



March 12, 2001

TO: State of California Departments and Agencies Employing Bargaining Unit 21
Individuals, Education Consultants and Librarians

FROM: Executive Office

SUBJECT: Employer Directive 2001-05
State Employees subject to Second Tier benefits in the California Public Retirement System (CalPERS) the right to elect California State Teachers' Retirement System (CalSTRS) Defined Benefit (DB) Program.

PURPOSE

The purpose of this directive is to inform employers of the enactment of Assembly Bill 649 (Chapter 402, Statutes of 2000), effective January 1, 2001, which, among other provisions, provides for the right of a limited number of state employees subject to Second Tier benefits in CalPERS to elect to transfer that credited service to the CalSTRS DB Program.

SCOPE

This directive applies to all State of California departments and agencies employing individuals who meet the following criteria:

- 1) Employed by the State of California represented by Bargaining Unit 21, or performing, supervising, or managing work similar to the work performed by the aforementioned bargaining unit employees,
- 2) Vested member of the CalSTRS DB Program,
- 3) Left employment with a school district, county superintendent of schools, or community college and began employment with the state within 30 days without intervening employment and that change of employment occurred on or after July 1, 1991 and prior to January 1, 2001, and
- 4) Currently a member of CalPERS subject to Second Tier benefits.

DISCUSSION

Education Code Section 22508.6 has been added to allow State of California employees meeting the criteria defined in the scope of this document to have the right to elect coverage with the CalSTRS DB Program by April 1, 2001 or within 60 days after notification by CalSTRS, whichever is later. The election will be in writing to both CalSTRS and CalPERS. The election is effective on the day following the date on which CalPERS receives the election.

If the election is made, the state service performed from and after the date of election will be considered creditable service for the CalSTRS DB Program and reported to CalSTRS.

If an employee elects CalSTRS coverage, the employee will receive additional service credit in CalSTRS for the state service previously performed as a member of CalPERS. The employee will pay all contributions for the additional service based upon the rate in effect at the time of the election as adopted by the Teachers' Retirement Board. Total contributions due will be reduced by the amount equal to the actuarial accrued liability of the employee's service since July 1, 1991.

ACTION

CalSTRS is collaborating with CalPERS to identify employees who are eligible for the election. In the interim, state departments and agencies employing individuals identified in the scope of this document are requested to inform their employees subject to CalPERS Second Tier benefits that they may have a right to elect CalSTRS coverage. The attached flyer can be used to distribute to your employees. If the employee is eligible and elects CalSTRS coverage, employers must submit and report contributions to CalSTRS pursuant to the provisions of Education Code, Part 13. Any questions regarding the eligibility to elect CalSTRS and employer reporting requirements should be directed to the Membership Division at (916) 229-3806. Employee questions should be directed to CalSTRS toll free number 1-800-228-5453 or CalSTRS website www.calstrs.ca.gov.

JAMES D. MOSMAN
Chief Executive Officer

Attachments