

Proposed Reporting Practices

Employer Advisory Meeting Committee
August 3, 2016



Employer Advisory Meeting on August 3, 2016

Agenda

- I. Restructure the current payment method for employers granting excess sick leave.
- II. Gather additional reporting elements from employers to better determine final benefits.
- III. Streamline multiple contribution reporting dates to one consistent date (Defined Benefit & Cash Balance programs).

I. New Approach to Excess Sick Leave

- Existing:
 - Requires the **last** employer pay for any excess leave granted to a CalSTRS member.

- CalSTRS proposal:
 - Align payment of excess leave to the employer who grants the leave.

Benefits of the Proposal on Excess Sick Leave

- The awarding employer directly pays for the enhancement through payroll contributions.

- The final employer does not fund benefit they did not award.

II. Gather additional reporting elements to better determine final pension benefits

- Existing:
 - Initial membership file.
 - Monthly contribution file.
- Proposed:
 - New & changed employment detail (salary, position, etc.).
 - Employment status file (when an employee's status change, report new data elements –dates of separation or retirement).
 - Monthly contribution file.
 - Copies of employment or contract agreement.

Benefits of Gathering Additional Reporting Elements

- Improves accuracy and completeness of employer reported data.
- Assurance of employer's proportional share of unfunded liability.
- More accurate retirement benefit.

III. Align Benefit Contributions & Payroll Information

(Defined Benefit & Cash Balance Programs)

- Existing:
 - Defined Benefit reporting:
 - 95% DB due within 5 State business days.
 - 5% DB due within 15 State business days.
 - Supporting payroll information due within 30 calendar days.
 - Delinquent 15 calendar days thereafter.
 - Cash Balance reporting:
 - No later than 10 State business days following the last day of the pay period.
 - Delinquent immediately thereafter.
- Proposal: All reporting due on the 6th state business day.

Benefits of One Consistent Date

- Overall net affect is one additional float day for employers.
- One transaction date for employers.
- More efficient record keeping.

Thoughts from EAC?

- What is your initial reaction to the proposed reporting practices?
- What impact would it have on your operations?
- What are your key concerns?
- Is the objective clear and sensible?
- Is there a better approach?
- How can the proposal be improved?