



May 10, 2001

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

**FROM:** Executive Office

**SUBJECT:** Employer Directive 2001-10  
Earnings Limitation for the 2001-02 School/Fiscal Year  
for Members Retired for Service from California State Teachers'  
Retirement System (CalSTRS)

### **PURPOSE**

The purpose of this employer directive is to:

- (1) inform employers of the adjusted post-retirement earnings limitation for the 2001-02 school year,
- (2) provide education code section references pertaining to members of the CalSTRS Defined Benefit Program who are retired for service and performing creditable service, and
- (3) refer to exemptions from the post-retirement earnings limitation under Education Code Sections 24214(e), 24216, 24216.5 and 24216.6.

### **SCOPE**

This directive applies to county superintendents of schools, school districts, community college districts, and the employing agencies that employ CalSTRS retired members to perform creditable service.

### **DISCUSSION**

NOTE: All section references are to the Education Code.

Section 22119.5 defines activities considered to be creditable service when performed for an employer under specified circumstances.

The service retirement earnings limit established in Section 24214 of the Education Code on January 1, 2001 at \$22,000 is to be adjusted annually, on each July 1, to reflect the increase in the All-Urban California Consumer Price Index using December 1999 as the base.

The service retirement earnings limit as of July 1, 2001 is adjusted to \$22,880.

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. The reduction, however, will be no more than the amount of the annual allowance.

**EXAMPLE:**

Mr. Smith retires receiving a gross monthly allowance of \$1,800. He returns to employment in the California public school system in September 2001. By March 2002, he has earned \$17,100 from District 1 and \$9,400 from District 2, for a total of \$26,500, which is \$3,620 in excess of the earnings limitation ( $\$26,500 - \$22,880 = \$3,620$ ). Assuming that Mr. Smith stops working at the end of March 2002, his excess earnings of \$3,620 would be collected from his gross monthly retirement allowance as follows:

	MAY 2002	JUNE 2002	JULY 2002
Monthly retirement allowance	\$1,800	\$1,800	\$1,800
Excess earning deduction up to 100 percent of monthly Allowance	<u>-1,800</u>	<u>-1800</u>	<u>_____20</u>
Allowance available to Mr. Smith	-0-	-0-	\$1,780

\* Note the reduction in monthly allowance starts in May since the excess earnings were reported to CalSTRS in April of 2002.

Retired members may be exempt from the post-retirement earnings limitation if they meet the eligibility criteria. Please refer to the attached matrix for reference to the applicable employer directives.

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The disability retirement earnings limit originally established in the Education Code at \$15,000 is to be adjusted annually, on each July 1, to reflect the increase in the All-Urban California Consumer Price Index using December 1989 as the base. The disability retirement earnings limit as of July 1, 2001 is adjusted to \$20,400.

### **ACTION**

The employer is required to maintain accurate records of the retired members' earnings and to report those earnings monthly to CalSTRS and to the retired members regardless of the method of payment or the fund from which the payments were made.

The employer is required by Section 22461 to advise CalSTRS retired members who perform creditable service of the annual limitation on earnings for performing such service.

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) 229-3813 or to our Teletalk automated system at Toll Free (800) 228-5453. Teletalk calls are answered electronically; when a call is answered, you enter a three-digit message code to access information available to touch tone callers. To access Service Retirement information, use code 350. To access Earnings Limitation After Retirement information, use code 372.

JAMES D. MOSMAN  
Chief Executive Officer

Attachment

# EXEMPTIONS TO THE POST-RETIREMENT EARNINGS LIMITATION

LEGISLATION/LAW	EMPLOYER DIRECTIVE	ELIGIBILITY	REQUIRED FORM/CERTIFICATE	REPORTING CODE
Assembly Bill 1733 Effective: 1/1/2001 Sunset: None Education Code Section 24214(f)	Addendum to ED 00-02 Increases the Post-Retirement Earnings Limitation from \$19,650 to \$22,000 for the 2000/2001 School Year	Any member retired for service who has performed creditable service in a California public school system without a 12 month break, or does not qualify for an exemption to the limit.	None Required.	Report earnings subject to the \$22,000 limit as Member Code 2 and Assignment Code 61.
Senate Bill 1666 Effective: 7/1/2000 Sunset: 6/30/2005 Education Code Section 24216.5	ED# 2001-02 Exemptions to the CalSTRS Earnings Limitation for Retired Members Employed to Teach in Grades K – 12 or Participating in Teacher Preparation Programs	Any member retired for service on or before January 1, 2000 and employed to teach as specified.	Exemption Certification for Teacher Recruitment (SR 0126).	Report earnings subject to exemption as Member Code 2 and Assignment Code 63.
Assembly Bill 1733 Effective: 7/1/2000 Sunset: 12/31/2007 Education Code Section 24214(e)	ED# 2001-03 Exemption to the Earnings Limitation for Retired Members Returning to Work After a break of Twelve (12) Consecutive Months	Any member retired for service who has not performed creditable service for at least 12 consecutive months after retirement.	None Required.	Report earnings for creditable service as Member Code 2 and Assignment Code 61.
Assembly Bill 1736 Effective: 1/1/2001 Sunset: None Education Code Section 24216.6	ED# 2001-04 Exemptions to the Earnings Limitation for Retired Members Employed to Provide Direct Remedial Instruction to Pupils in Grades 2 – 12	Any member retired for service on or before July 1, 2000 and is employed to provide Remedial Instruction in Grades 2 – 12 as specified.	Exemption Certification for Remedial Instruction (SR 0909).	Report earnings subject to exemption as Member Code 2 and Assignment Code 63.
Current Law Effective: 7/1/95 Sunset: 6/30/2003 Education Code Section 24216	ED# 99-01 Exemption to the Earnings Limitation for a Limited-Term Appointment or for Employment in an Emergency Situation	Any member retired for service unless member received Golden Handshake from same employer and has not been retired for one calendar year.	Exemption Certification for Limited-Term Appointment/Assignment (SR 0164) <u>or</u> Exemption Certification for Emergency Employment of Retired Member SR 0165 (Parts I & II).	Report earnings subject to exemption as Member Code 2 and Assignment Code 61.