

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Excess Contributions and GASB 68

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Employer Advisory Committee
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Agenda

- AB 1469 Legislation Overview
- Contributions Post AB 1469
- Excess Contribution Report
- GASB 68
- Resources
- Questions?

AB1469 Legislation Overview

- Beginning July 1, 2014, contribution rates for the DB Program increased for members and employers, while the Defined Benefit Supplement (DBS) Program rates remained the same:

Year of Increase	DB 2% at 60 Members	DB 2% at 62 Members*	DBS Members	DB Employers	DBS Employers
July 1, 2014	8.15%	8.15%	8.00%	8.88%	8.25%
July 1, 2015	9.20%	8.56%	8.00%	10.73%	8.25%
July 1, 2016	10.25%	9.205%	8.00%	12.58%	8.25%
July 1, 2017	10.25%	9.205%	8.00%	14.43%	8.25%
July 1, 2018	10.25%	9.205%	8.00%	16.28%	8.25%
July 1, 2019	10.25%	9.205%	8.00%	18.13%	8.25%
July 1, 2020	10.25%	9.205%	8.00%	19.10%	8.25%

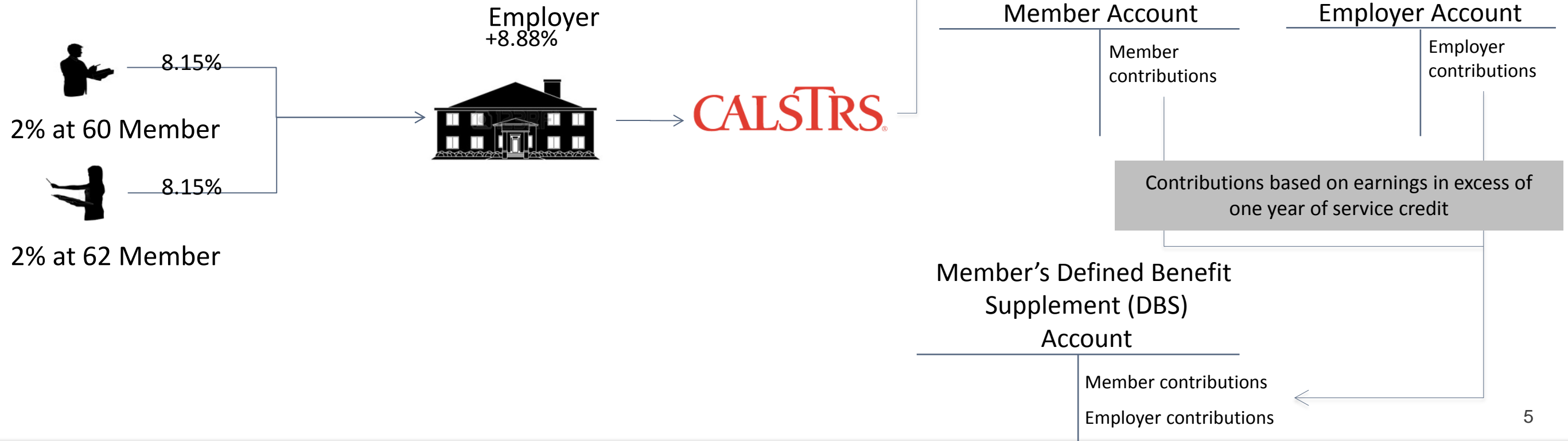
*Rate imposed on 2% at 62 members is based on the normal cost of benefits for the DB Program. The contribution rate in future years assumes no change in normal cost.

Contributions Post AB 1469

- As a result of AB 1469, CalSTRS must return:
 - Excess contributions collected resulting from the difference between member contribution rates for DB and the 8.00% DBS rate.
 - Excess contributions collected resulting from the difference between employer contribution rates for DB and the 8.25% DBS rate.
- CalSTRS will return excess member and employer contributions to employers.
- Employers are responsible for returning excess contributions to members.

Contributions Post AB 1469 – FY 2014-2015

- 1 Members' contributions = creditable compensation x contribution rate. Employers deduct members' contributions from members' paychecks.
- 2 Employers aggregate members' contributions and add their share based on the employer contribution rate.
- 3 CalSTRS credits the contributed amount to the respective member and employer Defined Benefit (DB) accounts.
- 4 Annually, CalSTRS transfers contributions on earnings in excess of one year of service credit to the Member's Defined Benefits Supplement (DBS) account.



Contributions Post AB 1469 – FY 2014-2015

- 5** CalSTRS calculates excess member and employer contributions and returns a lump sum to employers.

Calculation of Excess Contributions – FY 2014-2015 Rates

	2% at 60 Members	2% at 62 Members	Employers
DB	8.15%	8.15%	8.88%
DBS	8.00%	8.00%	8.25%
Excess	0.15%	0.15%	0.63%

Percentage returned is only for earnings applied to the members' DBS accounts

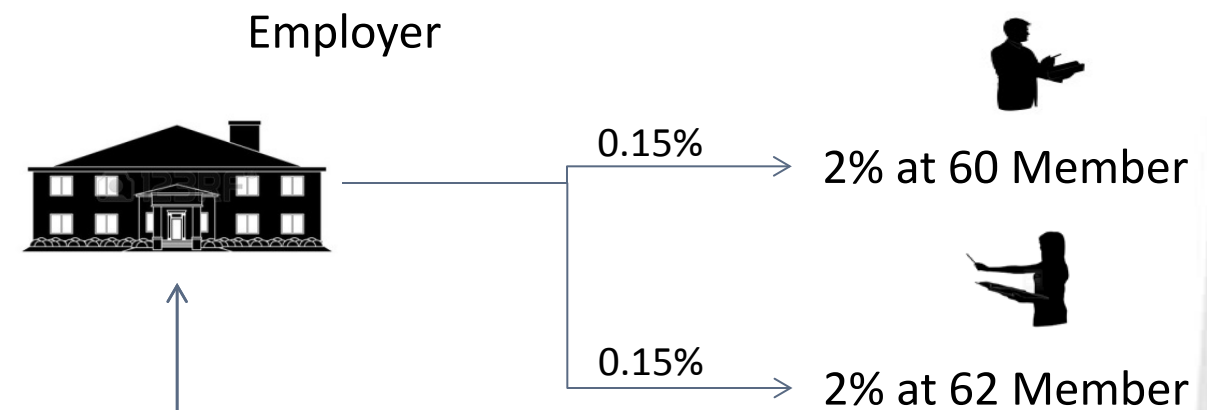
- 6** Employers retain their share of the return of excess contributions and return the individual members' share of excess contributions to members.

Defined Benefit Supplement (DBS) Account

Member contributions
Employer contributions

CALSTRS

0.15% for 2% at 60 members + 0.15% for 2% at 62 members
0.63%



Contributions Post AB 1469

- When a member has multiple CalSTRS employers during the year:

If the member had...	CalSTRS returns the excess contribution to...
Same pay rate throughout the year	Last employer(s)
Different pay rates with different employers	Employer(s) where the member had the lowest pay rate(s)

- Excess contributions accumulated for members who refund, retire, receive a disability benefit, or decease, will be returned to employers following the end of each quarter.
- Excess contributions for active members will be returned to employers annually in October.

Excess Contribution Report

- Employers will be able to view individual member and employer excess contribution details on a new report accessible on the Contribution Account Portal, once the excess contributions are paid in October.
 - October will be the first return of excess contributions.
- Report will present member details by individual Report Units, per Report Source.
- Training in accessing and utilizing this report will be provided through a webinar at a later date. An announcement for the webinar will be posted on SEW.

Resources:

- <http://www.calstrs.com/plan-funding>
- Chapter 47, Statutes of 2014 (Assembly Bill 1469-Bonta)
http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1469
- Employer Connect Spring 2015
- Employer Directive 2014-04 (ED1404)
- Job Aids / Business Process Procedures (BPP's)
- Webinar

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Questions?



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