

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Senate Bill 1352

Chapter 218, Statutes of 2016

Effective January 1, 2017

Employer Advisory Committee Meeting

November 8, 2016





Amendments Impacting Employers

The following are provisions of SB 1352 that require new employer action:

- Uniformed Services Reemployment
- Retirement System Elections (ES 372)
- Permissive Membership Elections (ES 350)
- Voluntary Termination of CB Annuity



Uniformed Services Reemployment

Clarifies the following:

- The definition of service in the uniformed services.
- Receipt of credit toward plan vesting.
- Accrued benefits includes DBS and CB contributions and interest credits if employee pays contributions.
- Employers are responsible for the cost of additional earnings credits and interest associated with DBS and CB.



Retirement System Election (ES 372)

Adds requirement that ES 372 must be:

- Received by CalSTRS within 30 days of signature date.



Permissive Election (ES 350)

Adds the following requirements:

- ES 350 must be received by CalSTRS within 30 days of signature date.
- Membership date is the first day of the pay period following the election.



Voluntary Termination of Cash Balance Annuity

Adds the following:

- Ability for Cash Balance annuitant to cancel their annuity and to start contributing to the program again.



Additional Amendments

The following are provisions of SB 1352 that do not require new employer action:

- “School Term” Definition
- Break in Service
- Nonconsecutive Final Compensation
- Unused Sick Leave for State Employees
- Fixed Crediting of Contributions



“School Term” Definition

Defines “school term” as follows:

- Minimum period of 35 weeks.
- Begins the first day and ends the last day creditable service is required to be performed.
- Excludes periods excluded from written contractual agreement.
- Period is the same for full-time and part-time employees.



Break in Service

Repeals the definition of break in service and clarifies periods of service in final compensation as follows:

- The months of the school year prior to the start of the school term if member earns creditable compensation during the first month of school term.
- The months of the school year after the end of the school term is the member earns creditable compensation during the last month of the school term.
- Periods excluded from the school term if the member earns creditable compensation during the immediately preceding and immediately following pay period.



Nonconsecutive Final Compensation

Repeals nonconsecutive final compensation definition and clarifies in three-year final compensation:

- CalSTRS will use any period of 36 months that are consecutive except for a period for which an employer certifies the member's salary was reduced due to reduction in school funds.



Unused Sick Leave for State Employees

Adds the following requirement:

- Service credit granted for unused sick leave for state employees shall be calculated by multiplying the number of unused sick leave days by 0.004.

Example:

100 unused days x 0.004 = 0.400 service credit



Fixed Crediting of Contributions

Adds the following requirements effective July 1, 2018:

- DBS and CB contributions are credited based on the year in which the compensation was earned.



Questions on Senate Bill 1352?

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