



California State Teachers'
Retirement System
Executive Office
PO Box 15275
Sacramento, CA 95851-0275
www.CalSTRS.com

June 11, 2020

TO: All County Superintendents of Schools
District Superintendents of Schools
Community College Districts and
Other Employing Agencies remitting contributions to CalSTRS

FROM: Jack Ehnes
EXECUTIVE OFFICE

SUBJECT: Employer Directive 2020-05
Supersedes Employer Directive 2019-03
Mandate of Electronic Fund Payments for Retirement Contributions

PURPOSE:

To inform and provide guidance to all employing agencies remitting contributions to the California State Teachers' Retirement System (CalSTRS) about the provisions set forth in Assembly Bill 2052 (Chapter 125, Statutes of 2018), effective on July 1, 2020, as approved by the Teachers' Retirement Board.

SCOPE:

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agencies that remit retirement contributions directly to CalSTRS. Any employing agencies that currently remit all contributions to CalSTRS through an automated clearing house (ACH) method are compliant with these requirements, and no further action is needed.

DISCUSSION:

As part of the board's policy to support or sponsor legislation that provides more effective and efficient administration of the retirement plan, the board sponsored AB 2052, which gave CalSTRS the authority to require all employers to remit retirement contribution payments by an electronic funds transfer (EFT) through an ACH method. On July 18, 2018, AB 2052 was chaptered into law, and on July 12, 2019, the board approved an effective date of July 1, 2020, for the provisions of AB 2052.

There are two methods of submitting ACH payments:

- ACH Debit – This method is offered online via www.govone.com/PAYCAL and is free of charge through the state contract. Employers can authorize CalSTRS to debit their

bank account for a specified amount on a specified date. Payments can be scheduled for any banking day up to 90 days in advance and can be cancelled up to the date prior to the debit date.

- **ACH Credit** – This method allows employers to instruct their bank to debit their account and credit CalSTRS' bank account for a specified amount on a specified date. Employers are responsible for any set-up and transaction fees charged by their banks for this payment method. To ensure payment is applied correctly to an employer's account, CalSTRS requires an addenda record, which contains supplemental data, for ACH Credit payments.

A waiver process is available to employers that, for good cause, are unable to comply with this requirement and need to pay retirement contributions in an alternate manner. Waiver requests are valid for one year from the date the waiver request is approved by CalSTRS. Upon expiration of the waiver period, an employer must begin using ACH payment or submit a new waiver request if additional time is required. For employers unable to comply with the ACH payment requirement, CalSTRS will work with the employer directly to understand and alleviate issues and work towards transitioning the entity to an ACH method.

ACTION

By July 1, 2020, employers must submit retirement contribution payments through an ACH method or request a waiver. To comply, please select one of the options below:

1. **ACH Debit** – To sign up for the ACH Debit method, send an email to ePayments@CalSTRS.com, and CalSTRS will assist you in the set-up process.
2. **ACH Credit** – To sign up for the ACH Credit method, send an email to ePayments@CalSTRS.com, and CalSTRS will assist you in the set-up process.
3. **Waiver** – To request a waiver, send an email to ePayments@CalSTRS.com, and CalSTRS will assist you with the waiver process.

This Employer Directive does not take precedence over the law. A copy of the current Teachers' Retirement Law is available on SEW under reference items or online at calstrs.com/information-about-calstrs.

If you have any questions regarding this Employer Directive, please contact the ePayment Implementation Team by email at ePayments@CalSTRS.com.