

PAYROLL USERS GROUP

Wednesday, February 23, 2022

9:30 AM

Zoom Webinar

AGENDA

1. CalSTRS

- a. Executive Order N-3-22**
- b. Retirement System Election Form – ES372**
- c. Permissive Membership Form – ES350**

2. CalPERS

- a. Retirement System Election Presentation**
- b. CalPERS Compensation Limits 2022**
- c. CalPERS Disallowed Compensation Circular**
- d. CalPERS Disallowed Compensation Presentation**
- e. Service Purchase Requests**

3. Mandatory Membership Accumulators

4. 2022 W4 Exempt Filing

5. Vol ded's for TSA's

6. Revised Delete/Reversal Form

Next PUG Meeting: May 25, 2022



California Public Employees' Retirement System
P.O. Box 942715 | Sacramento, CA 94229-2715
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442
www.calpers.ca.gov

Payroll

Circular Letter

January 3, 2022

Circular Letter: 200-001-22

Distribution: IV, V, VI, X, XII, XVI

To: All CalPERS Employers
Subject: 2022 Compensation Limits for Classic and PEPRAs Members

Purpose

The purpose of this Circular Letter is to inform you of the 2022 compensation limits for classic and Public Employees' Pension Reform Act (PEPRA) members and provide guidelines for how to report payroll when Internal Revenue Code (IRC) or PEPRA limits have been reached in a calendar year. IRC section 401(a)(17) provides an annual compensation limit considered under a qualified retirement plan for some classic members. Government (Gov.) Code section 7522.10 of the PEPRA law provides the authority for the earnings limit for all PEPRA members.

You should notify all classic or PEPRA members who are subject to the compensation limit requirements.

Compensation Limits

Classic Members

The compensation limit for classic members for the 2022 calendar year is \$305,000. Employees with membership dates prior to July 1, 1996, are not impacted by these limits.

The compensation limits for classic members during calendar years 2018 through 2021 are:

2021	2020	2019	2018
\$290,000	\$285,000	\$280,000	\$275,000

PEPRA Members

The compensation limit for PEPRA members for the 2022 calendar year is:

Year	Social Security Participants	Non-Social Security Participants
2022	\$134,974	\$161,969

The compensation limits for PEPRA members during calendar years 2018 through 2021 are:

Year	Social Security Participants	Non-Social Security Participants
2021	\$128,059	\$153,671
2020	\$126,291	\$151,549
2019	\$124,180	\$149,016
2018	\$121,388	\$145,666

Reporting Guidelines

Compensation limits for both classic and PEPRA members do not limit the salary an employer can pay; they limit the amount of compensation that can be considered under the defined benefit plan.

For classic members, report compensation earnable to the California Public Employees' Retirement System (CalPERS). For PEPRA members, report pensionable compensation to CalPERS. For classic and PEPRA members, contributions should not be made on compensation that exceeds the limit for each calendar year. All contributions should be reported as earned and not when paid¹. In addition, exclude items such as overtime, automobile allowances, and lump-sum payouts for all compensation reported.

You are responsible for monitoring when an employee meets or exceeds the limit. Once an employee reaches the compensation limit, you must continue reporting compensation as earned; however, employer and employee contributions should not be reported for the remaining calendar year. myCalPERS will track classic and PEPRA member earnings over multiple CalPERS contracting agencies. Therefore, if a member is hired in the middle of the year from another CalPERS agency, myCalPERS will notify the current employer when the member reaches or exceeds the compensation limit. Monitoring and contribution reporting begin on January 1 of the calendar year. The end date of the payroll earned period determines which calendar year the period falls.

¹ Pursuant to Government Code section 20630, when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when reported or paid.

Federal law does not permit CalPERS to refund over-reported contributions to an active CalPERS member. You must report these adjustments and refund the money to the employee once the adjustments have posted.

Impact on Final Compensation

For classic members, final compensation is the highest average annual compensation earnable for a 12- or 36-consecutive month employment period, depending on your contract.

Classic members' retirement allowances are subject to final compensation limits under IRC section 401(a)(17). The calculation of each 12-month period will be subject to the annual compensation limit in effect for the calendar year in which the 12-month period begins. If final compensation exceeds 12 months, each 12-month period is calculated based on the applicable annual compensation limit for that 12-month period.

For PEPRAs members, final compensation is the average annual pensionable compensation for a 36-consecutive month employment period.

PEPRA members' retirement allowances are subject to pensionable compensation limits under Gov. Code section 7522.10. The pensionable compensation limit — used to calculate final compensation — is calculated based on the limit in effect for each calendar year and the number of days per year included in the final compensation period.

Online Training

The myCalPERS Payroll: Reporting Earnings Over the Compensation Limit online class is available for employers. This class provides instruction on how to report payroll information when the compensation limit has been reached. To enroll in the class, log in to your [myCalPERS](#) account and select the **Education** tab.

If you have any questions, call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Renee Ostrander, Chief
Employer Account Management Division



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Announcements

Circular Letter

December 29, 2021

Circular Letter: 200-076-21

Distribution: IV, V, VI, X, XII, XVI

To: All CalPERS Employers

Subject: Disallowed Compensation Benefit Adjustments: Senate Bill 278, Chapter 331, Statutes of 2021

Purpose

The purpose of this Circular Letter is to provide information regarding the addition of Government (Gov.) Code section 20164.5 (Chapter 331, Statutes of 2021) effective January 1, 2022, to the Public Employees' Retirement Law (PERL).

This provision defines disallowed compensation, stipulates what would occur if California Public Employees' Retirement System (CalPERS) determines disallowed compensation has been reported, and identifies the impacts on the pension benefits of a retired member, survivor, or beneficiary.

Disallowed Compensation

Under Gov. Code section 20164.5, disallowed compensation is compensation reported for a member by the state, a school employer, or a contracting agency that CalPERS subsequently determines is not in compliance with the California Public Employees' Pension Reform Act of 2013 (PEPRA) (Article 4 [commencing with section 7522] of Chapter 21 of Division 7 of Title 1), Gov. Code section 20636 or 20636.1 of the PERL, or the administrative regulations of the system under California Code of Regulations (CCR), title 2, section 571 and 571.1.

Overpayment and Penalty Obligations for Disallowed Compensation

If a misapplication or miscalculation of retirement benefits occurs due to disallowed compensation and the conditions under subdivision (b)(3)(A) of Gov. Code section 20164.5 are met, the employer will be liable to pay CalPERS the full cost of any overpayment and pay the impacted retiree a portion of the actuarial equivalent¹ of any reduced retirement benefit as a penalty.

The penalty is equal to 20% of the lump-sum of the actuarial equivalent present value of the difference between the monthly allowance based on the disallowed compensation and the adjusted monthly allowance for the duration that allowance is projected to be paid by the system. The employer will be required to pay:

- 90% of this penalty directly to the affected retired member, survivor, or beneficiary
- 10% of the penalty to CalPERS

Our Actuarial Office will provide the actuarial calculations to the employer for the amount due to both CalPERS and the member.

Overpayment and penalty obligations apply if all the following conditions under Gov. Code section 20164.5 subdivision (b)(3)(A) are met:

1. The compensation was reported, and contributions were made on that compensation while the member was actively employed.
2. The compensation was agreed to in a memorandum of understanding (MOU) or collective bargaining agreement between the employer and the recognized employee organization as compensation for pension purposes and the employer and the recognized employee organization did not knowingly agree to compensation that was disallowed.
3. The determination by the system that compensation was disallowed was made after the date of retirement.
4. The member was not aware that the compensation was disallowed at the time it was reported.

Not Covered under Disallowed Compensation

Payroll reporting errors and reporting special compensation items and pay rates above the maximum amount listed in a labor policy and/or agreements are not considered disallowed compensation; these types of errors are considered payroll reporting errors.

The following reporting errors are not within the scope of disallowed compensation under Gov. Code section 20164.5:

¹ Actuarial equivalent means a benefit of equal value when computed upon the basis of the mortality tables adopted and the actuarial interest rate fixed by the board under Gov. Code section 20013.

- Lump-sum reporting of reportable compensation
- Reporting compensation above the limit defined in the labor policies and/or agreements
- Misreporting of payroll such as, but not limited to:
 - Misreported pay rates such as \$10.00 versus \$100.00
 - Misreported pay rate types such as monthly as an hourly pay rate
 - Misidentified special compensation category and type

Compensation Review by CalPERS

Employers may submit an MOU, collective bargaining agreement, or other labor policies and/or agreements to CalPERS for review. We will determine if the compensation language item can be reported for retirement purposes.

It is important to report accurate member information in compliance with the PERL, PEPR, and title 2 of the CCR. Retirement benefits are calculated based on a member's years of service credit, age at retirement, and final compensation.² Inaccurate reporting of employee compensation leads to incorrect calculation of retirement benefits further resulting in underpayment or overpayment of contributions and benefits. If compensation items, such as labor agreement language and/or pay schedules, are submitted for review, the CalPERS MOU Review team will verify compliance of your proposed items and determine if the items are reportable for pension purposes. The MOU review can be completed within 90 days of receipt of all the required information. Email items for consideration to the [MOU Review Team](#).

Defining Compensation for Classic Members and PEPR Members

Compensation Earnable for Classic Members

Pursuant to Gov. Code sections 20636 and 20636.1, compensation earnable is defined as the pay rate and special compensation of the member, as further clarified by those statutes. It must also be 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 and paid pursuant to a publicly available pay schedule.

Gov. Code sections 20636(c) and 20636.1(c) further specify that special compensation includes any payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions. Pursuant to CCR, title 2, section 571, a list of special compensation items is identified along with the requirements under subsection (b).

² Final compensation is the highest annual compensation which was earnable during any consecutive 12- or 36-month period of employment preceding the effective date of retirement or last separation from service which ever is earlier.

Pensionable Compensation for PEPRA Members

Gov. Code section 7522.34 and CCR, title 2, section 571.1 state that pensionable compensation of a PEPRA member of any public retirement system is defined as the normal monthly rate of pay or base pay for normally required duties that must be historically consistent for the job classification and reported periodically as earned. It must also be 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 and paid pursuant to a publicly available pay schedule.

CCR, title 2, section 571.1(b) further identifies, clarifies, and defines the types of pay that meet the criteria of pensionable compensation according to each subsequent criterion set forth in subdivision (a) which must also be met.

Requirements of Publicly Available Pay Schedules

Subdivision (a) of CCR, title 2, section 570.5 lists the requirements for a publicly available pay schedule used to determine pay rates. Pay rates shall be limited to the amount listed on a pay schedule and does not include any additive pay or special compensation items into base pay. Any special compensation items, if requirements are met, must be reported separately from pay rate.

Retroactive Application of Procedures

Gov. Code section 20164.5 will apply to any determinations made on or after January 1, 2017, if an appeal has been filed and the member, retired member, survivor, or beneficiary has not exhausted their administrative or legal remedies.

Additional Resources

In reference to [Circular Letter 200-041-21 \(PDF\)](#), the [Compliance in Compensation Reporting](#) webpage provides tools and resources to educate employers about compensation reporting requirements to comply with the PERL. In addition, the [Special Compensation Reportability Table](#) provides reportability details for each member category within the identified special compensation category and type.

Questions

If you have any questions, call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Renee Ostrander, Chief
Employer Account Management Division

Disallowed Compensation

Brad Hanson
Employer Account Management Division

Legislation Senate Bill (SB) 278

Government (Gov.) Code 20164.5

Disallowed compensation for benefit adjustments

Establishes procedures for determinations made on or after January 1, 2017, for members with disallowed compensation

Employers make the members 'whole' by covering the overpayment and a portion of the annuity of the reduction

Employers may submit their labor policies and/or agreements to CalPERS for guidance and review within 90 days

Gov. Code 20164.5 (1 of 5)

Disallowed Compensation

Disallowed compensation items:

- Non-compliant special compensation items included in the labor agreement or MOU
- Member was unknowingly placed on roll after retirement date with compliant special compensation
- Discovered after member was placed on roll

Gov. Code 20164.5 (2 of 5)

Disallowed Compensation

Items **not** considered disallowed compensation:

- Payroll corrections related to errors
- Lump sum reporting
- Compensation item was reportable but cannot be used in the final compensation calculation
- Special compensation reported solely in final compensation period
- Pay rate denials

Gov. Code 20164.5 (3 of 5)

Example

Member's Allowance: \$5,500 per month

- Allowance includes \$500 disallowed compensation
- Received disallowed compensation for three years

Gov. Code 20164.5 (4 of 5)

Employer Penalty Example

Past Retirement Payments

- \$500* x 36 payments = \$18,000 overpayment
- Paid by employer to CalPERS on behalf of the member

* *Includes cost of living adjustments received by the member*

Gov. Code 20164.5 (5 of 5)

Employer Penalty Example

Downward adjustment to retirement allowance

- $\$500 \times 20\% = \100

Paid to the member in lump sum by the employer

- $\$100 \times \text{Actuarial Factor (AF)} = \100 (AF)
 - Actuarial factor based on lifetime expectancy
 - Paid in a lump sum

Paid to CalPERS

- 10% of \$100 (AF)

Resources

Website – www.calpers.ca.gov

- Public Employees' Retirement Law (PERL)
- Public Agency & Schools Reference Guide
- Circular Letters

MOU_Review@calpers.ca.gov

EAMD_CCRU_Outreach@calpers.ca.gov

Employer Contact Center: (888) CalPERS or (888-225-7377)

Retirement System Election (ES 372)

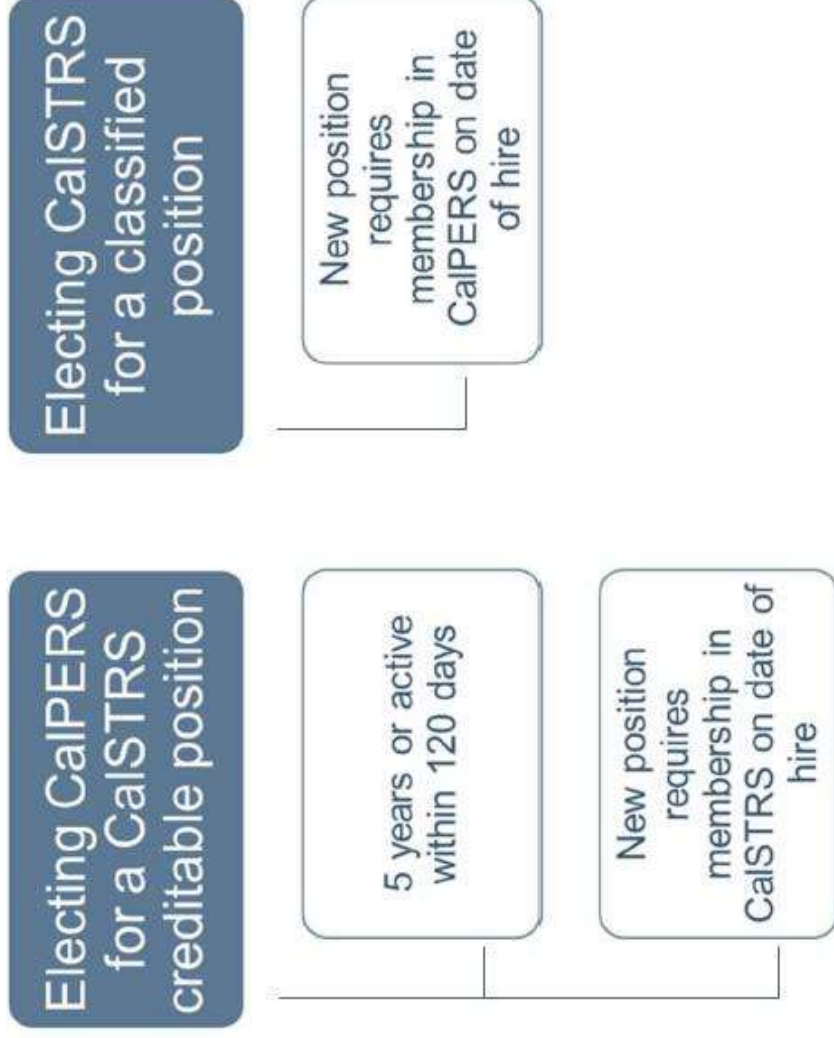
Retirement System Election (1 of 2)

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CALSTRS®

Retirement System Election (2 of 2)

Eligibility Requirements



Types of Reportable Positions

Positions reportable to CalSTRS

- Teachers
- Counselors
- Nurses
- Librarians
- Superintendents/Chancellors

Positions reportable to CalPERS

- Custodial
- Some office personnel
- Cafeteria
- School employees otherwise not eligible for CalSTRS coverage

CalSTRS Eligibility Requirements

Requires membership in CalSTRS DB Program

- Full time
- Part time contracted >50% FTE
- Non-temporary at a Community College
- Employee already a CalSTRS member

Does not require membership in CalSTRS DB Program

- Substitute
- Part-time contracted <50% FTE
- Part-time hourly/daily
- Temporary at a Community College District

CalPERS Eligibility Requirements

Requires membership in CalPERS

- Full time
- Part time
 - 20 hours per week for one year or more
 - Works over 1000 hours in a fiscal year
- Employee is already a CalPERS member

Excluded from membership in CalPERS

- Employment reported in another retirement system
- Independent contractors
- Certain elected appointed officers
- Superintendents

Scenarios

Election Eligibility Scenarios (1 of 16)

Scenario One



John

- CalSTRS membership: Yes
- Effective 09/25/2017
- CalPERS membership: No
- New position effective date: 10/25/2018
- Position: Part time classified 15-hours/week
- Employee electing CalSTRS

Election Eligibility Scenarios (2 of 16)

Scenario One: Solution

- Is John eligible to elect CalSTRS?
 - No
- Why?
 - Position does not meet eligibility requirements for membership in CalPERS on the date of hire

Election Eligibility Scenarios (3 of 16)

Scenario One: What if?

- What if John takes a second part time classified position?
 - Yes, only for second position 7-hours/week
 - If same employer, hours would be combined to meet membership qualifications
 - First position will remain unreportable

Election Eligibility Scenarios (4 of 16)

Scenario Two



Mary

- CalSTRS membership: No
- CalPERS membership: Yes – effective 05/01/2014 (4.5 Years)
- Prior CalPERS separation: 10/01/2018 - School district
- New position effective date: 10/25/2018
- Position: Full time credentialed
- Employee electing CalPERS

Election Eligibility Scenarios (5 of 16)

Scenario Two: Solution

- Can Mary elect CalPERS?
 - Yes
- Why?
 - Qualifies by having previous **school employment** in CalPERS within 120 days of new hire date
 - Position meets CalSTRS qualifications

Election Eligibility Scenarios (6 of 16)

Scenario Two: What if?

- What if Mary did not have previous school employment within 120 days from new hire date?
 - No
 - Although the position qualifies with CalSTRS, Mary did not meet CalPERS requirements

Election Eligibility Scenarios (7 of 16)

Scenario Three



Jane

- **CalSTRS membership:** No
- **CalPERS membership:** Yes – effective 01/01/2015 (3 Years)
- **Prior CalPERS separation:** 10/01/2018 – CA State University
- **New position effective date:** 10/15/2018
- **Position:** Full time credentialed
- Employee electing **CalPERS**

Election Eligibility Scenarios (8 of 16)

Scenario Three: Solution

- Should you give Jane the Retirement System Election form?
 - No
- Why?
 - Did not have 5 years of service credit in CalPERS
 - Not employed by any of the following employers in CalPERS within 120 days of hire date
 - School employer
 - Board of Governors of the Community Colleges
 - Department of Education

Election Eligibility Scenarios (9 of 16)

Scenario Three: What if?

- What if Jane has more than 5 years of service credit with CalPERS?
 - Yes
- Why?
 - Jane now meets one of CalPERS election qualification requirements

Election Eligibility Scenarios (10 of 16)

Scenario Four



Sam

- CalSTRS membership: No
- CalPERS membership: Yes – effective 01/01/2013 (5 Years)
- Prior CalPERS separation: 01/01/2018 - School district
- New position effective date: 01/25/2018
- Position: Substitute Teacher
- Member electing **CalPERS**

Election Eligibility Scenarios (11 of 16)

Scenario Four: Solution

- Is Sam eligible to elect CalPERS coverage?
 - No
- Why?
 - Position does not require membership in the CalSTRS Defined Benefit Program as of the first date of hire

Election Eligibility Scenarios (12 of 16)

Scenario Four: What if?

- What if Sam signs a permissive election for membership with CalSTRS, then takes another credentialled position. Will it qualify to elect CalPERS?
- Yes. Any subsequent appointments qualify due to already being a member of CalSTRS.

Election Eligibility Scenarios (13 of 16)

Scenario Five



Greg

- CalSTRS membership: Yes – effective 07/01/2017
- CalPERS membership: Yes – effective 01/01/2013 (5 Years)
- Prior CalPERS separation: 01/01/2018 - School district
- New position effective date: 01/25/2018
- Position: Substitute Teacher
- Member electing **CalPERS**

Election Eligibility Scenarios (14 of 16)

Scenario Five: Solution

- Is Greg eligible to elect CalPERS coverage?
 - Yes
- Why?
 - Position requires membership in the CalSTRS Defined Benefit Program on the date of hire due to prior CalSTRS membership

Election Eligibility Scenarios (15 of 16)

Scenario Six



Linda

- CalSTRS membership: No
- CalPERS membership: Yes – effective 05/01/2013 (5 Years)
- Prior CalPERS separation: 05/01/2018 - School district
- New position effective date: 10/01/2018
- Position: Full time elected superintendent
- Member electing CalPERS

Election Eligibility Scenarios (16 of 16)

Scenario Six: Solution

- Can Linda elect CalPERS for her elected superintendent service?
 - No
- Why?
 - Gov Code 20322: Elected or appointed superintendents are excluded from CalPERS membership
 - Hired superintendents are reviewed on a case by case basis

Election Resources

CalPERS Contact Center

- **888** CalPERS or (888-225-7377)

MemberElectionTeam@calpers.ca.gov

[Public Agency & Schools Reference Guide](#)

Eligibility Questions?



California State Teachers' Retirement System
Executive Office
PO Box 15275
Sacramento, CA 95851-0275
800-228-5453
CalSTRS.com

January 25, 2022

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

FROM: Cassandra Lichnock
Chief Executive Officer

SUBJECT: Employer Directive 2022-01 - Update
Executive Order N-3-22

PURPOSE

This employer directive is intended to inform employers of the January 11, 2022, Executive Order N-3-22.

SCOPE

This directive contains information for county superintendents of schools, K-12 school districts and charter schools that employ retired members of the Defined Benefit (DB) Program.

Executive Order N-3-22 does not apply to community college districts.

DISCUSSION

On January 11, 2022, Governor Newsom issued **Executive Order N-3-22**, which, amongst other provisions, allows school districts, county offices of education and charter schools temporary flexibility to hire substitutes and CalSTRS retirees during the state of emergency.

Executive Order N-3-22 is effective immediately and applies to all compensation earned for the performance of retired member activities from July 1, 2021, to March 31, 2022. As of April 1, 2022, the provisions of Executive Order N-3-22 will expire and revert to the provisions of Executive Order N-12-21, if applicable.

Executive Order N-3-22 states in part:

1. The temporary flexibilities authorized through this Order shall apply to a school district, county office of education, or charter school only if the school district superintendent, county superintendent of schools, or charter school leader, or such officials' designee, makes a written finding, which shall be signed by the official or designee and retained and made available to any member of the public upon request, that temporary staffing flexibility will support the school district, county office of education,

or charter school in maintaining in-person services for students despite staffing shortages caused by the Omicron-driven rise in COVID-19 cases.

The provisions of Executive Order N-3-22 are applicable to K-12 school districts, county offices of education, and charter schools only if the employer makes a written finding, signed by the official or designee and retained and made available to any member of the public upon request, that temporary staffing flexibility will support the school district, county office of education, or charter school in maintaining in-person services for students despite staffing shortages caused by the Omicron-driven rise in COVID-19 cases.

Executive Order N-3-22 does not apply to community college districts.

TEMPORARY SUBSTITUTES

Executive Order N-3-22 states in part:

2. For the purposes of providing emergency substitute teaching services as authorized by Title 5, California Code of Regulations section 80025(b), temporary certificates may be issued pursuant to Education Code section 44332(a) without regard to whether the recipient has a pending credential or permit application or has made the statement under oath required by that section, and any contrary requirements of section 44332(a) are hereby suspended through March 31, 2022. All applicants receiving temporary certificates pursuant to section 44332(a) must meet the remaining eligibility requirements in section 80025 and all requirements of Education Code section 44332.6.

3. The limitations in California Code of Regulations, Title 5, sections 80025.1(c) and 80025.3(a) and (b), as modified via Section 47 of Assembly Bill 167, Chapter 252, Statutes of 2021, on the duration for which substitute teachers can be assigned to a single general education assignment are extended to no more than 120 days through March 31, 2022.

4. The requirement under Education Code 46300 and any related statute or regulation that students be under the direct supervision of a certificated employee of a school district or county office of education for calculating average daily attendance for apportionment is suspended for each day, or portion thereof, that a student teacher is assigned to a classroom without the supervision of a credentialed teacher through March 31, 2022.

These provisions of the Executive Order establish that K-12 school districts, county offices of education and charter schools can employ individuals who acquire temporary certificates pursuant to subdivision (a) of Education Code section 44332 and meet the remaining eligibility requirements outlined above. K-12 school districts, county offices of education and charter schools will need to work with the Commission on Teacher Credentialing to ensure individuals meet the proper requirements to be issued temporary certificates.

If an individual is hired as a temporary substitute according to these provisions and performs creditable service pursuant to Education Code section 22119.5, that individual should be treated like any other certificated employee who is performing creditable service as a temporary substitute and should be given the ability to permissively elect membership with CalSTRS (form ES 350) pursuant to Education Code sections 22455.5 and 22515, or the retirement system election (form ES 372) pursuant to Education Code sections 22508 and 22509, when applicable.

Please note if the individual hired as a temporary substitute according to these provisions who performs creditable service pursuant to Education Code section 22119.5 chooses not to permissively elect membership in the CalSTRS DB Program, their service should be reported to CalSTRS as non-member (Member Code 2), and their service should be monitored for mandatory membership thresholds according to Education Code section 22503.

ANNUAL POSTRETIREMENT EARNINGS LIMIT

Executive Order N-3-22 states in part:

5. The post-retirement compensation limitations in subdivisions (d), (f), and (g) of Education Code section 24214 are suspended for compensation earned during the 2021-22 school year through March 31, 2022.

The annual postretirement earnings limit is suspended from July 1, 2021, through March 31, 2022, for those retired DB members returning to work in a K-12 school district, county office of education or charter school. Therefore, any retired DB member, regardless of age, can perform retired member activities and be compensated for that service for this period without impact to their retirement benefit.

If compensation earned for the performance of retired member activities between April 1, 2022, and June 30, 2022, exceeds the 2021-22 annual postretirement earnings limit of \$48,428.00, Education Code section 24214 in its entirety continues to apply for collection of earnings in excess of this limit.

Example: If a retired DB member earned \$150,000 from CalSTRS-covered employment from July 1, 2021, through March 31, 2022, these earnings will not be considered in our evaluation of the annual earnings limit. If they continue to work and earn an additional \$50,000 between April 1, 2022, and June 30, 2022, assuming the annual retirement benefit is at least \$1,572, CalSTRS would be able to collect \$1,572 from the retired DB member. (\$50,000 - \$48,428).

As a reminder, the annualized rate of pay for retired member activities must not be less than the minimum, or exceed the maximum, paid by the employer to other employees performing comparable duties.

Because Executive Order N-3-22 does not apply to community college districts, the 2021-22 annual postretirement earnings limit applies to retired DB members performing retired member activities at a community college district.

180-CALENDAR DAY SEPARATION-FROM-SERVICE REQUIREMENT

Executive Order N-3-22 states in part:

6. For a retired member that has attained the normal retirement age at the time the compensation was earned, the post-retirement compensation limitations and procedural requirements in subdivisions (a) through (g) of Education Code section 24214.5 are suspended for compensation earned during the 2021-22 school year through March 31, 2022.

The 180-calendar day separation-from-service requirement is suspended for retired DB members who have attained normal retirement age: 60 years of age, or 62 years of age for a member subject to the California Public Employees' Pension Reform Act of 2013. Therefore, a retired DB member who has attained normal retirement age can be hired to perform retired member activities and earn compensation for that service immediately after retirement with no impact to their retirement benefit as long as they are returning to a K-12 school district, county office of education or charter school.

The following criteria no longer applies if the compensation is earned during the 2021-22 school year through March 31, 2022:

- The appointment is necessary to fill a critically needed position and must be filled before the retired DB member's 180-calendar day separation-from-service period has passed since the member's most recent retirement date.
- The termination of employment of the retired DB member with the employer must not be the basis for the need to acquire the services of the member.
- The retired DB member must not have received a retirement incentive or any financial inducement to retire from any public employer.
- The retired DB member must not begin performing retired member activities until CalSTRS receives all required documentation.

Due to the adjustments above, the submission of the SR1897 form is not required for this period through March 31, 2022, for retired DB members returning to work at a K-12 school district, county office of education or charter school.

There is no exemption to the separation-from-service requirement for a retired DB member who has not attained normal retirement age, and subdivisions (a) and (h) of Education Code section 24214.5 remain in effect for these members. As of April 1, 2022, the provisions of Executive Order N-3-22 will expire and revert to the provisions of Executive Order N-12-21, if applicable. Upon retaining the services of retired DB members starting on or after April 1, 2022, please refer to Employer Directive 2021-06 for the process of requesting an exemption to the 180-calendar day separation-from-service requirement.

Executive Order N-3-22 does not apply to community college districts; therefore, the 180-calendar day separation-from-service requirement applies to retired DB members performing

retired member activities at a community college district. Executive Order N-12-21 still applies as outlined in Employer Directive 2021-06.

Executive Order N-3-22 does not suspend any other Education Codes, including subdivision (h) of Education Code section 22714. This section requires CalSTRS to revoke the two years of service credit earned through the CalSTRS Retirement Incentive Program if the retiree returns to work within five years in any capacity with the same employer that offered the incentive.

SUMMARY OF REQUIRED ACTIONS

When hiring employees who have acquired temporary certificates pursuant to Executive Order N-3-22:

- ✓ Provide those employees with the Permissive Election (ES 350) and Retirement System Election (ES 372), when applicable.
- ✓ Report service to CalSTRS using Member Code 1 or 2, and monitor for mandatory membership thresholds as necessary.

In accordance with Education Code section 22461, upon retaining the services of a retired DB member either as an employee of an employer, an employee of a third party or an independent contractor, including as a consultant, within the California public school system, the employer is required to:

- ✓ Notify the retired DB member of all earnings limits and the retirement incentive employment restrictions, if applicable.
- ✓ Maintain accurate records of the retired DB member's earnings.
- ✓ Report those earnings to the retired DB member and to CalSTRS monthly, using Member Code 2 and Assignment Code 61, regardless of the method of payment or the fund from which the payments were made.
- ✓ For community college districts, continue to utilize the exemption process to the 180-day separation-from-service requirement period outlined in Employer Directive 2021-06.

For additional questions regarding how Executive Order N-3-22 applies to school employers and CalSTRS retired members, please contact us at Postretirement@CalSTRS.com.

Office of MARY C. BARLOW
Kern County Superintendent of Schools
Advocates for Children

Direct Deposit Delete/Reversal/LOI (letter of indemnity) Request

District () _____

Pay Day _____

Net Amount \$ _____

Employee Name _____

Routing Number _____

Account Number _____

Checking ☐

Savings ☐

Make Check Payable:

☐ Employee

☐ District

Send warrant: Courier ☐

Pick up: district ☐ employee ☐

US Mail: district ☐ employee ☐

Employee External ID _____

Final EE payout and/or terminating, please contact us for Summer Pay

Requested by: _____

Phone Number: _____

Contact:

Elena Perez, 661.636.4662, fax 661.636.4131, Email: elperez@kern.org and vilueck@kern.org

A Delete is possible 2 days before payday by noon, Reversal is after that deadline, LOI, 7 business days after pay.

Permissive Membership
ES 0350 REV 03/20

[For CalSTRS' Official Use Only]

CALSTRS

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

**PERMISSIVE MEMBERSHIP ELECTION AND/OR ACKNOWLEDGEMENT OF RECEIPT
OF CALSTRS DEFINED BENEFIT PROGRAM MEMBERSHIP INFORMATION**

This form is used to permissively elect membership in the CalSTRS Defined Benefit Program and/or to acknowledge receipt of information provided by an employer about the right to elect membership in the CalSTRS Defined Benefit Program. Please read all instructions before completing the form.

Section 1: Employee Information (to be completed by employee)

Provide either your CalSTRS Client ID or Social Security number.

CLIENT ID

SOCIAL SECURITY NUMBER

LAST NAME

FIRST NAME

MI

ADDRESS (number, street, apt or suite no.)

CITY

STATE

ZIP CODE

DATE OF BIRTH (MM/DD/YYYY)

EMAIL ADDRESS

TELEPHONE

Section 2: Employee Election (to be completed by employee)

Check One:

- ☐ I elect membership in the CalSTRS Defined Benefit Program as of:

MEMBERSHIP DATE (MM/DD/YYYY)**

I understand this election applies to all future creditable service performed for any current or future employer unless another election is made as allowed by law. I understand my membership is irrevocable and may only be cancelled by terminating all employment to perform creditable service and receiving a refund of my accumulated retirement contributions from the CalSTRS Defined Benefit Program.

**Membership Date may be no earlier than the first day of the pay period in which the election is made, or the first day of employment, whichever is later. Please work with your employer to select the most beneficial, valid membership date.

- ☐ I decline membership in the CalSTRS Defined Benefit Program at this time

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



ES0350

Section 3: Required Signature (to be completed by employee)

I certify that 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 statement, including a false statement regarding my marital status, for the purpose of using it, or allowing it to be used, to obtain, receive, continue, increase, deny or reduce any benefit administered by CalSTRS and it may result in penalties, including restitution, of up to one year in jail and/or a fine of up to \$5,000 (Education Code section 22010). It may also result in any document containing such false representation being voided. 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).

EMPLOYEE SIGNATURE	DATE (MM/DD/YYYY)
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Section 4: Employee Position Information (to be completed by employer)

POSITION TITLE	POSITION HIRE DATE
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Section 5: Employer Information and Certification (to be completed by employer) Required Signature

I certify that the above-named employee was provided information about their right to elect membership in the CalSTRS Defined Benefit Program and, if electing membership, is eligible to elect membership in the CalSTRS Defined Benefit Program as of the membership date provided.

I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statement for the purpose of using it, or allowing it to be used, to obtain, receive, continue, increase, deny or reduce any benefit administered by CalSTRS and it may result in penalties, including restitution, of up to one year in jail and/or a fine of up to \$5,000 (Education Code section 22010). It may also result in any document containing such false representation being voided. 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).

EMPLOYER OFFICIAL'S SIGNATURE	DATE (MM/DD/YYYY)
EMPLOYER NAME	COUNTY AND DISTRICT CODE
EMPLOYER OFFICIAL'S NAME AND TITLE	

The following instructions are to assist you and your employer in completing the *Retirement System Election form* (ES 0372). 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* (ES 0372) within 60 days after the hire date requiring membership in the other system, and CalSTRS must receive the completed form within 60 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 was employed by a school employer, Board of Governors of the California Community Colleges, or State Department of Education within 120 days before the member's date of hire, or who 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* (ES 0372) to CalPERS, within 60 days after the hire date of employment requiring membership in CalSTRS. 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* (ES 0372) 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 retain a copy of the employee's signed election form.

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 (ES 0372) must be submitted to the retirement system elected by the employee. For additional requirements, please see the Information section.

Mail completed forms to:

CalSTRS
P.O. Box 15275, MS 17
Sacramento, CA 95851-0275

CalPERS
P.O. Box 942709 Sacramento, CA 94229-2709

CalSTRS also accepts the form by secure messaging via the Secure Employer Website.

Retirement System Election

ES 0372 REV 06/21

[For CalSTRS' Official Use Only]

CALSTRS®

California State Teachers' Retirement System

P.O. Box 15275, MS 17

Sacramento, CA 95851-0275

800-228-5453

CalSTRS.com

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)

SOCIAL SECURITY NUMBER

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 the member 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(a) or 22508.5(a).

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.

I elect coverage in: (please choose one)

- ☐ CA State Teachers' Retirement System (CalSTRS)
- ☐ CA Public Employee's Retirement System (CalPERS) *
- ☐ A Different Public Retirement System identified here:

OR

A member of **CalPERS** who was employed by a school employer, Board of Governors of the California Community Colleges or State Department of Education within 120 days before the member's date of hire, or who has at least five years of CalPERS credited service, as defined in Government Code section 20309, and who is subsequently employed to perform creditable service that requires membership in the Defined Benefit Program of CalSTRS, will have that service credited with CalSTRS unless the member 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.

I am a member of CalPERS who has accepted employment to perform service that requires membership in the CalSTRS Defined Benefit Program and am eligible to elect to continue coverage under CalPERS.

I elect coverage in: (please choose one)

- ☐ CA State Teachers' Retirement System (CalSTRS)
- ☐ CA Public Employee's Retirement System (CalPERS) *



ES0372

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.

EMPLOYEE SIGNATURE

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:

☐ CREDENTIALLED

☐ CLASSIFIED

☐ STATE SERVICE

EMPLOYER INFORMATION:

CO/DIST/STATE DEPT NAME

CALSTRS REPORT UNIT CODE

SCHOOL/STATE OFFICIAL'S NAME

TITLE

PHONE NUMBER

SIGNATURE OF SCHOOL/STATE OFFICIAL

DATE

COUNTY OFFICIAL'S NAME

TITLE

PHONE NUMBER

SIGNATURE OF COUNTY OFFICIAL

*CALPERS EMPLOYER CODE