

Employer Information Circular

Volume 27; Issue 3

August 1, 2011

Reduced Workload Program *Termination of the Reduced Workload Program Agreement*

The purpose of this circular is to inform employers of a change to Education Code Section 22713 with regard to termination of the Reduced Workload Program (RWP).

A change in Education Code Section 22713, effective January 2, 2011 clarified federal requirements to ensure that employers and employees who terminate the RWP contract must comply with Section 414 (h)(2) of the Internal Revenue Code if the employer has a formalized pick-up agreement to make employee contributions.

The law change states a member may not terminate their RWP agreement unless the member:

- Terminates service
- Retires from service
- Continues to perform service under a new arrangement for at least fifty percent of full-time employment
- Returns to full-time employment

The change does not alter the calculation of service credit if the member terminates their agreement before the completion of the school year. They will only earn service credit for service performed.

If you have any questions regarding this circular, please contact your CalSTRS Member Account Services Representative.