

2% at 62 (AB 340 Pension Reform)
Creditable Compensation Limits

Employer Advisory Committee

May 7, 2014

Topics covered:

- New creditable earnings indicator 'C' to identify lines over the limit
- New edits
- Notification for employers

- 2% at 62
- Report contributions up to the limit
 - Continue to report earnings without contributions
- Limit is adjusted annually
- FY13/14 - \$136,440.00
- FY14/15 - \$137,941.00

New Creditable Earnings Indicator 'C'

- The indicator 'C' is for identifying earnings over the limit
- Earnings over the limit will continue to accrue service credit
- 'C' in the Creditable Earnings Indicator field (field position 89) on the contribution line of the F496 file

Example: Limit \$136,440.00 John Doe = \$155,000.00 12 month pay (Pay code 1)
 \$12,916.67 per month

In April earnings total \$129,166.70

Pay rate	Earnings	Cntrb Amt	Srvc Prd		Srvc Credit
12916.67	7273.30	581.86	5/1	5/31	.0469
12916.67	5643.37	0.00*	5/1	5/31	.0364
12916.67	12916.67	0.00*	6/1	6/30	.0833

* Lines will have an Indicator 'C' in the Creditable Earnings Indicator field

New business edits

- MO-B116 – Earnings over the cap must be reported without contributions
- MO-B117 – Earnings cannot straddle the fiscal year earnings
- MO-B118 – Reported creditable earnings indicator must be 'C' for earnings over the cap
- MO-B119 – Reported creditable earnings indicator invalid for 2% at 60 or earnings at/under the cap for 2% at 62

Error ID: MO-B116

Error Description: Earnings over the cap must be reported without contributions.

Error Resolution: The contribution line has earnings with contributions for a 2% at 62 member that exceeds the fiscal year earnings cap. Review your records and report the contribution line that is over the cap with earnings and \$0.00 contributions.

Error ID: MO-B117

Error Description: Earnings cannot straddle the fiscal year earnings cap.

Error Resolution: The contribution line has earnings for a 2% at 62 member that exceeds the fiscal year earnings cap. Review your earnings and report the earnings with two contribution lines, one line with creditable earnings up to the fiscal year earning cap and a corresponding member contribution amount, and a second line with earnings above the cap with \$0.00 contributions.

NOTE: SEW will do the calculations of earnings up to the cap and earnings above the cap

Error ID: MO-B117

Example of resolution

Limit \$136,440.00 John Doe = \$155,000.00 12 month pay (pay code 1)
 \$12,916.67 per month In April earnings total \$129,166.70

Pay Rate	Earnings	Cntrb Amt	Srvc Prd	Srvc Credit
12916.67	12916.67	1033.33	5/1 to 5/31	.0833

Error Resolution: Please review your records and report the earnings with **two contribution lines, one with \$7273.30** creditable earnings up to and including the fiscal year earnings cap with a corresponding **\$581.46 member contribution amount**, and the **second line with \$5643.37** earnings above the cap, with creditable earnings indicator 'C' and **\$0.00 contributions**

Error ID: MO-B118

Error Description: Reported creditable earnings indicator must be 'C' for earnings over the cap

Error Resolution: The contribution line has earnings that are over the fiscal year cap, the contributions are zero for a 2% at 62 member, but the reported creditable earnings indicator is not 'C'. A contribution line that is over the fiscal year earnings cap is required to be reported with the creditable earnings indicator populated with a 'C'.

Error ID: MO-B119

Error Description: Creditable earnings indicator 'C' invalid for 2% at 60 or at/under cap for 2% at 62

Error Resolution: The contribution line has creditable earnings that are for a CalSTRS 2% at 60 member, or the creditable earnings is at or under the fiscal year earnings cap for a CalSTRS 2% at 62 member, and the contributions are greater than zero but the reported creditable earnings indicator is a 'C'.

Future update to SEW:

Employer Notification to **Employer Notifications**

- Notifies employer when employee is nearing cap
- First notification – employee reaches 80 percent of cap

Review:

- Changes to be in place early May, 2014
 - New indicator 'C'
 - Four new edits

Coming up in Fall

- Employer Notification tool will be modified for 2% at 62 members
 - Employers will receive notification at 80% of Creditable Compensation limit

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Questions?



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