

Employer Information Circular

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Reporting and Payment of Member and Employer Contributions

The purpose of this circular is to clarify reporting and remitting contributions as earned.

Education Code section 23002 provides the framework for determining when contributions are due, stating, in part:

Member and employer contributions required by this part and Section 44987 are due in the office of the system five working days immediately following the period covered by the monthly report upon which the compensation earned during the period is being reported and from and upon which the contributions are due.

Compensation is earned once an employee is entitled to receive the compensation. Creditable Compensation can be contractually earned, and payment for performing creditable service can be made, even when the service is not performed in the month.

For example, if an employer has a contractual agreement to pay a member 12 equal monthly payments but performance of service is not equally performed during the 12 months, i.e. winter and summer breaks, the compensation must be reported consistent with the contract terms.

Compensation must be reported in arrears and cannot have future service period dates.

Members performing service on a part-time basis must be reported with an annual pay rate and may not be reported on an hourly or daily basis. To determine the annual pay rate, multiply the hourly or daily rate by the base days or hours required of a full time employee. The annual pay rate for a part-time member is reported as pay code zero.

Pursuant to Education Code section 23002, penalties may be assessed if contributions are not received within five working days immediately following the “month” in which the compensation is earned.

The monthly contribution reports are due to CalSTRS 30 calendar days immediately following the month compensation was earned. The reports are delinquent 15 calendar days past the 30 days the compensation was earned per Education Code section 23005.

If reporting is late, penalties may be assessed according to section 23006 of the Education Code.

If you have any questions regarding this circular, please contact your CalSTRS Member Account Services Representative.