

Employer Information Circular

Volume 23; Issue 2

February 15, 2007

Billing Statement Format Change For Member Service Credit Purchases

The purpose of this circular is to inform the County Offices of Education, School Districts, Community Colleges and Charter Schools (Employers) of the CalSTRS Billing Statement AR 1481 format changes implemented as of December 22, 2006 (previously identified as Form V0898). This Billing Statement affects employers who participate in the payroll deduction program for member purchases of permissive and redeposit service credit.

Employers who participate in the payroll deduction program for service credit purchases will now be receiving the new Billing Statement (Form AR 1481) from members who purchase their service credit via payroll deduction installments. CalSTRS significantly changed the format of the Form AR 1481, which now provides members several service credit payment options. Please refer to the attached Billing Statement example for a detailed view.

The new billing statement is printed on two (2) pages front and back. Below is a summary of the Billing Statement information:

FORM/PAGE #:	SUMMARY DESCRIPTION
AR1481 (Front Page)	Lists the member's cash payment options: lump sum, installment and/or rollover Member completing a purchase with a cash payment option must send the completed form directly to CalSTRS
AR1481-2 (Back Page)	Member completing a purchase (partial or full payment) with rollover(s) must send the completed Rollover Certification form to CalSTRS
AR1481-3 (Front Page)	Lists the member's 10 payroll deduction payment options based on the member's known monthly contract Form may list less than 10 installment deduction options if the purchase is limited by statutory requirements (Education Code Section 22801(a); 22823(c); 22826(c); 22851(c); 23203(c)) Form allows member to choose alternative payment amount or number of installments (Terms must meet statutory requirements) Member completing a purchase with <u>post-tax</u> or <u>pre-tax</u> payroll deductions must return this form to their employer

AR1481-4 (Back Page)	Irrevocable Payroll Agreement Form (previously form number AC-0194) Required only for employers with resolutions on file with CalSTRS allowing the offering of <u>pre-tax</u> payroll deductions Member completing purchase with <u>pre-tax</u> payroll deductions must return this form to their employer
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For questions regarding this circular, please contact the Accounts Receivable Unit via e-mail at AR@CalSTRS.com or call (916) 229-3907.



HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers' Retirement System Accounting Cash Receipts P O Box 161235 Sacramento, CA 95816-1235 800.228.5453 www.calstrs.com

1/03/2007

Member Name 1234 1st Street Sacramento, CA 95826

Client ID: 1234567890 (Last 4 of SSN:) 1234 AR1481

Type of Service Credit: Nonqualified

This statement indicates the payment amount required to add nonqualified service credit to your CalSTRS account. This service credit cannot be used for benefit enhancements such as career factor, one-year final compensation, or longevity bonus.

Table with 6 columns: Years, Service Credit Total, Contributions Due, Employer Costs, Member Interest Due, Total Due. Row 1: 1998-2003, 5.0000, \$46,220.19, \$46,220.19

To guarantee the cost of this service credit, you must submit your payment option postmarked by (2/07/2007). The service credit and total paid will post to your account once the purchase is completed. All checks should be made payable to CalSTRS.

Cash Payment Options

Please select a payment option:

I elect to pay one lump sum of \$46,220.19. Enclosed is my payment and a signed copy of this form.

I elect to pay in monthly installments. The minimum amount I will pay is \$ 477.23 for 120 months. I understand I can increase my payments at any time to complete my purchase earlier. Enclosed is my first payment along with a signed copy of this form.

I elect to roll over a total of not more than \$46,220.19. I will complete and sign the reverse side of this form and return it to CalSTRS. If the amount of the rollover is less than the total amount due, I will be given the opportunity to select lump sum, monthly installments, or a payroll deduction to complete my purchase.

For payroll deduction options and instructions, please refer to the enclosed forms.

NOTE:

- * If your payments become 120 days delinquent, all funds received by CalSTRS may be refunded and the purchase terminated.
* All payments must be received prior to your retirement.
* Installment payments carry a compounded annual interest rate of 4.50%.
* CalSTRS will not accept post-dated checks.

Signature _____ Date _____



ROLLOVER CERTIFICATION

Complete this form to request that CalSTRS accept a rollover to purchase service credit. A copy of this form is required for each distribution from each plan or financial institution from which you wish to roll over funds.

I request that CalSTRS accept a rollover of pre-tax (tax-deferred) funds from another plan to the CalSTRS Defined Benefit Program. I understand that CalSTRS cannot accept rollovers of post-tax (not tax-deferred) funds.

_____ Full Surrender Value (total amount in fund) Estimated Account Balance is \$ _____
OR
_____ Exact Dollar Amount of \$ _____ (not to exceed total amount due)

The type of plan from which I wish to rollover funds is:

_____ 401(a) _____ 401(k) _____ 403(b) _____ 457 _____ IRA (Traditional or Conduit)

If you are rolling over a distribution from a conduit IRA, please attach certification from the other qualified plan to verify the IRA funds originated from a qualified plan. CalSTRS cannot accept rollovers from ROTH, SEP, SIMPLE, or Coverdell IRAs

Name of Financial Institution

Address of Financial Institution

Account Number

Contact Name and Telephone Number (Including area code)

I understand CalSTRS will rely on the information on this Rollover Certification to determine whether or not to accept the rollover. I certify such information is correct. I understand that my failure to provide accurate information to CalSTRS may result in significant penalties from the IRS if my rollover is later found to be invalid.

I certify I am not eligible to receive credit or benefits from another public retirement system, excluding Social Security, for the same service I am purchasing from CalSTRS.

NOTE: FAILURE TO COMPLETE A REDEPOSIT OR SERVICE CREDIT PURCHASE USING ROLLOVER FUNDS MAY RESULT IN A TAXABLE REFUND TO YOU.

(Initial here to certify you have read and understand this statement. _____)

Date _____ Signature _____

Last four digits of your SSN _____ Print Name _____

Telephone Number (_____) _____



Name: Member Name
 Type of Service:NONQUALSVC
 Client ID: 1234567890
 AR1481-3

PAYROLL DEDUCTION ELECTION

Years	Service Credit Total	Contributions Due	+ Employer Costs	+ Member Interest Due	= Total Due
1998-2003	5.0000	\$46,220.19			\$46,220.19

To guarantee the cost of this service credit, you must submit your payment option postmarked by (MM/DD/YYYY). The service credit and total contributions and interest paid will post to your CalSTRS account once the purchase is completed.

Payroll Deduction Payment Plans

Please select an installment plan:

Installments	Amount	Installments	Amount
12 (1 year)	\$3,931.47 _____	72 (6 years)	\$ 730.96 _____
24 (2 years)	\$2,009.87 _____	84 (7 years)	\$ 640.07 _____
36 (3 years)	\$1,369.77 _____	96 (8 years)	\$ 572.06 _____
48 (4 years)	\$1,050.04 _____	108 (9 years)	\$ 519.31 _____
60 (5 years)	\$ 858.46 _____	120 (10 years)	\$ 477.23 _____

TO BEGIN PAYMENTS AS SPECIFIED, TAKE THIS FORM TO YOUR EMPLOYER.

NOTE: If your employer offers tax deferred payroll deductions, the Irrevocable Payroll Authorization form on the reverse side of this election must be signed and submitted to your employer before deductions begin. Once payroll deductions begin, the installment amount and the time period for this purchase cannot be changed.

If you would like an alternative installment plan complete the fields below and return this form to CalSTRS. CalSTRS will recalculate your installment plan and send you a new Payroll Deduction Election form to submit to your employer.

___ I elect to pay by a different installment amount of \$ _____ (Minimum of \$477.23.)

OR

___ I elect to pay for ___ # of installments (Not to exceed 10 years.)

Please visit our website at www.calstrs.com to calculate various installment plans.

NOTE:

- * If your payments become 120 days delinquent, all funds received by CalSTRS may be refunded and the purchase terminated. Tax deferred payments will be refunded to your employer for taxable distribution.
- * If you retire before completing your installment payments, you must complete the purchase within 30 days after your retirement date.
- * Installment payments carry a compounded annual interest rate of 4.50%.
- * Contact CalSTRS immediately if you are changing employers while making payroll deduction installments.

I have read and understand the terms of this agreement.

Signature _____ Date _____



California State Teachers' Retirement System
Accounting Cash Receipts
P.O. Box 161235
Sacramento, CA 95816-1235
800.228.5453
www.calstrs.com

**PERMISSIVE INSTALLMENT PAYMENTS
IRREVOCABLE PAYROLL AUTHORIZATION**

A California State Teachers' Retirement System (CalSTRS) member, pursuant to statute, is permitted to redeposit member contributions previously withdrawn and/or elect to purchase permissive service credit. Any amounts due may generally be paid by the member directly to the retirement system or the member may request, and the employer may permit, deductions through payroll.

I understand that my employer has adopted a resolution under the "pickup" tax deferred provisions of Internal Revenue Code Section 414(h)(2) for payroll deduction and that tax deferral of my redeposit and/or purchase of permissive service requires this irrevocable payroll deduction authorization.

I hereby authorize and understand that this authorization is binding and irrevocable.

1. Deductions are to be made from my salary, for a total of _____ months in the amount of \$ _____ per month.
2. These payments through payroll deduction are in addition to the required contributions to CalSTRS.
3. For the effective period of this agreement, payments are to be made by my employer. While this agreement is in effect, I understand that CalSTRS will only accept payment from my employer and not directly from me.
4. My employer is obligated to make payment pursuant to this agreement only if there are sufficient funds from my earnings to do so after any other mandatory deductions.
5. This agreement shall be binding and remain in effect until: a) completed and the balance of the service credit purchase is paid in full, or b) upon termination of services (retirement, change in employer, or death of a member). Upon change of employer, this contract may be reassigned, provided subsequent employer agrees to terms set forth in this authorization. Assignment of Contract must be completed by the new employer in order to retain the terms of this agreement.
6. All payments must be made prior to retirement.

I UNDERSTAND THAT IF THE MONTHLY DEDUCTION AUTHORIZED IN THIS DOCUMENT BECOMES 120 DAYS DELINQUENT, CALSTRS WILL CANCEL THE ELECTION. ONCE THE ELECTION HAS BEEN CANCELLED, CALSTRS WILL REFUND ALL PAYMENTS RECEIVED TO THE EMPLOYER UNLESS APPLICABLE LAW ALLOWS FOR THE SERVICE CREDITS PURCHASED TO BE APPLIED TO THE MEMBER'S ACCOUNT UPON THE MEMBER'S REQUEST. IF THE PAYMENTS ARE REFUNDED, THE EMPLOYER WILL BE RESPONSIBLE TO DISBURSE THE FUNDS TO THE EMPLOYEE, SUBJECT TO ANY TAX WITHHOLDING.

County Name _____ District Name _____

I authorize the above irrevocable payroll deductions under the conditions as specified.

Employee Name _____

Employee Last four of SSN _____

Employee Signature: _____ Date: _____