



March 27, 2001

**TO:** All County Superintendents of Schools  
District Superintendents of Schools  
Community College Districts and  
Other Employing Agencies

**SUBJECT:** ADDENDUM TO EMPLOYER DIRECTIVE 00-02  
Increase in Earnings Limitation for the 2000-01 School/Fiscal Year  
for Members Retired for Service from California State Teachers'  
Retirement System (CalSTRS).

### **PURPOSE**

The purpose of this addendum is to inform employers of the recent statutory provisions that increase the post-retirement earnings limitation for the 2000-01 School/Fiscal Year. Assembly Bill 1733 (Chapter 896, Statutes of 2000) increases the Post-Retirement Earnings Limitation from \$19,650 to \$22,000, effective January 1, 2001.

### **SCOPE**

This addendum applies to county superintendents of schools, school districts, community college districts, and the employing agencies that employ CalSTRS members retired for service to perform creditable service under the Defined Benefit Program.

### **DISCUSSION**

The discussion in this addendum focuses primarily on the increase in the post-retirement earnings limitation for the School/Fiscal Year 2000-01. Effective January 1, 2001, the earnings limitation for the current school year increased from \$19,650 to \$22,000. The limitation is adjusted each year on July 1 to reflect the increase in the All Urban California Consumer Price Index.

Education Code Section 24214 established a limitation on the amount of compensation that a member retired for service may earn for performing creditable service in the California public school system. The limitation applies regardless of whether a member retired for service performs creditable service as an employee of the employer, as an independent contractor, or as an employee of a third party. The retired member may be exempt from the post-retirement earnings limitation if they qualify for exemption pursuant to Education Code Sections 24214 (e), 24216, 24216.5 and 24216.6.

If a retired member is subject to the post-retirement earnings limitation and the member's earnings exceed the limit, Section 24214 (g) requires CalSTRS to reduce the member's retirement allowance by the compensation earned in excess of the annual dollar limit. The amount of the reduction may be less than or equal to the gross monthly allowance payable, depending on the amount of the excess compensation earned. The member's allowance will be reduced dollar-for-dollar from the gross monthly allowance until the amount withheld equals the excess earnings amount, however, the reduction will be no more than the amount of the annual allowance.

### **ACTION**

The employer is required to:

1. advise CalSTRS' retired members who perform creditable service of the annual limitation on post-retirement earnings for performing such service.
2. maintain accurate records of the retired member's earnings, and
3. report those earnings monthly to CalSTRS regardless of any exemptions, the method of payment or the fund(s) from which the payments were made.

The earnings should be reported as Member Code 2 and Assignment Code 61 for members retired for service who are:

- performing creditable service, or
- exempt under Sections 24216 (Emergency/Limited Term Exemptions) and 24214 (e) (12 month break) described in Employer Directive 2001-03.

The earnings for members who are exempt under Section 24216.5 (Class Size Reduction or Teacher Recruitment Program [SB 1666] described in Employer Directive 2001-02), or Section 24216.6 (Remedial Instruction described in Employer Directive 2001-04) should be reported under Member Code 2 and Assignment Code 63.

All information provided to CalSTRS is subject to audit by CalSTRS Office of Audits pursuant to Section 22206.

Questions regarding the post-retirement earnings limitation should be directed to the Benefit Adjustments Unit of CalSTRS at (916) 229-4664.

JAMES D. MOSMAN  
Chief Executive Officer