

# AB 1452 Membership Cleanup

# Objectives



Explain CalSTRS Defined Benefit membership



Recognize the changes to CalSTRS Defined Benefit membership in the education code

# Defined Benefit Membership



A CalSTRS member:



Employed by an employer



Performs creditable service



Mandates or permissively elects

# Defined Benefit Membership



**County Office of Education**  
**PreK-12**  
**Charter Schools**

# Mandating into Defined Benefit Membership



## Full-time Contract



Membership begins the first day of employment



Multiple part-time positions do not add up to a full-time position for mandatory membership

# Mandating into Defined Benefit Membership



**50% or More of a Full-time Contract**



**December 31, 2019 and Prior**

Membership begins the first day of the following pay period



**Effective January 1, 2020**

Membership begins the first day of employment

# Thresholds to Mandate into Defined Benefit Membership



## Substitute Positions



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



Upon performing 100 days of creditable service, their membership begins on the first day of the following pay period

# Thresholds to Mandate into Defined Benefit Membership



## Part-time Hourly Positions



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



Upon reaching the 60 hour threshold, the employee's membership will begin the first day of the following pay period

# Thresholds to Mandate into Defined Benefit Membership



## Part-time Daily Positions



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



Upon reaching the 10 day threshold, the employee's membership begins on the first day of the following pay period

# Defined Benefit Membership



## **Community College Districts**

# Mandating into Defined Benefit Membership



## Non-temporary



### **December 31, 2019 and Prior**

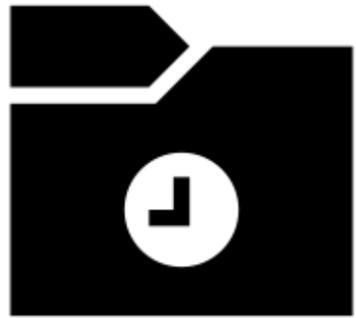
If hired in a non-temporary position membership begins the first day of the following pay period



### **Effective January 1, 2020**

Membership begins the first day of employment

# Mandating into Defined Benefit Membership



## Temporary



An employee who accepts a position under Education Code sections 87474, 87478, 87480, 87481, 87482, or 87482.5 is **excluded** from mandatory membership

# Defined Benefit Membership



**All Employers**

# Positions Excluded from Defined Benefit Membership



Exchange Teachers



Sojourn Teachers

# Permissive Election of Defined Benefit Membership

Nonmembers can permissively elect membership at any time while employed to perform creditable service



Substitute



Part-time  
hourly



Part-time  
daily



Less than  
50% of a full-  
time contract



Temporary  
at a CCD

# Permissive Election of Defined Benefit Membership



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



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

# Permissive Election of Defined Benefit Membership



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



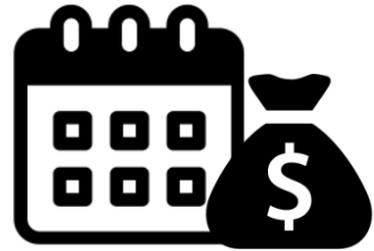
Once membership with the Defined Benefit program is elected all creditable service requires Defined Benefit coverage



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

# AB 644 Creditable Compensation Cleanup

# Objectives

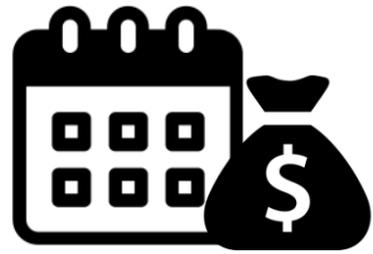


Define “Annualized Pay Rate”



Recognize the changes to creditable compensation in the education code

# New Definition



“Annualized Pay Rate”



The salary or wages a person could earn during a school term for a creditable service assignment if that assignment was performed on a full-time basis



For outgrowth, the annualized pay rate would be the lowest annualized pay rate of the other creditable service activities performed by the member for the same employer in the same school year



## Creditable Compensation for CalSTRS 2% at 60

# Creditable Compensation 2% at 60

## Creditable Compensation is:

Paid in cash by an employer to all in the same class of employees for performing creditable service in that position



Salary or wages paid in accordance with a publicly available written contractual agreement



Remuneration that is paid in addition to salary, provided it is paid to all persons who are in the same class of employees in the same dollar amount, in the same percentage of salary or the amount being distributed

# Creditable Compensation 2% at 60

## Included within Creditable Compensation is:



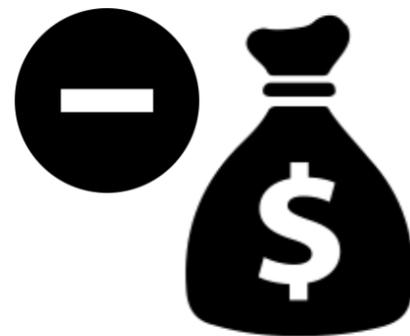
1. Pay for the use of sick leave, vacation leave or employer-approved compensated leave of absence



2. Member contributions that are picked up by the employer

# Creditable Compensation 2% at 60

## Included within Creditable Compensation is:



3. Amounts deducted from a member's remuneration including: participation in a deferred compensation plan, to purchase an annuity contract, tax-deferred retirement plan, insurance program, etc.



4. Any other payments the board determines to be "creditable compensation"



## Creditable Compensation for CalSTRS 2% at 62

# Creditable Compensation 2% at 62

## Creditable Compensation is:

Paid in cash by an employer for performing creditable service in that position each pay period the creditable service was performed



Salary or wages



Remuneration that is paid in addition to salary, only if it is paid to all in the same class of employees in the same dollar amount, in the same percentage of salary or amount being distributed.

# Creditable Compensation 2% at 62

**Included within Creditable Compensation is:**



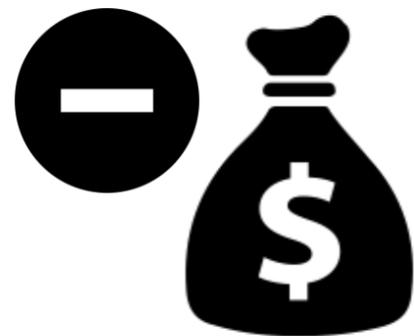
1. Pay for the use of sick leave, vacation leave or employer-approved compensated leave of absence



2. Member contributions that are picked up by the employer

# Creditable Compensation 2% at 62

## Included within Creditable Compensation is:



3. Amounts deducted from a member's remuneration including: participation in a deferred compensation plan, to purchase an annuity contract, tax-deferred retirement plan, insurance program, etc.



4. Remuneration that is paid for creditable service that exceeds one year in a school year

# AB 1505 Charter School Requirements

# Objective



Identify the changes to the charter school minimum requirements for creditable service

# Minimum Requirements for Creditable Service at Charter Schools



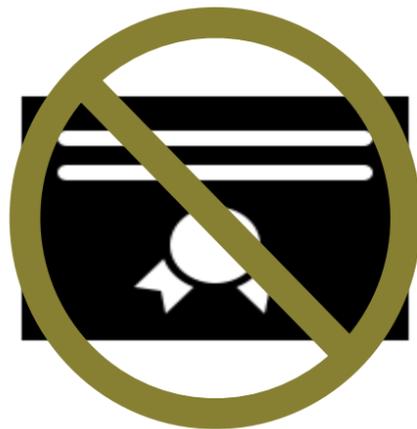
Must be under the provisions of an approved charter that is eligible to receive state apportionment

# Minimum Requirements for Creditable Service at Charter Schools

**June 30, 2020 and Prior**



Core and college preparatory teachers are subject to CTC requirements



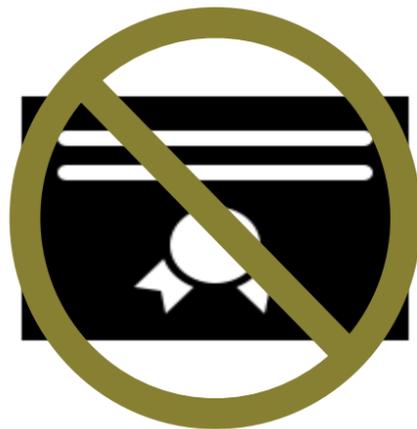
Noncore, noncollege preparatory teachers and non-teaching positions are not subject to CTC requirements

# Minimum Requirements for Creditable Service at Charter Schools

**Effective July 1, 2020**



Teachers are subject to CTC requirements



Non-teaching positions are not subject to CTC requirements

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