

Employer Information Circular

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Compensation Review Unit

The purpose of this circular is to announce the formation of a Compensation Review Unit in Member Account Services.

In September, CalSTRS announced the establishment of a Compensation Review Unit to ensure that benefits are paid consistent with the law.

The Compensation Review Unit has been specifically structured to identify and resolve potential benefit spiking. This unit is comprised of creditable compensation specialists who proactively analyze certain identified compensation changes to determine whether increases in salary prior to retirement are intended to spike a benefit. The facts are gathered and analyzed for each case to fully understand the circumstances of the compensation. Staff manages the due process obligation to notify employers and members of our determinations, and provide them with the opportunity to appeal or rebut the presumption of spiking. You can expect an increase in the number of requests for documentation supporting compensation increases as well as adjustments to correct reporting from this unit.

In addition, a **Pension Hotline** has been established to allow the public, members, school districts, charter schools, County Offices of Education, and CalSTRS employees to report suspected spiking. The Hotline channels include:

- a toll free telephone number (855-844-2468)
- an on-line submission form at [CalSTRS.com/Pension Abuse Reporting](http://CalSTRS.com/PensionAbuseReporting)
- a separate confidential mail station for anyone to report spiking

The toll free number is staffed Monday through Friday from 8:00 a.m. to 5:00 p.m. or callers may leave a voice mail message 24 hours a day. The on-line submission form may be accessed 24 hours a day at CalSTRS.com. The option of remaining anonymous is at the discretion of the informant regardless of which Hotline channel they choose. However, if contact information is provided, due to the confidential nature of a member's account, the status or outcome of the review will not be reported back.

Among the forms of compensation that are of interest are retirement incentives. **Any retirement incentive paid prior to retirement MUST be reported to the Defined Benefit Supplement (DBS) account.** This should be coded with a contribution code 6 and an assignment code 71 to ensure the proper crediting to the DBS account.

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