Directive ED2018-04

- Permissive Election of Membership.
- Cash Balance Benefit Program.
- Retirement System Elections
- Sustainability.

September 19, 2018

TO: All County Superintendents of Schools
District Superintendents of Schools
Community College Districts
Charter Schools

FROM: Jack Ehne
EXECUTIVE OFFICE

SUBJECT: Employer Directive 2018-04
Enrollment: CalSTRS Benefit Programs

PURPOSE:
This directive provides information related to membership in the Defined Benefit Program, participation in the Cash Balance Benefit Program and elections regarding other public retirement systems. Information provided is inclusive of amendments enacted by Senate Bill 1165 (Chapter 416, Statutes of 2018).

SCOPE:
This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs persons to perform creditable service under the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs.

DISCUSSION:
This directive supersedes any previous information provided by CalSTRS related to the following:
- Membership in the CalSTRS Defined Benefit Program
- Participation in the CalSTRS Cash Balance Benefit Program
- Retirement System Election

Any time information related to one of these topics changes, this entire directive will be superseded with an updated version so that employers only have to access one document for enrollment information related to CalSTRS’ benefit programs.

ACTION
Review pages 4-22 and the “Action” sections listed throughout the document. Pages 2-3 will help you navigate the information provided.

If you have any questions regarding this Employer Directive, please contact your Employer Services Representative at EmployerHelp@CalSTRS.com or 877-227-5978.

This Employer Directive does not take precedence over the law.

Our Mission: Securing the Financial Future and Sustaining the Trust of California’s Educators
Permissive Election of Membership

- Employer notifies employee within 30 days of hire.
- Effective January 1, 2019.
  - Election can be no earlier than the 1st day of the pay period.
  - CalSTrS must receive form within 60 days member’s signature date.
Cash Balance

Non-Members at a CB Employer

DB Members at a CB Employer
Cash Balance Program
What’s Old & What’s New – as of July 1, 2018

OLD
- Full-time DB member at one employer
- No CB at any employer

NEW
- Full-time DB member at one employer
- Member can elect CB at a new employer
DB Non member hired by a CB Employer

Less than %50 of Full-Time

- Defaults in CB if no other election is made
- May elect Social Security or ARP in lieu of CB
- May elect Social Security if subsequently offered
- May permissively elect DB at any time
Employer obligations & Time Frames

- Within 10 working days of employment.
- Rights and responsibilities under Social Security and the ARP.
- Benefits payable under Social Security or the ARP.
- Submit *Cash Balance Benefit Program Election*(CB533) as electing ARP.
- Enroll the employee as an ARP participant through REAP.
- Report compensation as non member on the CalSTRS F496 file.
DB Member hired by a CB Employer

Less than %50 of Full-Time

- Defaults into DB if no other election is made
- All service at employer which member mandatorily qualified must report to DB
- May elect CB at an employer which they did not mandatorily qualify or have CB before
- Cannot elect ARP
Employer obligations & Time Frames

- Within 10 working days of employment.
- Rights and responsibilities of the Cash Balance Program.
- *Cash Balance Benefit Program Election* form (CB 533).
- Employee must submit election to employer within 60 days.
- Enroll using Transaction Code 06 through REAP or MR87 file.
- Report compensation to the DB system as member code 02 on the F496 file.

Cash Balance Program Election
Retirement System Election

- Member has 60 days to elect.
- Membership effective 1st day of employment.
- Effective January 1, 2019
  - Submit to CalSTRS within 60 days of election.
Employer Directives

- Water and Energy Savings
- LEED Platinum HQ / Green Building Practices
- Sustainability
- Retirement Readiness / Full Funding
- Community Outreach / Member Engagement
- Core Values / Trusted Guide
- Diverse and Inclusive
- Engaged Workforce
- Succession Planning
- Virtuosity
- Active and Responsible Investor
- Green Bonds
- Low Carbon Investment • Climate Change Leaders
Where to Find the Employer Directive on the Secure Employer Website
Where to find the Employer Directive on CalSTRS.com
Questions?

EmployerHelp@CalSTRS.com