

Crediting of Contributions and Penalties and Interest Payments

The purpose of this circular is to notify employers that effective January 21, 2020, CalSTRS has discontinued the process of issuing refund checks to employers for overpayment of contributions and/or penalties and interest payments. Effective January 21, 2020, overpayment of contributions and/or penalties and interest payments will be credited to employer accounts.

Previously, when employers submitted payments for member and employer contributions, and an overpayment occurred, CalSTRS processed a refund, and the State Controllers' Office sent a check to the employer. This also occurred for overpayments of penalties and interest. Effective January 21, 2020, overpayments will be credited to employer's accounts instead of refunded.

New functionality has been added to the Contribution Account Portal (CAP). Using the new Account Management tab, employers will be able to manage their accounts from a holistic perspective. The new tab allows employers to associate a payment with a contribution file or invoice, track payments, and apply an overpayment or credit to a contribution file or invoice. With this new functionality, employers can associate a payment or apply an overpayment or credit to a contribution file or invoice at any time. If an employer wants to make a change regarding an associated payment or an applied overpayment or credit, it must be made the same business day before 5:00 p.m.

If an employer chooses not to associate a payment or apply an overpayment or credit to a contribution file or invoice, the system will automatically do so 90 calendar days after the date CalSTRS receives the payment or overpayment or creates the credit. The system will associate a payment or apply an overpayment or credit by category, from the oldest receivable to the newest, in this order:

1. Contribution Receivables.
2. Return of Excess Invoices.
3. Penalties and Interest Invoices.

The system tracks the date on which the payment or overpayment is received or credit is created and provides a daily count up to 90 calendar days, giving employers notice on the Account Management tab as to when a payment, overpayment or credit may be applied automatically. If there is no open receivable or invoice, the payment, overpayment or credit will remain on the account until a new receivable or invoice is created.

Employers will also receive an automated summary notification on any day when:

- CalSTRS receives a cash payment.
- CalSTRS receives a contribution file.
- A payment, overpayment or credit is applied to a receivable or invoice.

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- An invoice is generated.

In addition to the summary notification, CalSTRS will send out new monthly statements to inform employers about all account activities that occurred that month, including, but not limited to, the open and closed balances and what payments, overpayments and credits were applied to what invoices or contribution files.

To provide support and guidance to employers through this transition, CalSTRS will be offering a list of resources in the upcoming months in addition to this circular, including a Frequently Asked Questions document, employer job aids and webinars in February.

It is important to note that while CalSTRS' will no longer be refunding over-remitted contributions and/or penalties and interest payments to employers, the process for remitting payments to CalSTRS and the Secure Employer Website functionality for associating payments with contribution files are not changing. Employers will continue to upload their contribution files through the SEW portal and can continue to associate payments when the files are uploaded. Finally, CalSTRS will continue to process refund checks for Return of Excess payments at this time.

If you have any questions regarding this Employer Information Circular, please contact Contributions@CalSTRS.com.

CALSTRS is governed by the Teachers' Retirement Law, available at calstrs.com, and other governing laws. If there is a conflict between the law and the information contained in this Employer Information Circular, the law prevails. CalSTRS makes reasonable effort to provide accurate information in its publications, but such information is not meant to replace the law or provide legal, financial, tax or other advice. The information contained in this Employer Information Circular is subject to change without notice.