Reportable Tax Type 9 Calendar Year 2017											February 16, 2018
Payee Name	Vendor Number	Employee Number	Employee Social Security	Claim Reference	Payment	Reportable Taxable (Type 09)	Tax Type 9 Total Taxable	Federal Report Box 1	Taxable State Report Box 16	Termination Date	
J BROOK	12535	BROOK, J	505205	XXX-XX-8774	114281	12/18/2017	559.77	16,740.58	16,740.58		
MARIA	123456	ACEVEDO, MARIA	55172	XXX-XX-1318	114280	12/18/2017	60.59	27,030.42	27,030.42	08/31/17	
District Total:											
						620.36	620.36	2,348,258,219.73	2,349,237,799.90		

Negative Voluntary Deduction Codes for Employee Contribution Refunds: Monthly Audit Refunds

Previously, the effective ending date on negative voluntary deductions related to the monthly audit were either May 31 or November 30. In an effort to refund employees in a more timely manner, the effective end dates have been changed as follows:

CalSTRS		
CODE	DESCRIPTION	EFFECTIVE END DATE
8350	<REFUND-STRS CONTRIB JAN>	05/31/YY 03/31/YY
8351	<REFUND-STRS CONTRIB FEB>	05/31/YY 04/30/YY
8352	<REFUND-STRS CONTRIB MAR>	05/31/YY 05/31/YY
8353	<REFUND-STRS CONTRIB APR>	05/31/YY 06/30/YY
8354	<REFUND-STRS CONTRIB MAY>	11/30/YY 07/31/YY
8355	<REFUND-STRS CONTRIB JUN>	11/30/YY 08/31/YY
8356	<REFUND-STRS CONTRIB JUL>	11/30/YY 09/30/YY
8357	<REFUND-STRS CONTRIB AUG>	11/30/YY 10/31/YY
8358	<REFUND-STRS CONTRIB SEP>	11/30/YY 11/30/YY
8359	<REFUND-STRS CONTRIB OCT>	11/30/YY 12/31/YY
8360	<REFUND-STRS CONTRIB NOV>	05/31/YY 01/31/YY
8361	<REFUND-STRS CONTRIB DEC>	05/31/YY 02/28/YY

Note: The month refers to the month in which the refund was uploaded to Galaxy. The upload is done after audit is completed, and, the audit is completed after payroll has processed.

Any negative voluntary deduction that did not process through payroll by the effective end date will be refunded to the employer. Employer must refund the contributions to the employee and code it as Tax Type 9 or 2. See page 801-3 for detailed instructions.

Negative Voluntary Deduction Codes for Employee Contribution Refunds: DB vs. DBS

The negative voluntary deduction code **8981 “Refund-STRS DB vs DBS”** is for the ongoing employee refunds for excess contributions from CalSTRS, which are processed throughout the year. The excess contributions for employees who refund, retire, or die are processed on a monthly basis. The excess contribution refunds for active members are processed in September and returned to the County Office in late September or October.

Negative Voluntary Deduction Codes for the refund of Excess STRS Employee Contributions – DB vs DBS				
CalSTRS				
CODE	DESCRIPTION	EFFECTIVE END DATE ANNUAL REFUNDS	EFFECTIVE END DATE MONTHLY REFUNDS	RESOURCE
8981	<REFUND-STRS DB VS DBS>	11/30/YY	Two months after initial setup	9819

Any negative voluntary deduction that did not process through payroll by the effective end date will be refunded to the employer. Employer must refund the contributions to the employee and code it as Tax Type 9 or 2. See page 801-3 for detailed instructions.

When Employee Contributions are Returned to the District

Employee contribution refunds are transferred to the district when an employee is in termed status or does not receive payroll earnings during the active period of the negative voluntary deduction. The following notification is sent to the affected districts along with the attachments shown on page 801-7.

<p style="text-align: center;">Riverside County Office of Education District Fiscal Services Payroll & Retirement Retirement Refunds</p>	
<p>DATE:</p>	
<p>DISTRICT: Riverside County Office of Education</p>	
<hr/> <hr/> <hr/> <hr/>	<p>PERS Refund – Monthly Audit of Retirement Records</p> <p>STRS Refund – Monthly Audit of Retirement Records</p> <p>STRS Excess Contribution Annual DB vs DBS</p>
<p>Terminated Employees. The employee is no longer in active status. DFS has processed a transfer to refund the contribution to the district's holding program (see below). The MD # _____ is dated _____. Attached are the employees that will need to be issued a commercial warrant from the district before the calendar year end commercial claim issuance deadline and W-2 the claim as a tax type "9" Refunds – No Longer a District Employee. A W-2 will be issued for the refund. For deceased employees, issue a commercial warrant to the beneficiary of record and 1099 the claim as a tax type "2" Other. This tax type may generate a 1099MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income).</p>	
<hr/> <hr/> <hr/> <hr/>	<p>Districts / Santa Rosa Academy 03-900-0999-0-0000-7200-3999</p> <p>Temecula 01-900-0999-0-0000-7200-3999</p> <p>Community Colleges 11-900-0999-0-0000-0000-3999</p> <p>Charters in Fund 62 62-900-0999-0-0000-7200-3999</p>
<p>Remaining Balance. The employee was to receive a refund as a negative voluntary deduction through the payroll process. The employee was not paid on a regular scheduled payroll before the end of the specific time frame set for negative voluntary deduction code XXXX (##/##/##). DFS has processed a transfer to refund the contribution to the district's holding program (see below). The MD # _____ is dated _____. Attached are the employees that will need to be issued a commercial warrant from the district before the calendar year end commercial claim issuance deadline and W-2 the claim as a tax type "9" Refunds – No Longer a District Employee. A W-2 will be issued for the refund. For deceased employees, issue a commercial warrant to the beneficiary of record and 1099 the claim as a tax type "2" Other. This tax type may generate a 1099MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income).</p>	
<hr/> <hr/> <hr/> <hr/>	<p>Districts / Santa Rosa Academy 03-900-0999-0-0000-7200-3999</p> <p>Temecula 01-900-0999-0-0000-7200-3999</p> <p>Community Colleges 11-900-0999-0-0000-0000-3999</p> <p>Charters in Fund 62 62-900-0999-0-0000-7200-3999</p>
<p>If you have any questions regarding these refunds, please contact Julie Portillo for PERS or Carolyn Yoakum for STRS related questions.</p>	

SCHOOL DISTRICT UNIFIED

Negative Voluntary Deductions - No Longer in Active Status

Deduction Code: 8981 (REFUND-STRS DB VS DBS)
 Start Date: 10/09/2015
 End Date: 10/09/2015

September 1, 2016

Note: The deduction amount is negative because the employee was to receive a refund as a negative voluntary deduction through the payroll process.

District Instructions: The employee is no longer in active status for the district. DFS will refund the contribution to the district. Please issue a commercial warrant before December 31st to the former employee and W-2 the claim as a tax type "9" Refunds - No Longer a District Employee. A W-2 will be issued for the refund in the calendar year that the commercial warrant was issued.

District Instructions for Deceased Employees: DFS will refund the contribution to the district. Please issue a commercial warrant before December 31st to the beneficiary of record and 1099 the claim as a tax type "2" Other. This tax type may generate a 1099 MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income) in the calendar year that the commercial warrant was issued.

Fund 78 WARRANT PASS THROUGH-STRS

Employee Number	Employee Name	Deduction Amount
2481		-1.06
0608		-0.58
1103		-6.24
1068		-2.40
0890		-3.23
0723		-0.74
1942		-0.15
2310		-0.05
2337		-7.97
2402		-4.85
2482		-2.95
0480		-11.17
1536		-0.65
2196		-0.89

Employee Count: 14 Total District Deductions: -42.93

UNIFIED SCHOOL DISTRICT

Negative Voluntary Deductions - Employees with Remaining Balance

Deduction Code: 8981 (REFUND-STRS DB VS DBS)
 Start Date: 10/09/2015
 End Date: 11/30/2015

September 1, 2016

Note: The deduction amount is negative because the employee was to receive a refund as a negative voluntary deduction through the payroll process.

District Instructions: The employee was not paid on a regular scheduled payroll before the end of the specific time frame (May for fiscal year-end and November for calendar year-end). DFS will refund the contribution to the district. Please issue a commercial warrant before December 31st to the employee and W-2 the claim as a tax type "9" Refunds - No Longer a District Employee. The refund will be included in the W2 issued.

District Instructions for Deceased Employees: DFS will refund the contribution to the district. Please issue a commercial warrant before December 31st to the beneficiary of record and 1099 the claim as a tax type "2" Other. This tax type may generate a 1099 MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income) in the calendar year that the commercial warrant was issued.

Fund 78 WARRANT PASS THROUGH-STRS

Employee Number	Employee Name	Deduction Amount
247		-0.31
183		-26.90
064		-0.36
056		-0.07
024		-24.29
177		-4.61
204		-0.41
060		-0.05
231		-0.36
064		-0.09
142		-0.23
006		-3.37

Employee Count: 12 Total District Deductions: -61.05

Employer Contribution Refund Process**Monthly Audit Refunds**

Employer contribution refunds due to the normal monthly audit of the retirement reports are refunded via the STRS/PERS fixed charges financial transactions done every month. See section 901 for a sample of these transactions.

CalSTRS Return of Excess Contributions DB vs DBS Refunds: Independent Districts and Charters

Refunds for independent districts and charters (agencies that do not use Galaxy) will be processed as follows:

- Independent Districts- a JV will be processed to transfer employee and employer excess contributions to your district and an Excel file will be e-mailed with all pertinent information.
- Independent Charters- commercial warrants will be processed to transfer employee and employer excess contributions to each charter and an Excel file will be e-mailed with all pertinent information.

CalSTRS Return of Excess Contributions DB vs DBS Refunds: Galaxy Districts, Colleges and Charters

Districts will receive the employer portion through the multi-district transfer process. DFS will access the report and download the information for our county as soon as it is available. Funds will be posted to:

Districts/Santa Rosa Academy	01/03 XXX 0000 0 0000 0000 8699
Charters Fund 62	62 XXX 0000 0 0000 0000 8699
Community Colleges	11 XXX X000 0 0000 0000 8800

The employer portion of the excess contribution refund is returned to the district once the refund check has been received by RCOE via financial transactions to the designated employer holding accounts.

Note: When there is a charge for an employee instead of a refund, RCOE will bill the employing district for the amount due. RCOE has no authority to collect funds from employees via payroll. The employer portion of the refunded contributions will be reduced by the amount due for the employee(s).

Districts are notified via e-mail when financial transactions have been processed:

"Excess contribution refunds have been processed by CalSTRS and the money has been received by RCOE. Attached is the financial transaction processed for the employer portion of the excess contributions and a file detailing the refund by employee.

Please note your refund may have been reduced by charges for employees at your district. Please review the attached documents and contact Carolyn Yoakum if you have any questions."

E-mail attachment 1:

STRS Refund DB vs DBS 'ER Portion Excess Contrib. 01.06.2017			
Refund Received	091916	MD#:	_____
Today's Date:	09/20/16	MD DATE:	_____
Prepared by:	Ana M. Lambert	E-mailed to Districts on:	_____
DIST#	Employer Excess Contributions	Employee Charges (not refunds)	Net Employer Excess Contributions
01			
03			
05			
07			
10			
13			
18			
21			
27			
30			
34			
39			
40			
41			
43			
45			
46			
49			
56			
58			
61			
64			
67			
71			
74			
81			
84			
88			
90			
99			
Total			0.00
DBDBS Employer Portion 01062017 / COD / MSJC / PVCC / RCC / ALV			

If CalSTRS is processing an employee charge instead of a refund, the charges will be listed in this column for each district affected.

This financial transaction will only list the amount of the Excess Contribution Refund and only for the employer portion.

District financial transaction form tabs

FINANCIAL TRANSACTION FORM													
District	98/	Type Transaction										Transaction Date:	
FY	16/17	1 - Appropriation - Green 2 - Revenue - Pink 3 - Abatement of Exp - Orange 4 - Encumbrances - Blue 2 - Expenditure - White 3 - Abatement of Rev - Yellow										Transaction ID:	
01	11	000	0000	0	0000	0000	8800	2		0.00			STRS Refund DB vs DBS 'ER Portion Excess Contrib. 01.06.2017
98	78	900	9819	0	0000	0000	9620	2	0.00				STRS Refund DB vs DBS 'ER Portion Excess Contrib. 01.06.2017
TOTAL:(total of all pages)										0.00	0.00		
Reason for transaction: STRS Refund DB vs DBS 'ER Portion Excess Contrib. 01.06.2017													
Tracey Corso	09/20/16			Ana M. Lambert			09/20/16			1	1		
Signature of Authorizing Agent			Date			Prepared By:			Date			Page	of

E-mail attachment 2:

Although this document lists both employee and employer excess contributions, only the employer portion is being refunded at this point. Districts can pull this report from the CalSTRS Secure Employer Website as well. Please utilize the Reference Items on SEW to obtain the job aid which has step-by-step instructions.

Excess Contribution Return Report							
Report Source: 00033 - Riverside County Office of Education							
Payment/Invoice Date: 08/03/2016 ; 08/03/2016							
Report Unit Number	EMP NUMBER	Member Client ID	Member Last Name	Member First Name	Excess Member Contributions	Excess Employer Contributions	Total Contributions
33099	111111	76	ROSARIO	JOHN	(76.51)	(158.14)	(234.65)
33099	222222	35	SCHUTTE	DONNA	(167.46)	(346.05)	(513.51)
33099	333333	06	BHATIA	SHAILESH	(299.00)	(617.94)	(916.94)
33099	444444	59	QUIN	CAROL	(112.25)	(231.85)	(344.10)
33099	555555	82	CONYERS	LISA	(75.42)	(155.84)	(231.26)
33099	666666	67	DEAN	LESLIE	(378.60)	(782.47)	(1,161.07)
33099	777777	13	GRIMES	JUDI	16.66	34.44	51.10
Total				(1,092.58)	(2,257.85)	(3,350.43)	
Employee Refunds Uploaded as Negative Vol. Deductions (1,109.24)							
Employer Excess Contribution Refunds (2,241.19)							
Total Excess Contributions for the district (3,350.43)							

Employee portion of the refund uploaded to Galaxy by DFS as negative voluntary deductions. Districts will receive the employee portion only for those employees in terminated status and for those who did not receive the refund via payroll because no payroll earnings were processed during the period the negative voluntary deduction was in effect.

District portion of the refund. District's refund may be reduced by any employee charges CalSTRS calculated for an employee.

STRS Fixed Charges

Retirement records are generated from the payroll entries made by each district; adjustments may be necessary to correctly report retirement earnings to CalSTRS. Some adjustments may trigger changes in the total earnings and contributions reported to the CalSTRS system; these monetary corrections are recorded in the control sheets that are used to create the monthly STRS fixed charges. Fixed charges include the following:

- Refunds for contributions taken:
 - On earnings considered non-creditable to CalSTRS.
 - For employees who are not STRS members.
 - At the incorrect contribution rate (2% at 60 vs. 2% at 62).
- Refunds due to transfer of earnings between the PERS/STRS system.
- Charges for contributions owed for:
 - Employees who are STRS members, but processed through payroll as non-members.
 - Contributions taken at the incorrect rate (2% at 60 vs. 2% at 62).
- Charges for funds owed due to transfer of earnings between the PERS/STRS system.
- Salary abatements- this column is for information purposes only. This signifies that an adjustment has been made to an employee's retirement earnings due to an overpayment of earnings.

After adjustments are made and the report has been submitted, the DFS STRS Unit will prepare the fixed charge financial transactions and e-mail it to the affected districts. A fixed charge district contact distribution list is used for notifications. To view, add, or remove contacts from the list, please contact the DFS Retirement Unit.

Fixed charges are only distributed after financial transfers have been processed by the DFS Accounting Unit. An e-mail will be sent to the district notifying each affected district of the payroll cycle affected and the multi-district (MD) transfer number.

Two spreadsheets are attached to each e-mail:

- Summary of fixed charges countywide.
 - This only lists the amount that districts are being charged or refunded and does not contain detailed information.
 - The file will include tabs for each district's financial transaction form.
 - Although all districts are listed, only those with amounts on the summary sheet will have completed financial transaction forms.
- Control sheet specific to the district.
 - This sheet details the employee name, number, and amount being charged or refunded.
 - The explanation column details why the fixed charge was generated.

- Adjustments listed on the fixed charges may require further action by the district. Following is an example of the standard e-mail message that will be sent to the districts each time PERS/STRS fixed charges are transacted.

Email Sample for Fixed Charges

Part of the auditing process of the retirement records include making adjustments to ensure correct reporting to the CalPERS and CalSTRS Systems. This may include adjustments that result in the collection or refund of employee and employer contributions. These adjustments are documented and submitted to your district at the end of the auditing process in what we normally call Fixed Chargers and District Control Sheets.

Attached are the Fixed Charges and your District's Control Sheet for the following Retirement Report(s):

Retirement Plan: _____ CalPERS CalSTRS

Report Number: 10R18 MD#: 550 MD Date: 5/24/2018

On the Fixed Charges spreadsheet, please locate your district's tab to view the summary of charges for your district. Your district's Control Sheet explains in detail the charges and refunds that were processed.

Employee Refunds

Employee refunds will be transacted via the negative voluntary deductions for active employees at your district. Refunds due to employees in termed status will be refunded to the district. Please remember to issue commercial warrants to your former employees and to code the warrants as a tax type 9 claims.

Charges for Employee Contributions

Districts are charged for employee contributions when earnings eligible for retirement had been paid without contributions being taken from the employee. In some cases, districts may collect these funds from their employees; in other instances, the employer is responsible for the employee contributions due and may not pass the charge to the employee. If you need assistance determining which contributions can be collected from the employee, please contact our office.

Collecting Employee Contributions via the Payroll Process

STRS: Districts may utilize voluntary deduction Code 9816, "District Repay-EE STRS Arrears," to collect STRS contributions from employees via payroll. The voluntary deduction is pre-taxed and the W2 earnings are automatically adjusted.

PERS: Districts may utilize voluntary deduction Code 9815, "District Repay-PERS," to collect PERS contributions from employees via payroll. The voluntary deduction is pre-taxed and the W2 earnings are automatically adjusted.

Collecting Employee Contributions in Cash- Tax Issues

Repayments submitted to the district in cash or check by current calendar year employees, should be included on the W2 worksheets that are submitted to payroll on a quarterly basis. Please document these adjustments on the spreadsheet labeled "Other."

Repayments submitted to the district in cash or check by former employees during any calendar year do not require W2 adjustments. Federal and State wages cannot be adjusted for employees in terminated status.

Questions may be addressed as follows:

For PERS related fixed charges: Julie Portillo at (951) 826-6426, jportillo@rcoe.us

For STRS related fixed charges: Carolyn Yoakum at (951) 826-6538, cyoakum@rcoe.us

For tax related issues: Suzanne Tanenbaum at (951) 826-6538, stanenbaum@rcoe.us

Summary of Fixed Charges Sample

The first five columns on the fixed charge summary sheet are for information only, and include details on salary abatements and transfers between the PERS and STRS systems.

Districts should contact the DFS STRS Unit regarding questions on fixed charge transactions.

1/21/2017

RCOE MONTHLY STRS FIXED CHARGES
05R'17 STRS FIXED CHARGES November FY16-17

Column #	1	2	3	4	5	6	7	8	9	10	11	12	13			
DIST #	ADJUSTED CREDITABLE EARNINGS FROM GALAXY	STRS SUMMARY FINAL CONTRIB. AMOUNT	GALAXY INITIAL AUTOMATIC FIXED CHARGES	SALARY ABATEMENTS	PERS TO STRS OR (STRS TO PERS)	FIXED CHARGES FUND 9811			MEMBER / NON-MEMBER ADJUSTMENTS		TOTAL FUND 9811 MBR / NON-MBR CHARGES		TOTAL FUND 9810 & 9811 CHARGES	E-MAILED:		
01	190,416.78	194,635.54	196,416.78	(1,781.28)			0.04	0.04				0.00	0.04	0.04	01	
03	316,571.21	316,508.82	316,571.21	(400.51)			(125.80)		(125.80)	296.08	404.63	700.71	278.83	574.91	03	
05	51,267.99	51,267.99	51,267.99						0.00			0.00	0.00	0.00	05	
07	566,718.37	566,158.39	566,718.37	(559.99)			0.01	0.01				0.00	0.01	0.01	07	
10	1,132,639.27	1,130,649.30	1,132,639.27	(1,989.94)			(0.03)	(0.03)				0.00	(0.03)	(0.03)	10	
13	262,072.68	262,298.88	262,072.68				0.00		139.24	227.20		366.44	227.20	366.44	13	
18	431,272.03	430,069.13	431,272.03	(1,394.73)			0.00		146.01	191.83		337.84	191.83	337.84	18	
21	1,050,920.54	1,050,906.05	1,050,920.54	(14.49)			0.00		29.87			29.87	0.00	29.87	21	
27	2,950.99	2,950.99	2,950.99				0.00					0.00	0.00	0.00	27	
30	1,714,726.87	1,714,719.76	1,714,726.87	(7.10)			(0.01)	(0.01)				0.00	(0.01)	(0.01)	30	
34	1,098,999.42	1,098,998.35	1,098,999.42				(0.07)	(0.07)				0.00	(0.07)	(0.07)	34	
39	1,368,050.24	1,367,206.64	1,368,050.24	(649.91)			(193.73)	0.04	(193.69)			0.00	(193.69)	(193.69)	39	
40	60,938.61	60,742.89	60,936.61	(193.70)			(0.02)					0.00	(0.02)	(0.02)	40	
41	226,463.32	226,357.43	226,463.32				(52.84)		(52.84)	108.53	140.89	249.42	88.05	196.58	41	
43	11,082.35	11,082.35	11,082.35				0.00		17.57			17.57	0.00	17.57	43	
45	7,181.74	7,181.74	7,181.74				0.00					0.00	0.00	0.00	45	
46	1,227,030.17	1,227,075.90	1,227,030.17				(127.69)	0.13	(127.56)	126.80	173.29	300.09	45.73	172.53	46	
49	470,118.09	470,135.68	470,118.09				(0.02)		(0.02)	12.89	17.61	30.50	17.59	30.48	49	
56	1,093,692.41	1,093,630.22	1,093,692.41	(41.52)			(27.68)		(27.68)	6.80	7.01	13.81	(20.67)	(13.87)	56	
58	117,384.81	117,903.88	117,384.81				0.00		379.82	519.07		898.89	519.07	898.89	58	
61	1,433,197.46	1,433,214.90	1,433,197.46	(35.54)			0.04	0.04	152.20	52.94		205.14	52.98	205.18	61	
64	154,412.03	154,412.00	154,412.03				(0.03)		(0.03)			0.00	(0.03)	(0.03)	64	
67	310,162.55	310,162.55	310,162.55				0.00					0.00	0.00	0.00	67	
71	582,711.81	582,375.46	582,711.81				(426.81)	(121.83)	(121.83)	155.33	212.29	367.62	90.46	245.79	71	
74	2,603,514.54	2,601,997.89	2,603,514.54	(1,516.64)			(0.01)	(0.01)				0.00	(0.01)	(0.01)	74	
81	213,187.55	213,187.55	213,187.55						0.00			0.00	0.00	0.00	81	
84	512,059.79	511,774.28	512,059.79						0.00	0.04		0.04	0.00	0.04	84	
88	1,400,719.41	1,400,283.82	1,400,719.41	(435.59)			0.00					0.00	0.00	0.00	88	
90	993,294.58	993,220.30	993,294.58	(74.26)			(0.02)	(0.02)				0.00	(0.02)	(0.02)	90	
99	490,861.77	490,511.78	490,861.77	(292.97)			(653.31)	0.01	(653.30)	62.34	85.20	147.54	(568.10)	(505.76)	99	
TOTAL	20,100,617.38	20,091,620.46	20,100,617.38	(9,388.17)			(426.81)	(1,302.88)	0.06	(1,302.82)	1,633.52	2,031.96	3,665.48	729.14	2,362.66	

► EMPLR FIXED CHARGES 9811 & 9810 / COD / MSJC / PVCC / RCC / ALVORD / BANNING / BEAUMONT / COACHELLA / DESERT CTR / DESERT SAND

District financial transaction form tabs

Control Sheet Sample

These are the only columns that generate charges/refunds for districts

STRS CONTROL SHEET
FY 2016 - 2017
D : 05R'17

Penalties and Interest

Penalties and interest (P&I) assessments went into effect July 1, 2012. The California Code of Regulations allows CalSTRS to assess penalties and interest to employers for late submission of the retirement report and late or insufficient employee and employer contributions to the Defined Benefit Program.

Provisions were enacted to create incentives for employers to report timely and accurately, and to mitigate any losses suffered by the CalSTRS system resulting from an employer's failure to properly report earnings and contributions.

Retirement reports submitted to CalSTRS by the County Office are analyzed for P&I charges and invoices are generated if applicable. The STRS Retirement Unit downloads the invoices and issues payment on behalf of the reporting districts. P&I assessments are billed to each district via financial transactions charging each district's holding accounts. Per the California Department of Education, any type of settlement or penalty should be charged to the 7100 function. In addition, a settlement or penalty is not allowed to be charged to a restricted program unless specifically permitted.

Districts may dispute P&I charges by creating draft disputes via the Contribution Account Portal in SEW. Draft disputes are reviewed by the STRS Retirement Unit in DFS and submitted to CalSTRS for approval. Disputes must be submitted within 90 days from the day of the P&I invoice.

There are four different penalty types:

- Type 1: Late Report.
- Type 2: Late Adjustment.
- Type 3: Late Fiscal Year Contributions.
- Type 4: Late Contributions.

Penalty Type 1- Late Report

Contributions reported for the first time for an employee for a specific period of time where there was no previous reported line for that employee for any day in that specific period of time.

- Late if received on the 44th day after 5 p.m.
- Penalty is 7.5% of employer and employee contributions compounded daily.
- Penalties can only be calculated starting July 1, 2012.
- No penalty for late reports that neither increases nor decreases the employee or employer contributions.
- Penalty exemptions for worker's compensation and federal and state law:
 - No data elements for system exclusion making it necessary for employer to dispute penalties assessed for reporting earnings related to worker's compensation.

The P1 penalty is calculated as follows:

$$('EE+'ER cntrb.total) * \left(1 + \frac{\text{interest rate}}{360}\right)^{\text{Days Late}} - ('EE+'ER cntrb.total) = \text{Penalty Amount}$$

- Days Late is the count from the **report due date** to the **report received date**.
- Interest rate is currently 7.00%.
- CalSTRS uses the federal calendar which always has a base of 360 days. Penalties will be split by days in each month per the federal calendar.

Exemptions for Part-Time and Substitute Extra Days

Usually reported with assignment codes 54, 55, and 58. Conditions to be met:

1. Date the substitute or part-time position is paid matches the pay date on a published salary schedule for that position; and
2. The pay date is no more than 31 calendar days following the last day of the month in which the compensation being reported was earned; and
3. The applicable portions of the report are received no later than 44 calendar days following the pay date.

System will assume all criteria are met and will penalize based on the 31 days from the service period end date.

How does the part-time service exclusion work for penalties and interest?

CalSTRS made changes to the draft regulations in response to feedback from many employers. The provision for part-time service that was added to the draft regulations for both the reporting and the contribution remittances allows for the published pay date to be used in determining the due dates for both remittances and reporting. This is in contrast to full-time service where the due dates are derived from the service period end date (which may or may not be the actual published pay date).

Therefore, for service determined to be part-time, including substitutes, the Defined Benefit reporting will be due 44 calendar days from the published pay date (for non-adjustments), the DB reporting for adjustments to contributions will be due 60 days from notification or discovery, and the Defined Benefit remittances for that reporting will be due 5 and 15 business days from the published pay date.

Example:

Type of Service	Service Period End Date	Published Pay Date	95% Contrib. Due	100% Contrib. Due	Report Due Date
Full-Time	03/01/17 - 03/31/17	03/31/17	04/07/17	04/21/17	05/14/17
Part-Time	02/14/17 - 03/15/17	03/31/17	04/07/17	04/21/17	05/14/17

Note: The service period end date is different. However, the report due date is the same.

Penalty Type 2- Late Adjustment

Contributions reported by a district, for an employee that overlaps prior service for that employee and district by at least one day.

- Late if received on the 60th calendar day after 5 p.m. following discovery by the employer or notification by the system.
 - Discovery by the employer is end of the pay period.
 - Notification by the system:
 - Form 756 delivered to the employer by mail or e-mail.
 - Audit report delivered to the employer by mail or e-mail.
- Calculation based on cumulative value on the sum of the absolute value of the change in employer and employee contributions for each employee.
- Penalty is 7.50% of employer and employee contributions compounded daily.
- Adjustments with earnings dated July 1, 2012, or later may be assessed.
- No penalty for a late adjustment that neither increases nor decreases the employer or employee contributions.
- Penalty exemptions for workers' compensation and federal and state law:
 - No data elements for system exclusion making it necessary for employer to dispute penalties assessed for reporting earnings related to workers' compensation.

The P2 penalty is calculated as follows:

$$('EE+'ER cntrb.total) * \left(1 + \frac{\text{interest rate}}{360}\right)^{\text{Days Late}} - ('EE+'ER cntrb.total) = \text{Penalty Amount}$$

- Days Late = Day count from report due date to report received date.
- Note: The report due date is considered 60 days from the date of discovery or notification.
 - Discovery examples: an updated contract or submission of a transcript that impacts compensation.
- Notification date is the date the County Office receives a priority case from CalSTRS (Form 756) requesting adjustments to an employee's STRS account. The County Office may contact the district for more information (if there no notification date, the due date is 60 days from the receipt of the form).

Hint: Include in your MOU when the retroactive salary increase will be processed through payroll. This may extend the 90 days penalty-free window.

Exemptions for Retroactive Adjustments

Conditions to be met:

1. Adjustments are made for all members of a class of employees.
2. The adjustments are made pursuant to a written employment agreement with an employer or with an exclusive representative entered into by an employer.
3. The adjustments become effective contemporaneously with the effective date of the written agreement or the effective date of the provision in the agreement providing for future increases in compensation.
4. The adjustments are reported to the system within 90 days of the effective date of the written employment agreement or the effective date of the provision in the agreement providing for future increases in compensation.

Penalty Type 3- Late Fiscal Year Contributions

Contributions for a prior fiscal year period remitted on or after March 1 of subsequent fiscal year are eligible for type 3 penalties.

- FY 2015/16 contributions reported March 1, 2017, or later are assessed type 3 penalties.
- Assessment based on 5% of creditable compensation.
- Adjustments with earnings dated July 1, 2012, or later may be assessed.
-

Penalty 3 was created because CalSTRS does not receive any matching funds from the state if the creditable earnings were not reported by March 1. The P3 penalty is calculated as follows:

$$\text{Period Earnings} * 5\% = \text{Penalty Amount}$$

Penalty Type 4- Late Contributions

Late receipt of payments of contributions.

- Penalty based on receiving 95% of contributions due by 3:00 p.m. on the 5th business day.
 - Contributions received after 3:00 p.m. are posted on the next business day.
 - Need timely submission of checks/warrants from independent entities in order to deposit on time to our local bank.
- Remaining balance due by 3:00 p.m. on the 15th business day.
- Penalty is 7.50% of employer and employee contributions compounded daily.
- Earning periods dated July 1, 2012, or later may be assessed.
- Penalty exemptions for workers' compensation and federal and state law:
 - No data elements for system exclusion making it necessary for employer to dispute penalties assessed for reporting earnings related to workers' compensation.
- Penalty exemptions for late contributions if related to a retroactive salary increase.
- Part-time or substitute extra days.

The P4 penalty is made up of two parts – Penalty 4(a) and Penalty 4(b). They are calculated as follows:

$$\begin{aligned}
 ('EE+'ER cntrb.\total) * \left(1 + \frac{\text{interest rate}}{360}\right)^{\text{Days Late}} - ('EE+'ER cntrb.\total) &= P4(a) \\
 (P4(a)) * \left(1 + \frac{\text{interest rate}}{360}\right)^{\text{Days Late}} - (P4(a)) &= P4(b)
 \end{aligned}$$

Invoicing for Penalties and Interest Charges

Charges for P&I are invoiced to the County Office every time a retirement report is submitted to CalSTRS. Charges are summarized by penalty type and posted in PDF format. DFS downloads the invoice in Excel format to separate P&I charges by district and create the P&I charges financial transactions. The financial transactions are e-mailed to all affected districts and includes needed information for each district to retrieve the P&I invoice detail from the SEW website, for their specific district charges.

Districts have 90 days from the day of the invoice to dispute any charges; however, the County Office must pay the invoice in full to prevent any additional interest charges.

Invoice sample for a supplemental file transmitted to CalSTRS

INVOICE AR 1744 (REV 05/11)		CALSTRS HOW WILL YOU SPEND YOUR FUTURE?		
Date: 12/07/2016		California State Teachers' Retirement System P.O. Box 15275 Sacramento, CA 95851-0275 www.calstrs.com		
Riverside County Office of Education PO BOX 307 RIVERSIDE CA 92502		Payrolls Reported: B Payroll and POD's.		
RCOE	04S'17	Business Partner No. 1000000033 Report Source ID 00033		
INVOICE NUMBER	MEDIA ID	REPORT MONTH FISCAL YEAR	AMOUNT DUE	DU E DATE
20005818	STM0000017756	SU - 2017	\$127.95	01/06/2017
PENALTIES & INTEREST ASSESSMENT				
Penalty Type: DB - Late Report DB - Late Report - Contrib DB - Late Contribution - P DB - Late Contribution		#40 – Supplemental files are not identified by payroll month. Numbers are assigned in chronological order as they are submitted.		
		\$28.40 \$0.00 \$0.00 \$99.55		
Total Amount Due		\$127.95		
78-9XX-9816-0-0000-0000-9620				
<p><i>If your payment is not received on or before the due date, interest at an annual rate of 7.5% will accrue on the unpaid balance. An Invoice Detail report substantiating this assessment is available via the Contribution Account Portal on the Secure Employer Website (SEW). This assessment is in accordance with Education Code 23003, 23006, and 23008. If you feel the assessment is invalid, you may initiate a dispute case via Penalty Assessment & Dispute Management on the portal within 90 days from the date of this invoice. If a dispute case is not initiated within this timeframe, your right to an appeal is forfeited in accordance with California Code of Regulations, Title 5., Division 3, Chapter 1, Article 16, § 27009. If you have any questions regarding this invoice, please contact Accounts Receivables via email at AR@CalSTRS.com.</i></p>				

Invoices are remitted to the County Office.

The County Office pays the invoices on behalf of all agencies.

For agencies using Galaxy, the holding program accounts are billed.

For independent agencies, RCOE bills each agency.

Supplemental files are used to report RCOE's B payroll and independent districts; each one is submitted in a separate file so penalties are assessed properly by CalSTRS. Independent charters are combined whenever possible by month since CalSTRS only allows 99 supplemental files submitted by fiscal year.

Invoice sample for a Regular file transmitted to CalSTRS

INVOICE AR 1744 (REV 05/11)		CALSTRS HOW WILL YOU SPEND YOUR FUTURE?		
Date: 12/02/2016		California State Teachers' Retirement System P.O. Box 15275 Sacramento, CA 95851-0275 www.calstrs.com		
Riverside County Office of Education PO BOX 307 RIVERSIDE CA 92502		Payrolls Reported: A Payroll M Payroll PODs		
RCOE	04R'17	Business Partner No. 1000000033 Report Source ID 00033		
INVOICE NUMBER	MEDIA ID	REPORT MONTH FISCAL YEAR	AMOUNT DUE	DUE DATE
20005793	STM0000017743	04 - 2017	\$2,943.65	01/01/2017
PENALTIES & INTEREST ASSESSMENT				
Penalty Type: DB - Late Report DB - Late Report - Contribution Adjustment DB - Late Contribution - Prior Fiscal Year DB - Late Contribution		Regular files are identified by payroll month. This one is for fiscal month 4 (October payroll)		
		\$432.81 \$0.00 \$919.29 \$1,591.55		
Total Amount Due		\$2,943.65		
Accounts charged when RCOE pays the invoice: 78-9XX-9816-0-0000-0000-9620				
<i>If your payment is not received on or before the due date, interest at an annual rate of 7.5% will accrue on the unpaid balance. An Invoice Detail report substantiating this assessment is available via the Contribution Account Portal on the Secure Employer Website (SEW). This assessment is in accordance with Education Code 23003, 23006, and 23008. If you feel the assessment is invalid, you may initiate a dispute case via Penalty Assessment & Dispute Management on the portal within 90 days from the date of this invoice. If a dispute case is not initiated within this timeframe, your right to an appeal is forfeited in accordance with California Code of Regulations, Title 5, Division 3, Chapter 1, Article 16, § 27009. If you have any questions regarding this invoice, please contact Accounts Receivables via email at AR@CalSTRS.com.</i>				
Claim description: "P&I Payment for RCOE 04R'17 Invoice 20005793"				
Please include the invoice number on your payment and remit to: Attention: Accounting Division - Cash Receipts California State Teachers' Retirement System				

CalSTRS notifies RCOE via e-mail when invoices are generated. DFS staff downloads the invoice in PDF and Excel format to separate the charges by district.

Sample of Pivot table created to separate charges by district

04R'17 EXCEL P & I INVOICE

Sum of Penalty Amt	Column Labels			
Row Labels	P1	P3	P4	Grand Total
33001		4.76	38.79	43.55
33003		1.06	9.45	10.51
33007		6.88	50.08	56.96
33010		0.02	38.23	38.25
33013		31.85	115.74	127.26
33018			2.09	2.09
33021		3.36	90.28	93.64
33030		30.62	72.15	102.77
33034		483.89	388.3	872.19
33039		1.83	54.51	56.34
33040			2.03	2.03
33041			13.32	13.32
33046		1.58	23.29	24.87
33056			17.55	17.55
33061		2.63	20.67	23.3
33064			1.52	1.52
33067			0.47	0.47
33071	0.35	61.04	44.25	105.64
33074			71.5	71.5
33081			0.98	0.98
33084		1.44	32.32	33.76
33088		335.66	258.62	995.53
33090		3.38	42.88	46.26
33099		7.39	48.38	55.77
Grand Total	432.81	919.29	1591.55	2943.65

This is used to create the P&I financial transactions to charge the district's holding program accounts

Sample of financial transaction cover sheet for P&I charges

Report Month/FY and Media ID:	STRS P&I for October Reg FY16-17 (04R'17) STM0000017743	
Invoice Date:	12/02/16	
Today's Date:	12/06/16	
Prepared by:	Shabana	
DIST#	TOTAL P & I CHARGES	
01	43.55	
03	10.51	
05		
07	56.96	
10	38.25	
13	274.85	
18	2.09	
21	93.64	
27		
30	102.77	
34	872.19	
39	56.34	
40	2.03	
41	13.32	
43		
45		
46	24.87	
49		
56	17.55	
58		
61	23.30	
64	1.52	
67	0.47	
71	105.64	
74	71.50	
81	0.98	
84	33.76	
88	995.53	
90	46.26	
99	55.77	
Total	2,943.65	
P & I CHARGES COUNTY SUMMARY / COD / MSJC / PVCC / RCC / ALVORD / BANNING / BEAU		

MD#: _____

MD DATE: _____

E-mailed to Districts on: _____

DFS e-mails the financial transactions to the affected districts providing the MD#.

Districts must log in to SEW and access the Contribution Account Portal to download the adjustments that generated the penalty for the district.

District financial transaction form tabs

Sample of financial transaction

FINANCIAL TRANSACTION FORM														
District	98/													
FY	16/17													
Type Transaction														
1 - Appropriation - Green			3 - Abatement of Exp - Orange											
2 - Revenue - Pink			3 - Abatement of Rev - Yellow											
2 - Expenditure - White			4 - Encumbrances - Blue											
Dist	Fund	School	Resource	PY	Goal	Function	Object	Type Trans.	Debit Amount	Credit Amount	Document Number	Accrual Number	Reference	
01	11	900	0999	0	0000	0000	5821	2	43.55				STRS P&I for October Reg FY16-17 (04R'17) STM0000017743	
98	78	901	9816	0	0000	0000	9310	2	43.55				STRS P&I for October Reg FY16-17 (04R'17) STM0000017743	
TOTAL:(total of all pages)									43.55	43.55				
Reason for transaction: STRS P&I for October Reg FY16-17 (04R'17) STM0000017743									90 DAY DISPUTE WINDOW EXPIRES: 03/02/17					
Signature of Authorizing Agent				Date			Shabana			12/06/16		1	Page of	
							Prepared By:							

The financial transactions include the file identifier (STM#) which is needed to download the P&I detail information from the Contribution Account Portal.

It also notifies districts when the 90 day dispute window expires. Any disputes created after the 90 day window will be denied by CalSTRS.

Navigating the Contribution Account Portal for Penalties and Interest Charges

The STRS Retirement Unit in DFS will provide each district the financial transactions listing only the P&I charges assessed for their districts.

To see the detail of penalties assessed by employee, districts should log in to the Secured Employer Website (SEW) and utilize the Reference Items to review the job aide titled Contribution Account Portal (CAP). This job aide is a video the Contribution Account Portal that goes through the process of extracting detailed information. See below for location:

The screenshot shows the 'Reference Item Search' page. On the left is a vertical navigation menu with links: Home, Manage Files, Manage Reports, Maintain Users, Authorize Users, REAP, Employer Notification (1), Contribution Account Portal, Remittance Advice, Secure Message Center, Reference Items (which is highlighted in yellow), Forms & Publications, and My Links. The main content area has a title 'Reference Item Search' and a 'Search Criteria' section. It includes a 'Search Text' input field containing 'Contribution Account Portal', a 'Reference Category' section with checkboxes for various document types, a 'SEW Function' dropdown, and 'Search' and 'Reset' buttons. Below this is a 'Search Results' section with a table. The table has columns: Name, Description, Category, SEW Function, and Reference Items. One row is shown, with 'Contribution Account Portal (CAP)' in the Name column, 'Video' in the Description column, 'User Manuals and Training' in the Category column, and a checked checkbox in the SEW Function column. The 'Reference Items' link in the navigation menu is also highlighted in yellow.

Search Results					
Items 1-1 of 1 Items/Page: 10		Page 1 of 1 1			
	Name	Description	Category	SEW Function	Reference Items
Open	Contribution Account Portal (CAP)	Video	User Manuals and Training	<input checked="" type="checkbox"/>	<input type="checkbox"/>

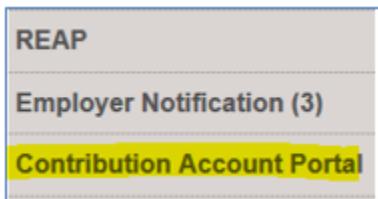
Districts are responsible for initiating the dispute process. In some instances, the County Office will initiate the process and notify districts that a dispute will be submitted on the district's behalf.

Districts initiate the dispute process by creating a draft dispute. The STRS Unit in DFS reviews the dispute and creates the dispute case or rejects the draft dispute. Once a dispute case has been created, CalSTRS reviews the information and will either approve or deny the dispute.

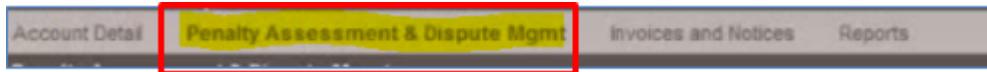
Once a draft dispute has been created, please e-mail the STRS retirement supervisor detailing why the dispute was created and any documents to support the dispute.

Instruction for Creating a Draft Dispute

1. Log in to the Secured Employer Website and click on Contribution Account Portal.



2. Click on Penalty Assessment & Dispute Mgmt.



3. Select the Media ID to dispute (STM file number).

A screenshot of a form titled 'Selection for Penalty Assessment & Dispute Mgmt'. The form includes fields for 'Report Source' (00019), 'Media ID (Required)' (33 for Riverside), 'Report Unit' (0000000000), 'Penalty Type', 'Member SSN', 'Upload Penalty Lines', 'Penalty Line ID' (0000000000), and 'Report period will display' (To: 19999). A dropdown menu shows STM file numbers: STM0000010958, STM0000011034, STM0000011484, and STM0000011492. Callouts point to the 'Media ID' field, the dropdown menu, and the 'Report period' fields.

The STM file number is included in the P&I financial transactions e-mailed to each district. The fiscal year and the report period will display as either a supplemental file number or a report month (i.e. 06/2017). The Report Unit should be prefilled with your district number.

4. Click "Continue to PADM" (Penalty Assessment and Dispute Management).

Further Selection by Case Number and Status

Case ID:	<input type="text"/>	<input type="checkbox"/>	To:	<input type="text"/>	
Case Status:	00	<input type="checkbox"/>	To:	00	<input type="checkbox"/>
Continue to PADM			Generate PDFIDR		
<input type="checkbox"/> Summarize P1 & P4					

5. Displays as follows:

CALSTRS Contribution Account Portal

Welcome Ana Lambert

Account Detail Penalty Assessment & Dispute Mgmt Invoices and Notices Contribution Reporting Financial Reporting

Penalty Assessment & Dispute Mgmt

Selection Parameters

Report Source: 00033	Media ID: STM000011708	Report Period: SU2012	Report Unit: 33001
Penalty Type: <input type="text"/>	To: <input type="text"/>	SSN No: 000000000	Penalty Line ID No: 000000000
Draft ID: <input type="text"/>	To: <input type="text"/>	Contribution Code: <input type="text"/>	To: <input type="text"/>
Adjustment Indicator: <input type="text"/>	Case ID: <input type="text"/>	To: <input type="text"/>	Case Status: 00

Penalty Assessment & Dispute Mgmt. Application

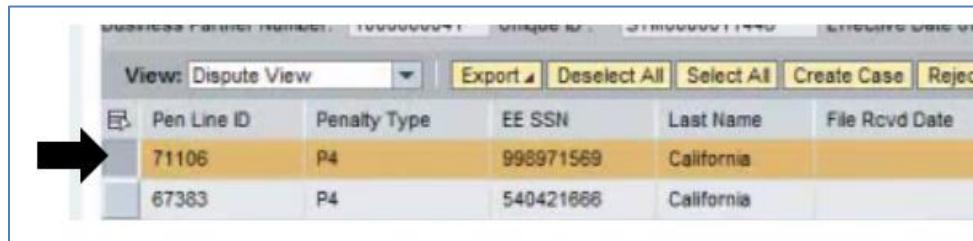
Report Source: 00033	Fiscal Year: 2012	ProgramID (CB or DB) aka File Type: DB	Media ID: <input type="text"/>						
Business Partner Number: 100000033	Unique ID: STM000011708	Effective Date of START Contribution File Transmission: 07/23/2012	Pay Schedule Date (CB Only): <input type="text"/>						
View: [Standard View] <input type="button" value="Export"/> <input type="button" value="Deselect All"/> <input type="button" value="Select All"/> <input type="button" value="Create Case"/> <input type="button" value="Reject Draft"/> <input type="button" value="Create Draft"/> <input type="button" value="Attach Doc"/> <input type="button" value="Cancel Draft"/>									
Q.	Rpt Src	Re Rcvd Date	Report Unit	Pen Line ID	Media ID	Report ID	Report Per	Penalty Type	EE S
100	33	07/23/2012	33101	285149	STM000011708	06/30/2012	SU	P4	526
100	33	07/23/2012	33101	285150	STM000011708	06/30/2012	SU	P4	549
100	33	07/23/2012	33101	285151	STM000011708	06/30/2012	SU	P4	554
100	33	07/23/2012	33101	285152	STM000011708	06/30/2012	SU	P4	589
100	33	07/23/2012	33101	285153	STM000011708	06/30/2012	SU	P4	605
100	33	07/23/2012	33101	285154	STM000011708	06/30/2012	SU	P4	620
100	33	07/23/2012	33101	285155	STM000011708	06/30/2012	SU	P4	620
100	33	07/23/2012	33101	285156	STM000011708	06/30/2012	SU	P4	621
100	33	07/23/2012	33101	285158	STM000011708	06/30/2012	SU	P4	147

6. On View field (circled above) click on arrow down and click "Dispute View".

View: * Dispute View

<input type="button" value="Pen Line ID"/>	<input type="button" value="Primary Type"/>	<input type="button" value="EE SSN"/>	<input type="button" value="Last Name"/>
--	---	---------------------------------------	--

7. Select line(s) to dispute by clicking on the gray square in front of the line. To select multiple lines, hold Ctrl or Shift key and click on additional lines. All lines selected will display in orange.



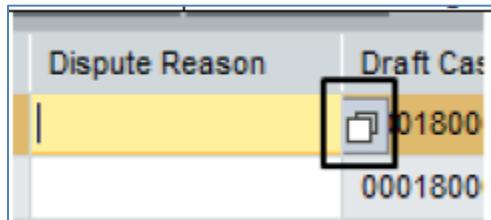
Pen Line ID	Penalty Type	EE SSN	Last Name	File Rcvd Date
71106	P4	998971569	California	
67383	P4	540421666	California	

8. Click on "Dispute Reason" box.

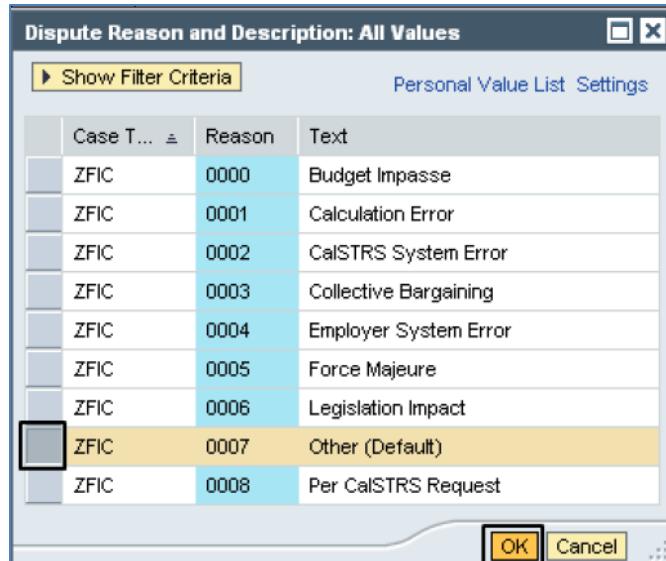


Pen Line ID	Penalty Type	EE SSN	Last Name	File Rcvd Date	Dispute Reason	Draft Cas
102346	P1	062288387	California	05/08/2012		<input type="checkbox"/> 01800
102353	P1	226789782	California	05/08/2012		<input type="checkbox"/> 0001800

- A secondary box will appear:



- Click on it and select reason for dispute. A dispute reason must be selected for each line being disputed.



9. Accept the lines being disputed. Click on “Accept” box.

Penalty Type	EE SSN	Last Name	File Rcvd Date	Dispute Reason	Accept	Disp Case Dt	Draft Case Id
P4	979387570	California		0002			
P4	998971569	California					
P4	540421666	California		0003			
P4	540421666	California					
P4	540421666	California					

- A secondary box will appear



- Accept or reject the line being disputed. Each line being disputed must be accepted.

10. Click “Create Draft”.

041	Fiscal Year: 2012	Program ID (CB or DB) aka File Type:	DB	Media ID:
000000041	Unique ID : STM0000011448	Effective Date of START Contribution File Transmission : 04/24/2012	Pay Schedule Date (CB Only) :	Supplier ID:
<input type="button" value="Export"/> <input type="button" value="Deselect All"/> <input type="button" value="Select All"/> <input type="button" value="Create Case"/> <input type="button" value="Reject Draft"/> <input type="button" value="Create Draft"/> <input type="button" value="Attach Doc"/> <input type="button" value="Cancel Draft"/>				
EE SSN	Last Name	File Rcvd Date	Dispute Reason	Accept
979387570	California		0002	ACCEPT
998971569	California			
540421666	California		0003	ACCEPT
540421666	California			
540421666	California			
973438232	California			

11. A draft case ID will display. It will also have yellow indicator which means a draft case has been created.

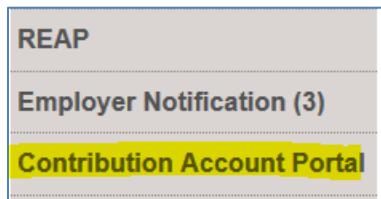
Fiscal Year: 2012	Program ID (CB or DB) aka File Type:	DB	Media ID:	STM0000011448	Report ID:
Unique ID : STM0000011448	Effective Date of START Contribution File Transmission : 04/24/2012	Pay Schedule Date (CB Only) :	Supplier ID:		
<input type="button" value="Export"/> <input type="button" value="Deselect All"/> <input type="button" value="Select All"/> <input type="button" value="Create Case"/> <input type="button" value="Reject Draft"/> <input type="button" value="Create Draft"/> <input type="button" value="Attach Doc"/> <input type="button" value="Cancel Draft"/>					
EE SSN	Last Name	File Rcvd Date	Dispute Reason	Accept	Draft Case ID
79387570	California		0002	ACCEPT	0001640000220120720211649
998971569	California				
540421666	California		0003	ACCEPT	0001640000220120720211649
540421666	California				
540421666	California				
73438232	California				
40421666	California				

The initiating district and DFS should receive an email from CalSTRS stating a draft case has been created.

Districts should e-mail the STRS supervisor detailing why the dispute was created and any documents to support the dispute.

Instructions for the DFS STRS Unit Approving a Draft Case

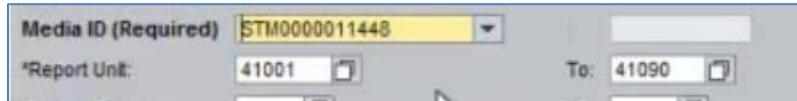
1. Select Contribution Account Portal.



2. Select Penalty Assessment & Dispute Mgmt.

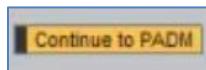


3. Select file to dispute (Media ID) and Report Unit.



4. Filter further if desired- for example, if you have the employee social security number or the Draft ID number.

5. Click "Continue to PADM".



6. Displays as follows:

On View, arrow down and click “Dispute View”.

7. Filter by Draft Case ID.

Draft Case ID	
00016400000220120720211649	
00016400000220120720211649	
00016400000220120615184721	

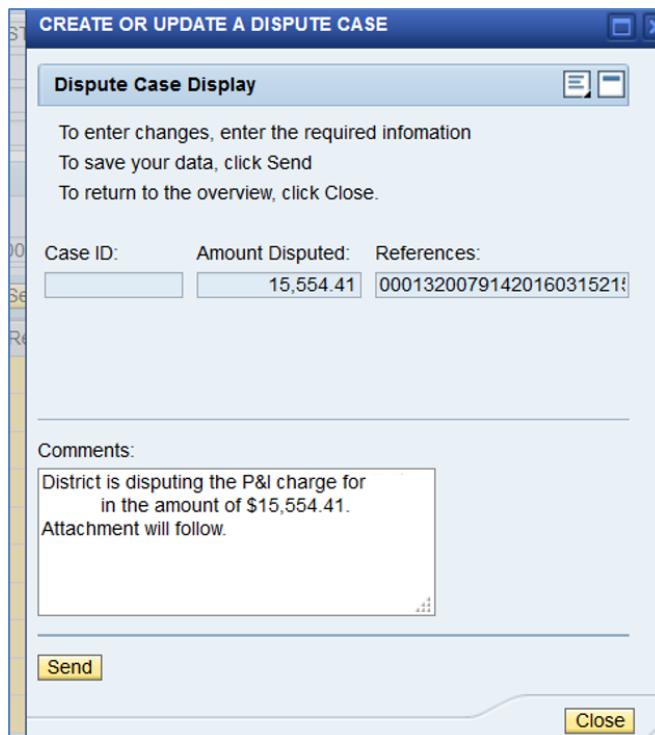
- Notice Dispute Indicator: It should be a yellow triangle indicating status as draft dispute.
- When approved by RCOE, the yellow triangle will change to a green square.

Disp Ind	Case
OO█	10
OO█	10
OD█	90
OD█	90

8. Select dispute lines to be approved by clicking the box (as shown below) for each of the lines being disputed. The lines should now display in orange:

9. Click Create Case.

10. A pop-up box will appear:



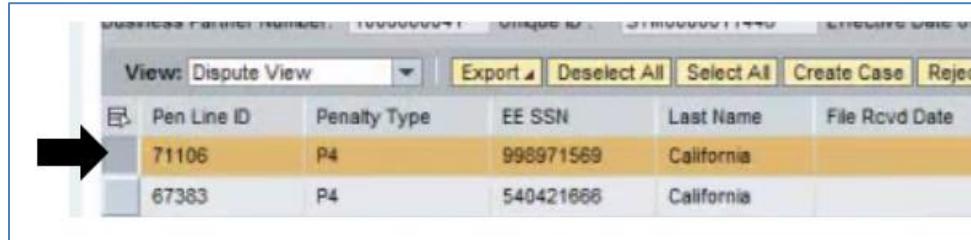
- Verify the dispute amount is the full amount you intend to dispute.
- Type comments.
- Click Send (Case ID# will be assigned).
- Click Close.

11. The dispute indicator should now be green and the Case ID will be provided.

Case ID	Disp Ind
749	○○■
	○○■
	○○■

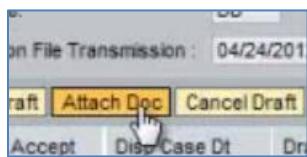
Attaching a Document to the Dispute

12. To attach a document to a dispute, first sort by Case ID and select the desired line(s) by clicking the box shown below for each of the lines being disputed. Lines should display in orange now:

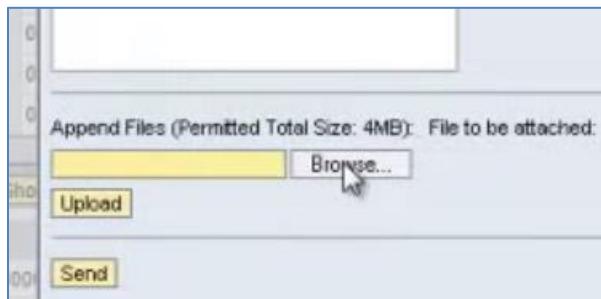


Pen Line ID	Penalty Type	EE SSN	Last Name	File Rcvd Date
71106	P4	998971569	California	
67383	P4	540421666	California	

13. Click "Attach Doc":



14. Click browse to select your file:



15. Click upload.

16. Insert comments.

17. Click Send.



18. At this time, an automatic e-mail from CalSTRS will be generated notifying the relevant SEW users that a new dispute case was created.

- Note: If automatic e-mail is not received, contact CalSTRS rep to inquire about dispute.

19. Print the e-mail write and write down:

- The report number the dispute was for (03S17 or 4R17).
- The district the dispute is for.
- The employee name and number.
- The amount of dispute.

20. Attach all documentation received supporting the reason for dispute and file in the P&I dispute binder.

21. Follow up on dispute status after a month if there has not been any communication from CalSTRS regarding the dispute.

22. Once funds have been received and deposited, refund the district by reversing the financial transaction originally used to charge the district for the P&I (only for the amount of the refund received by CalSTRS).

23. E-mail financial transaction (including MD#) to district notifying that the P&I dispute was accepted and the funds being refunded to the district.

24. Print e-mail, attach to documents in the P&I dispute binder and move to the back of the binder.

Employer Information Circulars

Below is a list of Employer Information Circulars published by CalSTRS. This is being provided as a reference tool only to assist employers in their research. The circulars can be downloaded in their entirety from the CalSTRS website at www.calstrs.com/Employers.

Employer Information Circulars

Employer Information Circular	Volume and Issue Number	Date Issued	Subject
EIC18-4	Vol. 34 Issue 4	06/25/18	Creditable Compensation Limit for DB CalSTRS 2% at 62 Members.
EIC18-3	Vol. 34 Issue 3	05/09/18	Reporting and Payment of Member and Employer Contributions Supersedes 2011 EIC Vol 27 Issue 5.
EIC18-2	Vol. 34 Issue 2	03/29/18	Expected 1 Percent Increase in the CalSTRS 2% at 62 Member Contribution Rate.
EIC18-1	Vol. 34 Issue 1	03/12/18	Pension plan limits for tax year 2018.
EIC17-4	Vol. 33 Issue 4	04/19/17	Creditable compensation limits for PEPRA FY 2017-18.
EIC17-2	Vol. 33 Issue 2	02/22/17	Pension plan limits for tax year 2017.
EIC17-1	Vol. 33 Issue 1	01/17/17	Potential changes to 2% at 62 contribution rates. Rates may increase effective July 1, 2017, depending on the decisions the CalSTRS board makes with respect to the actuarial assumptions.
EIC16-4	Vol. 32 Issue 4	05/11/16	FY 2016-17 creditable compensation limits for 2% at 62 members.
EIC16-3	Vol. 32 Issue 3	02/24/16	Exemption from separation from service requirement imposed immediately after retirement for critically needed positions. Addresses current teacher shortages and the exemption process.
EIC16-2	Vol. 32 Issue 2	02/09/16	CalPERS/CalSTRS Decision Tree discontinued.
EIC16-1	Vol. 32 Issue 1	02/09/16	Pension plan limits for tax year 2016 - IRS and PEPRA limits.
EIC15-3	Vol. 31 Issue 3	07/22/15	Common audit findings. Provides guidance on how to avoid these findings in the future.
EIC15-2	Vol. 31 Issue 2	04/17/15	FY 2015-16 Creditable compensation limits for 2% at 62 members.
EIC15-1	Vol. 31 Issue 1	06/30/15	Pension plan limits for tax year 2015- IRS and PEPRA limits.

Below are some of the forms most commonly used by employees and districts. This chart is intended to notify districts of the latest versions available for each form, what signatures are required and where to mail the forms.

Form Number	STRS Form Name	Updated	To Be Completed By:			Approval/Certification	Mail/Jet To:	Copy to County Office?
			District	Employee	County Office			
DS0260	Application for Disability Benefits	07/2017		X		N/A	STRS	NO
ES 1161	Reduced Workload Program Eligibility Certification	01/2018	X			District authorized person	County Office	Original
ES0350	Permissive Election & Acknowledgement of Receipt	02/2017	X	X		District Supt or authorized deputy	County Office	Original
ES0372	Retirement System Election	02/2017	X	X	X	District Official & County Supt sign	County Office	Original
ES664	Uniform Service Reemployment Notification	02/2017	X	X		District authorized person	STRS	YES
ES-732	Employer Certification of Independent Contractor Status	08/2009	X			District representative	STRS	NO
MS 0287	Redeposit or Purchase of Permissive Service Credit	01/2017		X		N/A	STRS	NO
MS0002	One-Time Death Benefit Recipient	01/2018		X		N/A	STRS	NO
OSSC 304	Out-of-State or Foreign School Service Credit Certification	01/2017		X		Employer representative (Former employer)	STRS	NO
RF 1360	Refund Application	01/2018		X	X	County Supt certification	County Office	Original
SC 1553	Verification for Employer-Approved Leaves	07/2010	X			District representative	STRS	NO
SR 0164	Request for Post Retirement Limit Exemption	11/2014	X			District Supt or authorized deputy	STRS	YES
SR 0554E	Express Benefit Report	01/2018	X	X		District Supt or authorized deputy	Emp/STRS	NO
SR 0559	Employment Termination or Sick Leave Data Correction	07/2015	X			District Supt or authorized deputy	STRS	NO
SSA-1945	Statement Concerning Your Employment Not Covered by SS	01/2013	X	X		N/A	STRS	NO
AS-0786	Address Change Request	02/2017		X		N/A	STRS	NO

Note: It is strongly suggested that the district keeps a copy of all forms completed by the district or requiring district signature

Employer Information Circular	Volume and Issue Number	Date Issued	Subject
EIC14-5	Vol. 30 Issue 5	12/10/14	Creditable compensation regulations effective January 1, 2015 for 2% at 60 members only. Addresses outgrowth activities, remuneration in addition to salary, non-creditable compensation and other items.
EIC14-4	Vol. 30 Issue 4	09/03/14	New partners for Pension 403(b) and 457(b) programs.
EIC14-3	Vol. 30 Issue 3	04/16/14	FY 2014-15 creditable compensation limits for 2% at 62 members.
EIC14-1	Vol. 30 Issue 1	02/04/14	Pension plan limits for tax year 2014 - IRS and PEPRA limits.
EIC13-3	Vol. 29 Issue 3	11/25/13	Right of retirement system election when changing positions. Addresses the 180 day grace period granted to correct the error for erroneous contributions to the CalSTRS system for positions deemed classified.
EIC13-2	Vol. 29 Issue 2	10/30/13	For community colleges - reporting faculty and adult education instructors. Must report with assignment code 58.
EIC13-1	Vol. 29 Issue 1	12/10/14	Pension plan limits for tax year 2013 - IRS and PEPRA limits.
EIC12-1	Vol. 28 Issue 1	08/30/12	Positions not eligible for creditable service - superseded. See ED 2016-04.
EIC11-8	Vol. 27 Issue 8	12/19/11	Compensation Review Unit created. Also reminds employers that any retirement incentive paid prior to retirement must be reported to the Defined Benefit Supplement (DBS) account.
EIC11-7	Vol. 27 Issue 7	12/28/11	Pension plan limits for tax year 2012 - IRS limits.
EIC11-6	Vol. 27 Issue 6	12/28/11	Medicare premium payment program retirement deadline June 30, 2012.
EIC11-5	Vol. 27 Issue 5	10/31/11	Reporting member and employer contributions. Can be contractually earned and payment for performing creditable service can be made, even when the service is not performed in the month (only allowed for 2% at 60 members).
EIC11-4	Vol. 27 Issue 4	09/20/11	Pension plan limits for tax year 2011 - IRS limits.
EIC11-3	Vol. 27 Issue 3	08/01/11	Changes to Education Code 22713 related to the termination of the Reduced Workload Program Agreement (RWP). A member may not terminate agreement unless employee terminates service, retires from service, or returns to full-employment.
EIC11-2	Vol. 27 Issue 2	05/23/11	Employers must furnish information to CalSTRS when requested as authorized by Education Code Section 22455S. Documentation may be needed to substantiate pay increases and payments of special compensation.
EIC11-1	Vol. 27 Issue 1	05/10/11	Update of CalSTRS 403(b) compliance program.

Employer Information Circular	Volume and Issue Number	Date Issued	Subject
EIC09-8	Vol. 25 Issue 8	05/17/09	For community colleges - reporting classification codes and base hours for part-time or adult education assignments.
EIC09-5	Vol. 25 Issue 5	04/14/09	For community colleges - reporting parity pay for part-time instructors.
EIC09-3	Vol. 25 Issue 3	05/27/09	Effects of reduction of funds to schools. How furloughs affect pay rates and service credit for employees.
EIC09-12	Vol. 25 Issue 12	09/02/09	For community colleges - earnings for part-time faculty must be reported with annual pay rates. Part-time must report with code 58 but substitute instructors in community colleges should be reported with code 54.
EIC09-10	Vol. 25 Issue 10	07/21/09	Reduced Workload Program (RWP) - Employee and employer qualifications and requirements to participate in the program.
EIC08-7	Vol. 24 Issue 7	11/17/08	Reporting of elected officials - Education Code 22711 allows members to accrue service credit for time served as an elected officer of an employee organization while on compensated leave of absence (must meet 4 criteria).
EIC08-5	Vol. 24 Issue 5	04/30/08	Effects of reduction of funds to schools.
EIC08-11	Vol. 24 Issue 11	11/10/08	For community colleges - effective January 1, 2009, threshold for temporary employees change to 67 percent. Previous threshold to be classified as temporary employee was 60 percent. If above threshold, employee mandatorily qualifies for CalSTRS membership.
EIC07-8	Vol. 23 Issue 8	07/31/07	Remuneration paid for the principal purpose of enhancing a member's benefit (spiking) - creditable to the DBS program only. Consequences to the employee and employer for erroneous reporting.
EIC07-4	Vol. 23 Issue 4	04/04/07	Reminds employers that Education Code requires employers to submit the correct contribution amount due for employee and employer contributions even if member is no longer employed. Also, refunds shall be made to the member within 60 days after employer receives notification.
EIC07-13	Vol. 23 Issue 14	10/23/07	Exchange and sojourn teacher's exclusion from membership. Only reportable if teacher continues working beyond the terms of the exchange or sojourn formal program.
EIC06-2	Vol. 22 Issue 2	01/20/06	RWP fulfillment of contract and service credit. Changes to Education Code Section 22713. Superseded by EIC11-03.

Employer Information Circular	Volume and Issue Number	Date Issued	Subject
EIC06-10	Vol.22 Issue 10	12/18/06	Variances accumulated through the 2005-06 fiscal were closed and billings were issued to the county offices. Previously, variances were carried forward to the next fiscal year; effective July 1, 2007, variances were tracked by fiscal year and invoiced or refunded at the end of the fiscal year (NOTE: with the implementation of P&I charges, variances are billed and refunded on a monthly basis).
EIC04-6	Vol.20 Issue 6	12/15/04	Social Security Form SSA-1945 "Statement Concerning Your Employment in a Job Not Covered by Social Security). Informs employers of requirement to provide the statement to the employee prior to the start of employment (NOTE: form has been revised since; please use most current form).

Employer Administrative Directives

Below is a list of Employer Administrative Directives published by CalSTRS. This is being provided as a reference tool only to assist employers in their research. The directives can be downloaded in their entirety from the CalSTRS website at www.calstrs.com/Employers.

Employer Directive	Employer Directive Number	Date Issued	Subject
ED18-02	2018-02	05/24/18	Interest and Contribution Rates and Present Value Factor FY 2018-19.
ED18-01	2018-01	03/19/18	Postretirement Earnings Limit for 17-18, 18-19 and Calendar Year 2018
ED17-07	2017-07	01/03/18	Reduced Workload Program - Supersedes EIC Vol 26 Issue 3
ED17-06	2017-06	01/03/18	Reporting Sick Leave as Provided by the Healthy Workplaces, Healthy Families Act of 2014.
ED17-05	2017-05	10/16/17	October 1, 2017 Amendments to the Creditable Compensation Regulations
ED17-04	2017-04	05/12/17	Interest and Contribution Rates for Present Value Factor for FY 17-18.
ED17-01	2017-01	01/17/17	SB 1352 in effect January 1, 2017. Changes to ES 350 and ES 372 forms. In addition, defines school term, final compensation, reduction of school funds, crediting contributions to the DBS program and other items.
ED16-07	2016-07	04/29/16	Interest and contribution rates and present value factor for FY 16-17. Contribution rates for member and employer for the DB and DBS programs, RWP, elected officials contribution rates and present value factor for unused excess sick leave service credit.
ED16-06	2016-06	04/13/16	Retirement incentive programs (golden handshakes). Requirements that must be met and documents that must be submitted. Specific time frames must be met.
ED16-05	2016-05	04/13/16	Employer direct reporting - requirements that must be met if a school district or community college wishes to report directly to CalSTRS, instead of reporting through the county office.
ED16-04	2016-04	02/25/16	Reorganization and clarification of definition of creditable service, Education Code sections 22119.5 and 26113. Addresses that work performed by human resource positions could be creditable to the CalSTRS system which differed from prior guidance provided in EIC12-1.

Employer Directive	Employer Directive Number	Date Issued	Subject
ED16-03	2016-03	02/09/16	Post retirement earnings limit and legislative changes for the 2015-16, 2016-17 fiscal and 2016 calendar year. Addresses post retirement earnings limits, requirements for requesting an exemption to the annual post retirement earnings limit and the exemption from separation from service (180 day separation requirement), restrictions on hiring STRS retirees in classified positions.
ED16-02	2016-02	01/29/16	AB 991 - Changes in the Teachers' Retirement Law. Addresses multiple subjects: leave of absence to be creditable must be compensated leave of absence, membership into STRS through the permissive election process is irrevocable once the election has been made (can only be undone by terminating employment in California and refunding contributions), and service credit for elected officers of employee organizations is limited to 12 years.
ED16-01	2016-01	01/11/16	Grandfathering Misreported Service. Effective January 1, 2016. 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 this non-creditable positions must be reported to the appropriate system.
ED15-03	2015-03	01/17/15	Creditable compensation changes for CalSTRS 2% at 60 members effective January 1, 2015. Employers must refer to the applicable provisions in place to determine proper reporting. Creditable service classified differently before the creditable compensation regulations went into effect.
ED15-02	2015-02	04/17/15	Interest and contribution rates and present value factor for FY 15-16. Contribution rates for member and employer for the DB and DBS programs, RWP, elected officials contribution rates and present value factor for unused excess sick leave service credit.
ED15-01	2015-01	03/03/15	Post retirement earnings limit and legislative changes for the 2014-15, 2015-16 fiscal and 2015 calendar year. Addresses post retirement earnings limits, requirements for requesting an exemption to the annual post retirement earnings limit and the exemption from separation from service (180 day separation requirement), restrictions on hiring STRS retirees in classified positions.

Employer Directive	Employer Directive Number	Date Issued	Subject
ED14-08	2014-08	12/22/14	SB 1220 - Changes to the Teachers' Retirement Law. Addresses outgrowth activities. Education Code 22115(e) states that the compensation earnable for service not performed on a full-time basis should be determined at the lowest pay rate for other creditable service activities performed by the member for the same employer during the same school year. Outgrowth activities no longer to be reported as special compensation effective January 1, 2015. Discontinues employer paid contributions for non-bargained employees.
ED14-07	2014-07	08/26/14	Employer responsibilities regarding felony forfeiture law. Felony convictions after January 1, 2013 forfeits rights and benefits earned or accrued as of the date the felony was committed. Addresses employee and employer notification responsibilities.
ED14-06	2014-06	06/30/14	Interest and contribution rates and present value factor for FY 14-15. Contribution rates for member and employer for the DB and DBS programs, RWP, elected officials contribution rates and present value factor for unused excess sick leave service credit.
ED14-05	2014-05	06/26/14	CalSTRS long-term funding. Notification to employer that contribution rates for employee and employers will increase effective July 1, 2014.
ED14-04	2014-04	05/04/14	Compensation reporting requirements for Creditable Compensation that exceeds the annual creditable compensation cap. Assist county offices with proper reporting. All earnings must be reported including earnings above the cap limit.
ED14-03	2014-03	05/05/14	Post retirement earnings limit and legislative changes for the 2013-14, 2014-15 fiscal and 2014 calendar year. Addresses post retirement earnings limits, requirements for requesting an exemption to the annual post retirement earnings limit and the exemption from separation from service (180 day separation requirement), restrictions on hiring STRS retirees in classified positions.
ED14-01	2014-01	03/14/14	AB 1381 Cleanup bill. Technical changes to PEPRA.
ED13-04	2014-04	08/28/13	CalSTRS no longer performs change of base calculations. CalSTRS does not have the authority to grant service credit for which service has not been performed nor compensation paid (Education Code 22701). Change of base calculations were being performed when employees changed positions in a school year that required different base days and granted employees a full year of service for that fiscal year.

Employer Directive	Employer Directive Number	Date Issued	Subject
ED13-03	2013-03	06/26/13	Interest and contribution rates and present value factor for FY 13-14. Contribution rates for member and employer for the DB and DBS programs, RWP, elected officials contribution rates and present value factor for unused excess sick leave service credit.
ED13-02	2013-02	05/07/13	For community colleges - collective bargaining submission and data requirements. Community colleges must submit on an annual basis each collective bargaining agreement or employment agreement for employees hired on a part-time basis.
ED13-01	2013-01	04/03/13	Post retirement earnings limit and legislative changes for the 2012-13 fiscal and 2013 calendar year. Addresses post retirement earnings limits, requirements for requesting an exemption to the annual post retirement earnings limit and the exemption from separation from service (180 day separation requirement), restrictions on hiring STRS retirees in classified positions.
ED12-07	2012-07	12/27/12	California Public Employee' Pension Reform Act of 2013. Effective January 1, 2013. Creates a different retirement formula for all members first hired to perform creditable service on or after January 1, 2013.
ED12-03	2012-03	06/28/12	Penalties and Interest Regulations. Assessment begins July 1, 2012.
ED11-04	2011-04	09/19/11	Service credit for elected officials. Reminder for employers on how to report service for employees granted a compensated leave of absence to serve as elected officials of an employee organization.
ED11-03	2011-03	09/19/11	Charter school reporting. To inform charter school employer of documentation required for any charter school electing to participate in CalSTRS.
ED10-03	2010-03	05/04/10	Charter school reporting. CalSTRS requires charter schools that operate on July 1, 2010 or later and do not use the payroll system of the chartering authority, to report under their unique report unit code. In addition, it reminds chartering authorities of their responsibilities to ensure the integrity of the data and compliance with all reports required for each charter school under their authority.
ED10-02	2010-02	05/04/10	Employer reporting of payroll deductions for accounts receivable. Explains requirements for employees and employers when payroll deductions must be processed for voluntary and mandatory receivables, like service credit purchase agreements or to collect overpayments of benefits.
ED09-03	2009-03	04/14/09	For community colleges - reporting assignment codes. Community colleges substitute instructors should always be reported with assignment code 54.

Employer Directive	Employer Directive Number	Date Issued	Subject
ED08-03	2008-03	06/02/08	For community colleges - reporting contribution changes to the Defined Benefit program. Reporting of classification code and base hours for part-time and adult education instructors (classification codes: lab instructor, lecturer, adult ed. instructor, librarian, and counselor).
ED07-03	2007-03	05/15/07	For community colleges - reporting of banked time. Banked time is reportable if used but not reportable when cashed out.
ED05-03	2005-03	07/01/05	Changes to mandatory membership for part-time community college faculty. Effective July 1, 2015 part-time community college employees are excluded from mandatory membership (60 hour/100 day rule does not apply to community college part-time employees).