

Defined Benefit Membership

Learning Objectives



Identify how an employee becomes a CalSTRS member



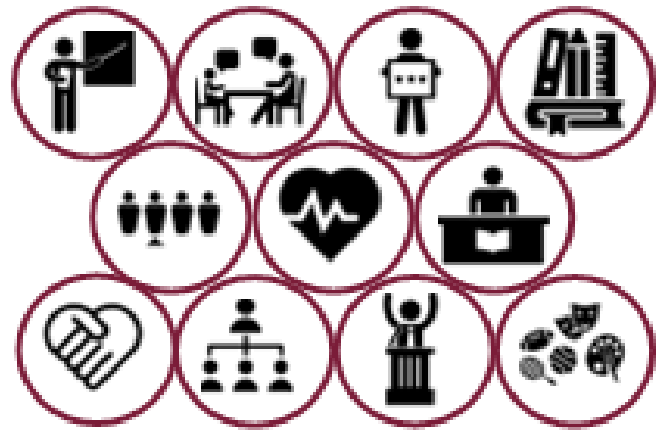
Determine retirement system election eligibility



Recognize employer responsibilities related to DB membership

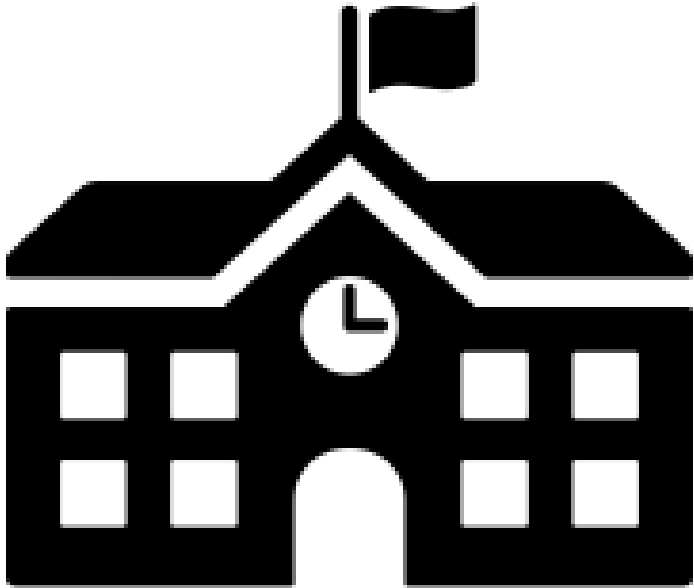


Determine how to enroll and report employees

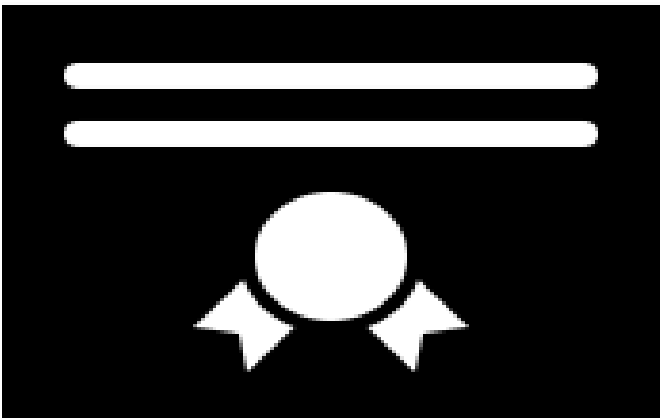


Are they employed to perform
creditable service?

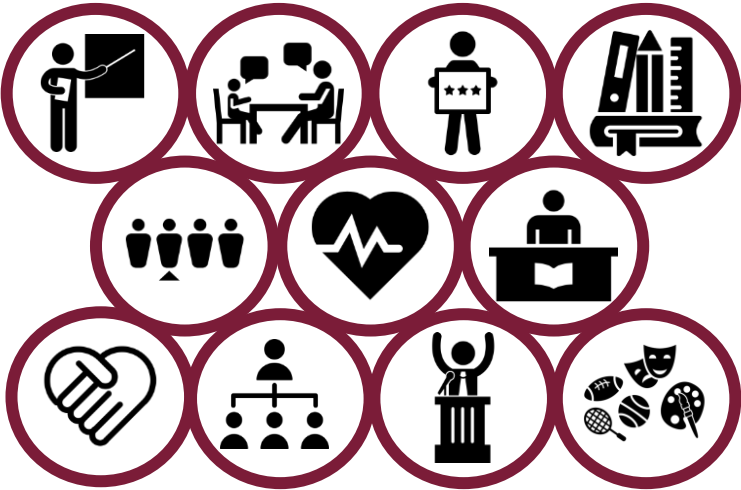
Creditable Service Recall



Employed by an employer



Position meets the minimum requirements (or is exempt)



Employee is performing a creditable activity



Are they eligible for a
Retirement System Election?

Retirement System Election Eligibility



Must be a CalSTRS Defined Benefit member



Takes a position that requires coverage by another public retirement system



May elect CalSTRS Defined Benefit Program coverage for that service

Retirement System Election for CalSTRS (1/2)



Employers must provide eligible members with the *Retirement System Election* (ES 372) form within 10 days of hire

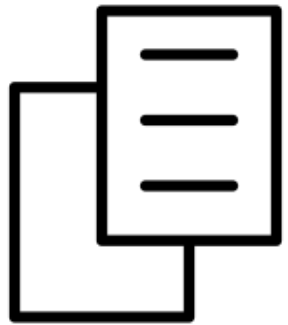


Employees must sign the form within 60 days of hire



Once a member signs the form, it must be received by CalSTRS within 60 days of the member's signature date

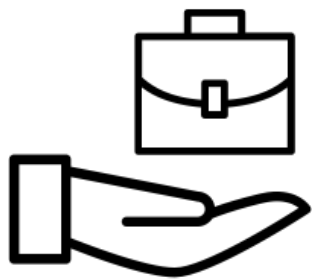
Retirement System Election for CalSTRS (2/2)



Employers are required retain a copy



Employers are no longer required to send a copy of the ES 372 to the other retirement system



Coverage is effective the first day of employment in that position

CalSTRS Retirement System Election Example



Poe is a CalSTRS member and accepts a human resources position with Yavin USD that requires CalPERS coverage

Poe is eligible to make a retirement system election and elects to have his CalPERS position covered by CalSTRS

This service is creditable to CalSTRS

Retirement System Election for CalPERS



CalPERS members employed in a position that requires DB coverage can elect CalPERS coverage in lieu of DB

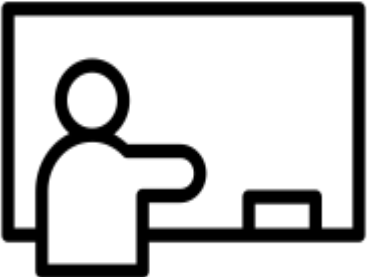


See CalPERS for more information on election eligibility and employer responsibilities



If CalPERS is elected, do not enroll the employee, send enrollment forms, or report compensation to CalSTRS

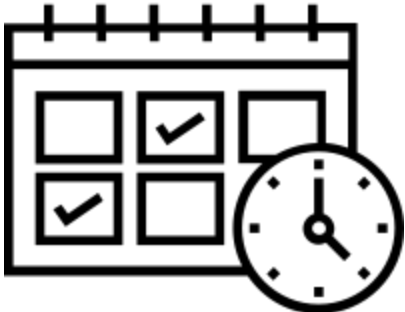
CalPERS Retirement System Election Example (1/3)



Rey is a CalPERS member and accepts a full-time teaching position with Jakku USD



Rey makes a retirement system election and elects CalPERS coverage

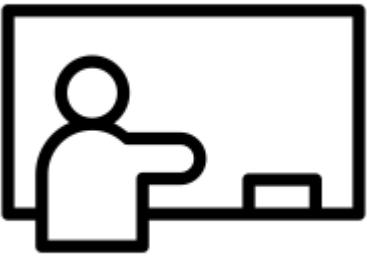


Rey teaches an extra class period beyond her full-time assignment



This service is not creditable to CalSTRS

CalPERS System Election Example (2/3)



Rey is a CalPERS member and accepts a full-time teaching position with Jakku USD



Rey makes a retirement system election and elects CalPERS coverage

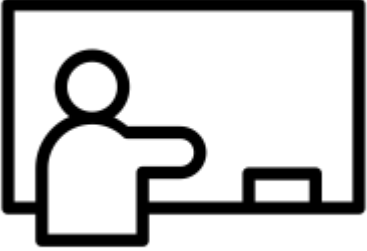


Rey accepts an outgrowth assignment as the Science Club Advisor



This service is not creditable to CalSTRS

CalPERS Retirement System Election Example (3/3)



Rey is a CalPERS member and accepts a full-time teaching position with Jakku USD



Rey makes a retirement system election and elects CalPERS coverage



Rey accepts a separate position as a substitute



This service is creditable to CalSTRS



Do they require DB coverage
at employment?

Verifying an Employee Status



Look up individual
employees using
REAP

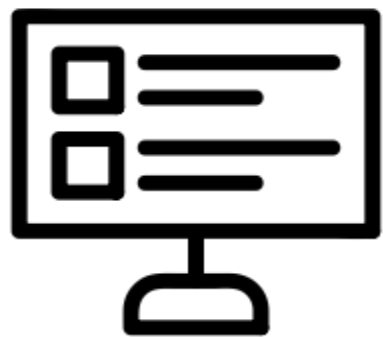


Use Match File to
query multiple
accounts

If Employee is Already a DB Member

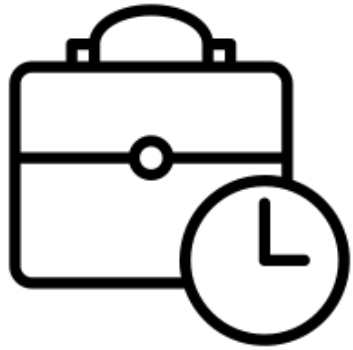


All positions to perform creditable service require DB coverage regardless of basis of employment



Report compensation using Member Code 1 and the Assignment Code for position

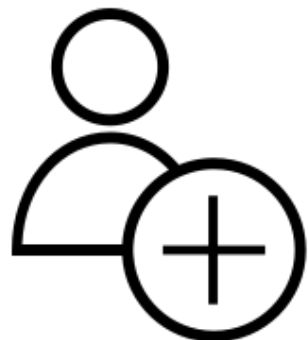
If Employee is Not Already a DB Member (1/2)



50% or more of a full-time contract at COE, preK-12 and charters



Membership begins the first day of employment



Enroll using Transaction Code 11 and report compensation using Member Code 1 and the Assignment Code 57

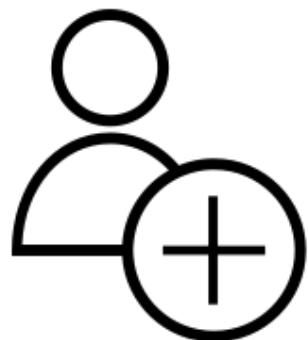
If Employee is Not Already a DB Member (2/2)



Non-temporary/non-adjunct at CCDs



Membership begins the first day of employment



Enroll using Transaction Code 11 and report compensation using Member Code 1 and the Assignment Code 57



Do they later become a member?

Positions that Do Not Require DB Membership



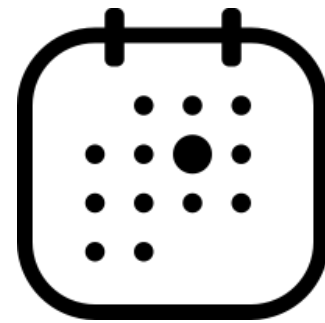
Substitute

AC 54



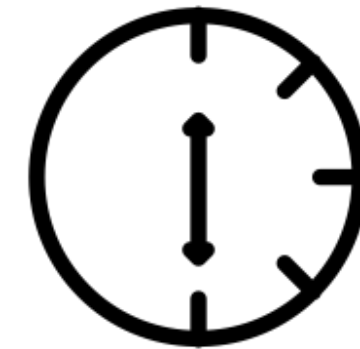
Part-time
hourly

AC 55



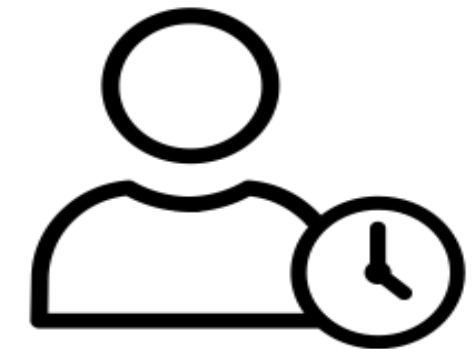
Part-time
daily

AC 55



Less than
50% of a
full-time
contract

AC 57



Temporary/
adjunct at
CCD

AC 58

Enrollment and Reporting for DB Nonmembers



Enroll employees who do not require DB Membership using Transaction Code 02



Report compensation using Member Code 2 and the Assignment Code for the position

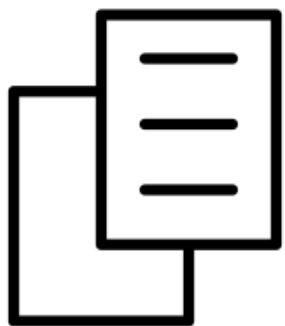
Permissive Election of DB Membership (1/2)



Employers are required to give eligible employees a *Permissive Membership* (ES 350) form within 30 days of hire



The form must be received by CalSTRS within 60 days of the employee's signature date



Employers are required to retain a copy

Permissive Election of DB Membership (2/2)



The employee is eligible to elect a membership date no earlier than the first day of the pay period in which the election is made or the date of hire, whichever is later



If employee permissively elects DB coverage, enroll using Transaction Code 81 and report compensation using Member Code 1 and the Assignment Code for the position

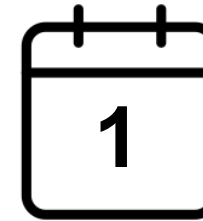
Permissive Election Example



Mr. Bond is a nonmember, employed as a substitute teacher on January 15, and receives an ES 350



If he completes his ES 350 in January, he can elect a membership date as early as January 15



If he waits to make his election in February, he can elect a membership date as early as February 1

If Employee Permissively Elects DB Membership



All creditable service requires Defined Benefit coverage



Existing Cash Balance accounts and alternative retirement program accounts must be closed

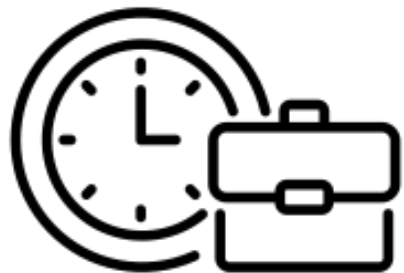


Do I have to monitor the employee for mandatory membership?

Change in Basis of Employment



Must evaluate each new position for membership and establish membership if needed



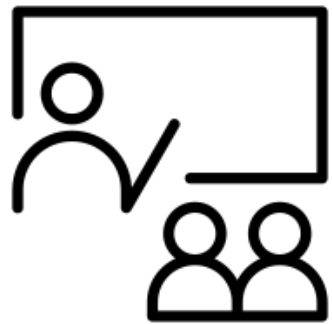
Report Base Hours so mandatory membership thresholds can be tracked

Positions with Thresholds to Monitor

Pre-K-12, COEs, and charter schools that do not offer Cash Balance Program (CB) must monitor:

- Substitute
- Part-time hourly
- Part-time daily

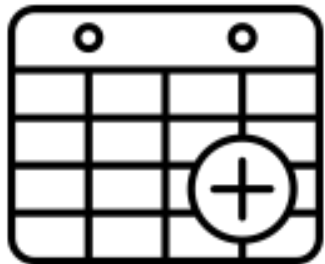
Substitute Threshold



Substitute Positions



Performs 100 days of creditable service for the same employer in the same fiscal year



Membership begins the first day of the following pay period

If Substitute Mandates DB Membership (1/2)



Enroll employee as member using Transaction Code 11



Report compensation using Member Code 1 and Assignment Code 54

If Substitute Mandates DB Membership (2/2)



All creditable service requires Defined Benefit coverage



Existing nonmember accounts must close
(employee can still participate in Cash Balance)

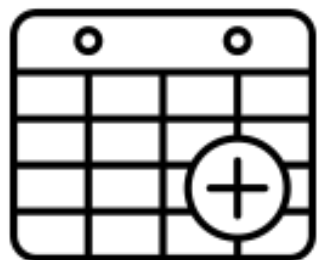
Part-time Hourly Threshold



Part-Time Hourly Positions



Performs 60 hours of creditable service for the same employer in a single pay period



Membership begins the first day of the following pay period

If Part-time Hourly Mandates DB Membership (1/2)



Enroll employee as member using Transaction Code 11



Report compensation using Member Code 1 and Assignment Code 55

If Part-time Hourly Mandates DB Membership (2/2)

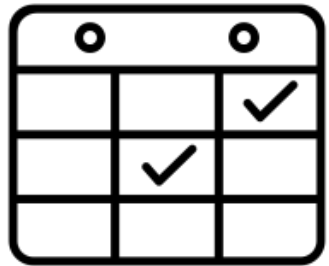


All creditable service requires Defined Benefit coverage



Existing nonmember accounts must close
(employee can still participate in Cash Balance)

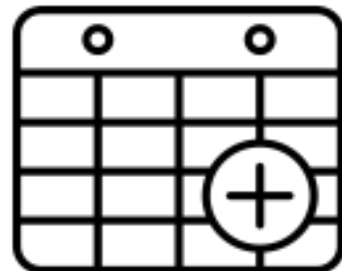
Part-time Daily Threshold



Part-Time Daily Positions



Performs 10 days of creditable service for the same employer in a single pay period



Membership begins the first day of the following pay period

If Part-time Daily Mandates DB Membership (1/2)



Enroll employee as member using Transaction Code 11



Report compensation using Member Code 1 and Assignment Code 55

If Part-time Daily Mandates DB Membership (2/2)



All creditable service requires Defined Benefit coverage



Existing nonmember accounts must close
(employee can still participate in Cash Balance)



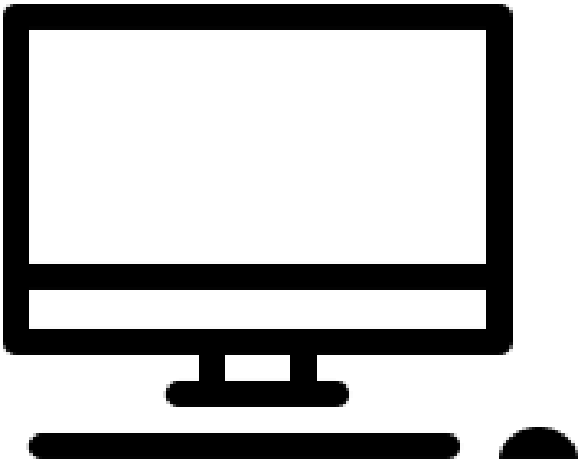
Wrap Up

Key Questions



- Are they employed to perform creditable service? Or are they eligible for a retirement system election?
- Are they in a position that requires membership upon employment or are they already a member?
- Are they eligible to permissively elect membership? If they don't permissively elect, is there a threshold to monitor?

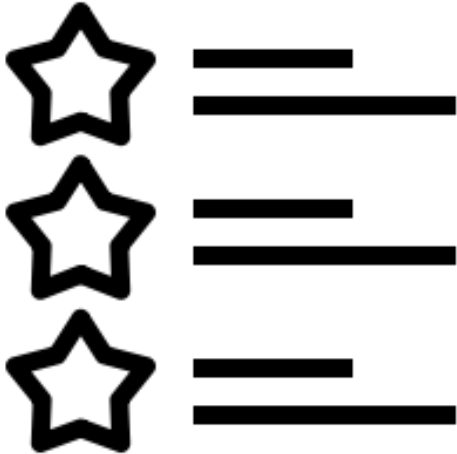
Next Step in PALMS



Complete
computer-
based training



Review
course
materials



Complete
course
evaluation



Complete
knowledge
check

Questions?



EmployerTraining@CalSTRS.com

- For support with training resources or questions about Teachers' Retirement Law



EmployerHelp@CalSTRS.com

- For support with questions about files, reporting and Secure Employer Website



SEW Secure Messaging Center



877-277-5778