

# Employer Information Circular

Volume 23; Issue 4

April 4, 2007

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## Unfunded Contribution Lines

The purpose of this circular is to inform the County Offices of Education, School Districts, Community College Districts, Charter Schools or other employing agencies, who report creditable compensation for an employee, of the legal requirements to deduct and remit the required employee and employer contributions to the system.

By accepting employment to perform creditable service, a person consents to make contributions for service and compensation credited (Education Code §22900)<sup>1</sup>. Each member of the Defined Benefit Program shall contribute to the retirement fund an amount equivalent to 8 percent of the member's creditable compensation (§22901). Employers are required to deduct the contributions required under Section 22901 from member's creditable compensation and remit those contributions along with the required employer contributions to the system (§23000). Even if a member is no longer employed by the employer, the legal obligation of the employer to remit the correct member contributions based on the member's creditable compensation to the system remains.

The required member and employer contributions are due in the office of CalSTRS' headquarters five working days immediately following the period covered by the monthly report upon which the compensation earned during the period is being reported and upon which the contributions are due.

If more or less than the required contributions are paid to CalSTRS based on any payment of creditable compensation to the member, proper adjustments shall be made on a monthly report within 60 days after notification by the system and any refunds shall be made to the member within the same time period by the employing agency (§23008).

Questions regarding this circular should be addressed to Contributions and Collections, Steve Fagundes at (916) 229-3925, Melissa DaRonco at (916) 229-3980, or by email at AccountControl@CalSTRS.com.

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<sup>1</sup> Hereinafter, all referenced code citations will be to the Education Code unless specifically stated otherwise.