



California State Teachers'
Retirement System
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February 29, 2008

TO: All Employers Offering the Cash Balance Benefit Program

FROM: Jack Ehnes
Chief Executive Officer

SUBJECT: Employer Directive 2008-01
Social Security Election for Cash Balance Participants

PURPOSE

The purpose of this directive is to inform employers of changes in Section 26400 of the Education Code that were made by Senate Bill 1466 (Chapter 655, Statutes of 2006). The new law allows employers who offer the Cash Balance (CB) Benefit Program and subsequently offer Social Security the ability to allow their CB participants to elect Social Security coverage.

SCOPE

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

DISCUSSION

Prior to January 1, 2007, employees who elected the CB Benefit Program were required to continue contributing to the CB Benefit Program unless they either elected or became mandatory members of the Defined Benefit (DB) Program. As a result of SB 1466, if an employer offers the CB Benefit Program and subsequently offers Social Security, they can allow their CB participants the choice to terminate their participation in the CB Benefit Program and have future service subject to Social Security.

There are two distinct scenarios applicable to CB Benefit Program employers in which this situation could occur.

Employer offers Social Security prior to January 1, 2007. If an employer provided Social Security coverage effective prior to January 1, 2007, and the employer also was offering the CB Benefit Program as of the date Social Security was offered, the period for a CB participant to elect to be covered by Social Security in lieu of the CB Benefit Program must be made on or after March 1, 2008, and on or before May 1, 2008. The election to terminate participation in the CB Benefit Program must be made on the attached form and filed with the employer. The employer must retain a copy of the employee's signed election and mail the original election form to CalSTRS. The election to participate in Social Security becomes effective on July 1, 2008.

Employer offers Social Security on or after January 1, 2007. If a governing board of an employer that offers the CB Benefit Program subsequently offers Social Security coverage after 2006, a CB participant's election to be covered by Social Security in lieu of the CB Benefit Program must be made on the attached form within 60 calendar days after the date of the governing board's action to provide Social Security or the effective date of that action, whichever is later.

This election may not preclude an employee from participating in the CB Benefit Program at a later date as long as the employee is eligible to participate in the CB Benefit Program and the employer provides the CB Benefit Program.

ACTION

Please use the attached form when offering Social Security coverage to CB Benefit Program participants. Retain a copy of the form for your files and mail the original to CalSTRS headquarters. Please refer questions concerning this directive to your CalSTRS Employer Services representative.

Attachment

CASH BALANCE BENEFIT PROGRAM
CB 1584 (2/08)



EMPLOYEE INFORMATION
(Please Print)

Name _____ Social Security Number _____
Address _____ City _____
State _____ Zip _____ Home Telephone Number _____
School District Name _____

ELIGIBILITY OVERVIEW

As a current CalSTRS Cash Benefit (CB) Program participant, you may be able to opt out of the CB program and choose to participate in Social Security, instead. You are eligible to elect Social Security if your employer began to offer Social Security coverage after offering the CalSTRS CB Benefit Program. Your decision affects your service only with this one employer.

Election Choice

In order to opt out of the CB Benefit Program and become covered by Social Security you must complete this form and return it to your school district. If you do not complete this form you will remain a CB Benefit Program participant.

Check one box:

- I am currently a member of the CalSTRS CB Benefit Program and hereby elect to participate in Social Security for service performed with this employer only.
- I am currently a member of the CalSTRS CB Benefit Program and wish to remain in the CalSTRS CB Benefit Program for service performed with this employer only.

This document must be properly completed and **returned to your district office** within the election period defined by your employer.

Employee Signature

Date

I acknowledge that the signature above is that of a participant of the CalSTRS Cash Balance Program. I have retained a copy of this form in the member's employee file.

Signature of Authorized Employer Representative

Date