

Sonoma County Office of Education
Business Services

EXTERNAL PAYROLL AND FINANCE UPDATES
DEBUG MEETING: AUGUST 24, 2018

UPDATES:

CalSTRS Mandatory Membership Clarification: (see attached excerpt from CalSTRS's Summer 2018 Employer Connect)

Effective July 1, 2018, employers should begin establishing membership for substitute, part-time hourly and part-time daily employees the first day of the pay period following the pay period in which the employee meets the applicable thresholds regardless of whether employees met the threshold in the last pay period of the school year (June) or if they return to work in the new fiscal year.

We are awaiting an Employer Directive for direction on whether this is retroactive for an employee that met the threshold in June 2018 and would need to be brought into membership effective July 1, 2018. A directive is expected to come out soon this Fall.

CalSTRS Employer Trainings in 2018-19: (see attached flier for details)

CalSTRS is now offering free, quarterly Introductory Level and Advance Level trainings.

CalSTRS Audit Services:

CalSTRS Audit Services has selected several LEAs in our Sonoma County for audit. The objectives of these audits are to determine whether the employer has reported creditable service and creditable compensation in compliance with the TRL (Teachers' Retirement Law) and to verify member information reported to CalSTRS is supported by the employer's personnel and payroll records. The audit may also include a review of consistent treatment of compensation and/or a review of retiree's final compensation period per Ed Code sections 27600, 22134 and 22134.5.

CalPERS Letter Regarding Additional Benefits Paid to Retired Annuitants:

Last month, July 2018, several LEAs received a letter from CalPERS regarding additional benefits paid to retired annuitants. We have since learned these letters were generated from a system report that listed agencies who have reported special compensation for retired annuitant appointments in my/CalPERS since 2011. These letters were sent out preemptively as a notice to agencies so that they discontinue paying retirees compensation outside the hourly rate while CalPERS researches the details of these appointments.

At this time the only action needed is if the LEA is aware of any CalPERS retirees currently working in CalPERS retired annuitant positions and are receiving any additional compensation other than their hourly rate, to discontinue this practice as it is in violation of Government Code Section (GCS) 21229(a) which states in part:

“A retired person appointed pursuant to this section shall not receive any benefits, incentives, compensation in lieu of benefits, or other form of compensation in addition to the hourly rate.”

REMINDERS:

Enrolling and Reporting Retired CalPERS Members: (emailed LEAs May 23rd and August 2nd; see CalPERS Circular Letters 200-010-18 and 200-048-18)

Effective January 1, 2018, AB 1309 amended Government Code Section 21220. As such, employers who fail to enroll retired annuitants within 30 days of the effective date of hire will be assessed a \$200 fee per retired member per month until the retired member is enrolled. Similarly, employers who fail to report the pay rate and number of hours worked of a retired member, will be assessed a \$200 fee per retired member per month until the information is reported. Therefore, it is essential to email Maria Aguayo a PERS Enrollment/Change Form upon retraining the services of retirees. Maria will promptly enter their appointment in CalPERS.

LEAs are encouraged to review their respective list of retired annuitants for compliance before CalPERS assesses fees. Please note, AB 1309 and GCS 21220 are applicable, as well, to retired annuitants hired through a third-party.

CalPERS - Reporting Timely Permanent Separations: (see attached excerpt from CalPERS Employer News Summer 2018)

It is important to promptly email Maria Aguayo a PERS Enrollment/Change Form to report permanent separations once an employee terminates their employment with your LEA for any reason. When a member changes employers, their permanent separation with the LEA may impact their retirement benefit formula and the benefit level with a subsequent employer.



Reporting Permanent Separations on Time

CalPERS employers play a key role in making sure that the information displayed in my|CalPERS is current and accurate. Part of this role includes reporting permanent separations to CalPERS once an employee terminates their employment with your agency for any reason.

It is important that you report the permanent separation in a timely manner, so the employee's my|CalPERS account displays the correct membership details. Upon separation, the employee will receive valuable information about their rights to CalPERS benefits. Reporting their separation will also help ensure retirement benefits are administered accurately and on time.

What is the impact when an employee is not reported correctly?

When a permanent separation is not entered promptly and the member changes employers, this may impact their retirement benefit formula and the benefit level with a subsequent employer due to the Public Employees' Pension Reform Act of 2013 (PEPRA). If the

incorrect retirement benefit formula and benefit level is displayed on the member's account due to a failure to enter the separation, the member's contributions at the new employer may not be accurate.

What is the date of separation?

The permanent separation date must be reported as one day after the last day the employee works for your agency — often the day after the last day on payroll.

A permanent separation is not required when an employee begins a leave of absence, but you must update my|CalPERS when the leave begins. Upon the member's return from the leave of absence you must again update my|CalPERS with an end leave date. If the employee does not return from a leave of absence, the permanent

separation date is the date they are no longer in employment status. It is not retroactive to the beginning date of the leave of absence. ▲

Examples of when a permanent separation is required:

If an employee...

- ...retires from your agency
- ...does not return from a leave of absence
- ...voluntarily resigns from employment
- ...becomes deceased
- ...transfers from one school district to another school district (even within the same county office of education)

Mandatory Membership in the Defined Benefit Program Clarified for Substitute, Part-Time Hourly and Part-Time Daily Employees

Substitute employees are required to be members of the Defined Benefit Program once they perform 100 complete days of creditable service in a school year for one district. Under Education Code section 22503, employers must establish their membership the first day of the pay period after they meet this threshold.

Part-time hourly and part-time daily employees become mandatory members of the Defined Benefit Program once they perform 60 hours or 10 days, respectively, of creditable service for one district or county office of education in one pay period. If this occurs, their membership should also be established the first day of the following pay period as required by Education Code section 22504.

Past CalSTRS communications regarding membership in the Defined Benefit Program for substitute, part-time hourly or part-time daily employees may have been inconsistent with those laws as they pertain to membership for employees who did not perform any further service in the same school year, for the same district, after meeting the applicable threshold.

Effective July 1, 2018, employers should begin establishing membership for substitute, part-time hourly and part-time daily employees the first day of the pay period following the pay period in which the employee meets the applicable thresholds regardless of whether employees met the threshold in the last pay period of the school year or if they return to work.

We are not requesting employers to retroactively establish or correct membership dates for previous fiscal years.

This information does not pertain to employers that offer the Cash Balance Benefit Program. There is no threshold for mandatory membership in the Defined Benefit Program for substitute, part-time hourly and part-time daily employees employed by a Cash Balance Benefit Program employer.

A directive with this information, along with other CalSTRS benefit program enrollment information, will be issued in the fall.

Employer Trainings 2018-19

CalSTRS Offers New Ways to Learn about Reporting and Teachers' Retirement Law

CalSTRS now offers quarterly trainings at CalSTRS Headquarters led by subject matter experts on Teachers' Retirement Law (TRL) and reporting to CalSTRS. These trainings are free and open to human resources, payroll, and personnel staff and anyone who provides payroll reporting to CalSTRS.

Introductory Level Trainings:

When: September 14, 2018 and February 7, 2019
9:00 a.m. to 4:00 p.m.

What: Training topics will include: Creditable Compensation, Membership, Creditable Service, Postretirement, and Introduction to the Secure Employer Website (SEW)

Why: This training will provide an opportunity for employers to learn about the fundamentals of CalSTRS reporting. This would be beneficial for new payroll or human resources staff responsible for reporting to CalSTRS.

Advanced Level Trainings:

When: November 29, 2018 and May 2, 2019
9:00 a.m. to 4:00 p.m.

What: Training topics will include: Creditable Compensation, Consistency of Compensation, Reporting and Annotations, Retirement System Elections, Penalties and Interest, as well as Unused Sick Leave

Why: This training will provide an opportunity for employers to learn about the in-depth details of CalSTRS reporting. This would be beneficial for seasoned payroll or human resources staff responsible for reporting to CalSTRS.

Register to Attend

To join an upcoming training, email MASTrainingandTRL@CalSTRS.com with the following information:

- Full Name
- Title
- School, Organization, or Company Name
- Email Address
- Trainings you wish to attend

Training Date	Training Level	Address
September 14, 2018	Introductory	100 Waterfront Place, West Sacramento, CA
November 29, 2018	Advanced	100 Waterfront Place, West Sacramento, CA
February 7, 2019	Introductory	100 Waterfront Place, West Sacramento, CA
May 2, 2019	Advanced	100 Waterfront Place, West Sacramento, CA