

# Employer Information Circular

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## New 2024 Statutes Impacting CalSTRS

CalSTRS is working to implement bills signed into law this year, including one that has an impact to current employer processes. As these bills take effect, CalSTRS will provide employers with further detailed updates.

This Employer Circular does not take precedence over the law; it is meant to summarize the legislation impacting CalSTRS that was chaptered in 2023. If you have any questions regarding this circular, please contact CalSTRS Employer Help at [EmployerHelp@CalSTRS.com](mailto:EmployerHelp@CalSTRS.com).

### **Senate Bill 327 (Laird) – Service retirement backdating**

**Employer impact:** We do not anticipate any significant effect to employers' current processes resulting from this bill.

**Effective date:** Upon a date no later than January 1, 2026, determined by the Teachers' Retirement Board

SB 327 (Chapter 708, Statutes of 2023) was signed into law by the Governor on October 10, 2023. SB 327 reduces the timeframe members may backdate their service retirement or service retirement during evaluation of a disability application from as early as January 1, 2012, or January 1, 2014, respectively, to no earlier than 270 calendar days prior to when CalSTRS receives their application.

### **Senate Bill 432 (Cortese)—AB 1667 clean-up legislation**

**Employer impact:** We do not anticipate any significant effect to employers' current processes resulting from this bill.

**Effective date:** January 1, 2024

SB 432 (Chapter 215, Statutes of 2023) was signed into law by the Governor on September 22, 2023. This bill makes minor clarifying and conforming changes to Education Code sections added or amended by AB 1667 (Chapter 754, Statutes of 2022). These amendments include:

- Removing the requirement that a retroactive interpretation must be “expressly required by” a specified law and, instead, requiring that the retroactive interpretation be “the result of” a specified law.
- Requiring CalSTRS to identify and provide Resources on its website.

- Removing the requirement that new or different interpretations provided by identified Resources not apply until the following July 1.
- Adding final court orders to the list of items that may predicate retroactive interpretations of law.
- Adding final court orders and identified Resources to the list of items that may supersede an Advisory Letter.
- Requiring CalSTRS to provide certain written notifications to the party responsible for a benefit overpayment
- Clarifying that the changes to recovery of overpayments provided by AB 1667 apply when CalSTRS notifies a benefit recipient of an adjustment on or after January 1, 2023.
- Clarifies that if compensation is reported in error due to an error in the identified resources, the resulting overpayment is deemed a system error.
- Clarifies that a request for an advisory letter must include the specific compensation language that is, or is proposed to be, included in a publicly available written contractual agreement.
- Specifies that in the instance of misreporting due to an error in an advisory letter, only overpayments resulting from the specific compensation reported in accordance with that advisory letter will be considered for determining a system error.
- Making additional minor and technical changes.

### **Senate Bill 765 (Portantino)—Postretirement earnings limitations**

**Employer impact:** We anticipate there may be an impact to employers' current processes resulting from this bill.

**Effective date:** July 1, 2024, through June 30, 2026

SB 765 (Chapter 885, Statutes of 2023) was signed into law by the Governor on October 13, 2023. This bill increases the annual postretirement earnings limit from one-half to 70% of the median final compensation of all members who retired for service during the fiscal year ending in the previous calendar year. This change increases the amount members can earn from retired member activities from July 1, 2024, through June 30, 2026.

For the same time period, SB 765 also modifies the process for obtaining the already-available exemption to the 180-calendar day separation-from-service requirement for both the Defined Benefit and Cash Balance Benefit programs by removing the requirement that the exemption be approved by the employer's governing body in a public meeting as reflected in a resolution not placed on a consent calendar, as specified.

The bill instead requires that the employer must certify it did not have a reduction-in-force layoff within the prior 18 months and must provide the exclusive representative with copies of completed documentation submitted to CalSTRS. The bill does not eliminate the separation-from-service requirement for members who do not receive an exemption.

Lastly, on or before February 1, 2027, SB 765 requires CalSTRS to submit a report to the appropriate policy committees of the Legislature on specified information by school year.

It is important to note that, until the bill takes effect on July 1, 2024, the current exemption process for the 180-calendar day separation-from-service requirement must be followed if seeking an exemption to this limit prior to the bill's effective date.

**Senate Bill 885 (Labor, Public Employment and Retirement Committee)—Public retirement systems housekeeping bill**

**Employer impact:** We do not anticipate any of the CalSTRS-sponsored amendments to affect employers' current processes.

**Effective date:** January 1, 2024

SB 885 (Chapter 159, Statutes of 2023) was signed into law by the Governor on September 1, 2023. SB 885 makes a conforming change to the California Education Code to facilitate efficient administration of CalSTRS. It also makes various technical and conforming changes in the Public Employees' Retirement Law, the County Employees Retirement Law and the law related to the Judges' Retirement System II. The provision sponsored by CalSTRS maintains CalSTRS' authority to request federal background checks of its employees or prospective employees for employment purposes through the California Department of Justice to continue protecting member information and funds held in trust for those members.

**Additional Information**

As CalSTRS implements these bills, further detailed information will be presented through appropriate communication channels.

For more information about 2023 legislation and Teachers' Retirement Board positions, please visit us online at [2023 legislation - CalSTRS](#).