

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

# Penalties and Interest Project Update

*Employer Advisory Committee  
February 8, 2012*



- Contribution Account Portal update
- Regulations update
- Penalty & Interest Regulations Compliance (PIRC)
- Questions

## Reminders...

- Contribution Account Portal (CAP) went live on August 29<sup>th</sup>.
- Pilot period will last until June 30, 2012
- Penalty and interest assessment estimates are currently being generated based on:
  - Version 2 of the regulations (e.g. No “Part-time” Exemption and No “Bargained Retro” Exemption and no CB exemptions)
  - A fictitious regulation effective date of July 1, 2008
  - An assumed discovery date of 44 days after the Service Period end date for adjustments to contributions

## System Enhancements coming in May 2012

- Redesigned Invoice Detail Report
- Invoice Detail Report available to Districts
- Redesigned Employer Account Activity Report
- Best Practice data filters for the Penalty data display
- Late contribution penalty calculated at the employee level

## System Modifications coming in May 2012

### **To align the latest regulation language with the system's penalty calculations**

- Removal of \$500 minimum for late adjustments
- Revised due date of Cash Balance adjustments to contributions – providing 60 days from notification or discovery vs. 10 working days from pay period end date
- Revised due dates for part-time service based on actual pay date or assumed pay date
- Exemption of retroactive pay increase due to written employment agreement

- **Employer Training**
  - **Ongoing**
    - Contribution Account Portal Navigation
  - **Spring 2012**
    - Regulations Refreshers
    - Contribution Processing
    - Penalty Assessment Analysis
    - Dispute Processing
- **Pilot Period Support**
  - Employer Help available to answer questions and provide CAP support – [employerhelp@CalSTRS.com](mailto:employerhelp@CalSTRS.com)
  - Business Readiness team available to support regulation questions and penalty avoidance – [P&I@CalSTRS.com](mailto:P&I@CalSTRS.com)

- The Teacher's Retirement Board approved the P&I regulations on Feb 2, 2012
- Regulations next go to the Office of Administrative Law for approval
- Regulations are then posted with the Secretary of State

**PENALTIES & INTEREST  
REGULATIONS and COMPLIANCE  
PROJECT  
(PIRC)**

- Sub-project of the Penalties & Interest Project
- Regulations mandate full enforcement of all business rule categories by all Report Sources as of July 1, 2012
  - Business Rule modifications/enhancements needed
- Comprised of 4 main components
  - F496 Integrity check & business rule modifications
  - F496 Mass Approval feature
  - New CB sub-account transaction codes
  - DB Direct Reporting from districts

- Spring 2012
  - F496 Integrity check & business rule modifications (part 1)
  - F496 Integrity check & business rule modifications (part 2)
  - New CB sub-account transaction codes
  - New CB edits
  - F496 Mass Approval Feature
- Beginning Fiscal Year 2013/2014
  - DB Direct Reporting from districts

- ***Legislation effective January 1, 2012***
  - Retired Defined Benefit members can no longer participate and contribute to the Cash Balance Program
  - Provides consistency between DB and CB programs requiring both plans to be subject to post-retirement earnings limit
  - Changes Education Code Sections 24214, 26813
  - New edits in SEW to prevent the transmission of CB lines



**QUESTIONS?**

**Questions about the Contribution Account Portal  
and PIRC: [EmployerHelp@CalSTRS.com](mailto:EmployerHelp@CalSTRS.com)**

**Questions about regulations / penalty avoidance:  
[P&I@CalSTRS.com](mailto:P&I@CalSTRS.com)**