



May 9, 2001

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

FROM: Executive Office

SUBJECT: Employer Directive 2001-09
Contribution and Interest Rates for 2001-02

PURPOSE

The purpose of this directive is to inform employers of the regular interest and credited interest rates for the Defined Benefit (DB) Program, minimum interest rate for the Cash Balance (CB) Program, minimum interest rate for the Defined Benefit Supplemental (DBS) Program, employer contribution rate for the Reduced Workload Program and for elected officers of an employee organization, and the present value factor for unused excess sick leave service credit that were adopted by the Teachers' Retirement Board (Board) for the fiscal year beginning July 1, 2001, and ending June 30, 2002.

SCOPE

This directive applies to all county superintendents of schools, school districts, community college districts and other employing agencies that employ persons to perform creditable service under the California State Teachers' Retirement System (CalSTRS) DB and CB Programs.

DISCUSSION

Each employer must contribute to CalSTRS a specified percentage of the total creditable compensation earned by the employees who are members of the DB or participants of the CB Programs. The employer and member contribution rates for the CB Program may be negotiated through the collective bargaining process and may vary by employer. There are statutory minimum rates, however, for the CB Program. The following member and employer contribution rates are set in statute and do not vary by fiscal year:

Defined Benefit Contribution Rates	Rate	Education Code Section
Member Contribution Rate	8.00%	22901
Employer Contribution Rate	8.25%	22950 and 22951

Each year, the Board adopts the regular interest and credited interest rates for the new fiscal year. The regular interest rate is used by CalSTRS to charge interest on previously refunded contributions when a member elects to redeposit, and to charge interest on the installment payments for a member's redeposit or purchase of additional service credit. The regular interest rate is also used to charge employers for late remittance of contributions to the DB Program and to penalize employers for late submission or submission of unacceptable Monthly Report of Retirement Contributions (F-496). Credited interest rate is the interest that is credited to members' accumulated retirement contributions for service performed after June 30, 1935, excluding all contributions that accumulate while being paid an allowance. For the CB and DBS Programs, the Board adopts a minimum interest rate that is used to credit employee and employer accounts during the plan year. The rates for 2001-02 are as follows:

	Rate for FY 2001-02	Education Code Section
Regular Interest Rate	7.25%	22162
Credited Interest Rate- Defined Benefit Program	6.00%	22216
Minimum Interest Rate- Cash Balance Benefit Program	6.00%	26604
Minimum Interest Rate- Defined Benefit Supplemental Program	6.00%	25005
Interest Rate for Late Remittance Contributions	7.25%	23003
Penalty Rate for Late or Unacceptable Monthly Report	7.25%	23006

Each year, the Board adopts employer contribution rates for members who participate in the Reduced Workload Program and for members who are on a compensated leave of absence to serve as an elected officer of an employee organization during the new fiscal year. The rates are as follows:

	Rate for FY 2001-02	Education Code Section
Employer Contribution Rate- Reduced Workload Program	8.423%	22713
Employer Contribution Rate- Elected Officer of Employee Organization	8.423%	22711

The Board also adopts the present value factor used to calculate the cost of the member's allowance attributable to unused excess sick leave days. The cost of unused excess sick leave service credit must be paid to CalSTRS by the employer before the member can receive the benefit. The present value factor for unused excess sick leave service credit for 2001-02 is as follows:

	Factor for FY 2001-02	Education Code Section	California Code of Regulations
Present Value Factor for Unused Excess Sick Leave Service Credit	0.271	22718	23000-23005

ACTION

Please refer questions concerning the DB Program to your CalSTRS Membership Division Reporting contact. Questions concerning the present value factor for unused excess sick leave service credit should be directed to the CalSTRS Service Retirement Division at (916) 229-3574, and questions concerning the CB Benefit Program to the CalSTRS External Affairs and Program Development Branch at (916) 229-0554.

JAMES D. MOSMAN
Chief Executive Officer