

# Employer Information Circular

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## Employer Remittance and Variance Process Improvements

The purpose of this circular is to introduce upcoming improvements to the employer remittance and variance process. Detailed instructions will be distributed in subsequent circulars.

### Contribution Remittances

Beginning in the third quarter of fiscal year 2006/07, the California State Teachers' Retirement System (CalSTRS) will replace the Contribution Remittance Report (Form C118) with a simplified Remittance Advice form that will only include reporting entity, fiscal year, period, date of deposit, and total dollar amount. As a result, CalSTRS will no longer distribute contributions based on the Contribution Remittance Report (Form C118); rather it will begin distributing contributions according to the contribution categories reported directly from the F496 reports, also known as the Report of Retirement Contributions (Form 496). This will ensure that distributions are made based on the most current data available while eliminating the duplicative step of identifying categories in the Contribution Remittance Report (Form C118). The required remittance schedule is available at [www.CalSTRS.com](http://www.CalSTRS.com) under Employers/Defined Benefit Program section.

### Variance Reports

Also, beginning in the third quarter of fiscal year 2006/07, the Employer Variance Reports will be made available electronically. These reports will be reformatted to improve the ease of use including additional totals and subtotals and a clear presentation of the employer's cash position with CalSTRS. Member contribution lines with an "internal variance" (the difference between the contribution amounts reported on the Report of Retirement Contributions (Form F496) and the calculated contribution amount due to or from CalSTRS) will be established through an electronic download that can be reconfigured or categorized for analysis.

### Settlement of Year-End Cash Variances

Currently, CalSTRS rolls cash variances, which are the differences between the monies remitted to CalSTRS and the calculated contribution amounts due to or from CalSTRS, forward into the next fiscal year. The effect of the improvements discussed above will be a new process to settle any cash variances at the close of each fiscal year. This will result in CalSTRS either billing employers for any under remittances or paying employers for any over remittances occurring in the closed fiscal year.

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**Impacts**

Fiscal year 2006/07 Employer Variance Reports will not be distributed or made available electronically until after the implementation of the new format, which will occur around the third quarter of fiscal year 2006/07. Therefore, beginning with the July 2006 reporting period, the employers will not receive the variance reports in the old format. If you need variance detail information prior to this implementation, please send a request to AccountControl@CalSTRS.com and we will work with you to meet your needs.

These improvements will eliminate potential inconsistencies with the variance reports and reduce the workload for employers to resolve variances. CalSTRS will send additional circulars in the near future to provide detailed instructions for remittances, access and use of variance reports.

Questions regarding this circular should be addressed to Contributions and Collections, Melissa DaRonco, at (916) 229-3980 or mdaronco@CalSTRS.com.