

ALERT

BENEFIT LEGISLATION

Volume IV, Number 3

Legislative Changes Affecting CalSTRS Benefits beginning January 1, 2005

The 2003-2004 Legislative Session has ended. This year, the Legislature passed and the Governor signed two bills that improve the benefits paid to some CalSTRS members who retire in the future; these bills are summarized below to assist you in your retirement planning. The benefits provided by the legislation summarized here become effective on January 1, 2005, and apply to members who retire on or after that date.

The 2005-2006 Legislative Session will begin December 6, 2004. Please see the box below for resources you may access to help you stay informed about benefit improvement legislation introduced during the next session.

BILLS SIGNED INTO LAW BY THE GOVERNOR

Benefit Legislation Alert

summarizes only the benefit-increasing provisions that apply to CalSTRS members retiring in the future.

While CalSTRS makes every effort to keep its members informed about changes in its benefit structure, it cannot safely predict what the Legislature and Governor may do that might be of interest to you.

For this reason, you should keep yourself informed about possible benefit changes by consulting the CalSTRS Web site (www.calstrs.com), CalSTRS Member Services (800-228-5453), CalSTRS benefits counselors, your union representative (if applicable), your legislative representative and any other source that you believe would be helpful before you make any final decision about retirement.

Chapter 935, Statutes of 2004 (AB 1852—Mullin)

Allows Defined Benefit Program members whose retirement benefit exceeds 2 percent of final compensation per year of service the option to receive part of their retirement benefit as a lump-sum payment, regardless of age. To be eligible, members must retire by January 1, 2011. This bill also eliminates the one-year prohibition on employment in a California public school for K-12 members who receive a CalSTRS Retirement Incentive, and extends a five-year prohibition on employment with an employer who granted the incentive that applies to K-12 employees to community college and county office of education employees.

Chapter 911, Statutes of 2004 (SB 102—Burton)

Allows up to 2/10 of one year of unused sick leave to count towards qualifying for one-year final compensation, longevity bonus and career factor.

BILLS THAT DID NOT PASS THE LEGISLATURE

AB 2232 (PER&SS)

Would have changed the calculation used to determine the amount of service credit granted for unused sick leave by tying it to the member's full-time equivalent.

AB 2036 (LaSuer)

Would have allowed community college instructors who are concurrent members of the California Public Employees' Retirement System and the CalSTRS Defined Benefit Program, and who have at least 20 years of service credit in the DB Program, to use service credit earned under CalPERS to qualify for CalSTRS benefit enhancements.