



District Business and Advisory Services

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Bulletin: 19-031

Date: March 25, 2019

To: District Chief Business Officers
District Fiscal Directors
District Personnel and Payroll Directors
Charter School Administrators

From: Nghia Do, District Business Advisor

Re: Reporting Postretirement Earnings to the California State Teachers' Retirement System (CalSTRS)

In accordance with Education Code section 22461, upon retaining the services of a retired CalSTRS member, employers are required to take certain actions regardless of its employment relationship to the retired CalSTRS member. Retirees may perform services as an employee of an employer participating in CalSTRS, an employee of a third party, or an independent contractor.

All employers should:

- A. Advise the retired CalSTRS member of the earnings limitation, employment restrictions, and the extended wait period of those who receive retirement incentives. Retirees cannot work in a classified position except, under certain circumstances such as a teacher's aide. (Education Code 22461)
 - Retirees cannot earn more than the annual postretirement earnings limit without affecting their CalSTRS retirement benefit.
 - The earnings limit for 2018-19 is \$45,022
 - If the earnings exceed the limit, their benefit will be reduced dollar for dollar.
 - A 180-calendar day wait period is required for a retiree to return to work. If retirees return to work before the 180-calendar day waiting period, their benefit will be reduced dollar for dollar.
 - Members who retire with a retirement incentive under Education Code 22714 will lose the increased service credit attribute if they return to employment within five years of receiving the incentive.
- B. Maintain accurate records of the retired CalSTRS member's earnings and report those earnings each month to CalSTRS and the retired CalSTRS member regardless of the method of payment or the fund from which payments were made.

Reporting postretirement earnings of retired CalSTRS member who perform services as an independent contractor

District Responsibilities:

- When hiring independent contractors who are also CalSTRS retirees, note the requirements of Education Code 22461.
- Notify the independent contractor of their responsibility for retired CalSTRS member’s earnings limitations and any retirement incentive employment restrictions that may be applicable (CalSTRS Employer Directive 2018-01).
- If hiring an independent contractor, maintain accurate records of the retired member’s earnings.
- Report the earnings of independent contractor retirees to CalSTRS each month.
- For retired CalSTRS members who perform services as independent contractors, report the earnings with Member Code 2 and Assignment Code 61 to CalSTRS each month using the following steps:
 1. Create Demographic (MA) for an independent contractor or an employee of a third party in the QCC Employee Maintenance screen.
 - ✓ Last Name
 - ✓ First Name
 - ✓ Mailing Address
 - ✓ Hire Date
 - ✓ Date of Birth
 2. Maintain an excel spreadsheet to report the monthly earnings to CalSTRS. The template should be similar to the one below:

DISTRICT NAME: ABC											
REPORTING MONTH: January 2019											
SS#	CalSTRS ID	Retirees (Last, First Name)	Member Code	Acct Code	Units	Pay Rate	Pay Code	Earnings	Contribution Code	Service Began	Service Ended
XXX-XX-XXXX	XXXXXXXXXX	Example, One	2	61	Hours	Hourly	4	Hourly Rate x Units	0	1/1/2019	1/31/2019
XXX-XX-XXXX	XXXXXXXXXX	Example, Two	2	61	Days	Daily	8	Daily Rate x Units	0	1/1/2019	1/31/2019
XXX-XX-XXXX	XXXXXXXXXX	Example, Three	2	61	1	Lump Sum	0	Lump Sum	0	1/1/2019	1/31/2019

3. Email the spreadsheet to your assigned DBAS accounting specialist by 5:00 PM on the closing day of the “End of Month” payroll.

DBAS:

- DBAS accounting specialists will manually input the retired CalSTRS member’s earnings information from the spreadsheet provided by each district to the QCC Retirement module each month.

Reporting postretirement earnings of retired CalSTRS members who perform services as an employee of a third party

Retired CalSTRS members employed by a third party are excluded from the postretirement earnings limit and related provisions provided they meet all of the following criteria:

- The retired CalSTRS member is employed by a third party that does not participate in a California public pension system.
- The activities performed by a retired CalSTRS member are not normally performed by an employee for the employer.
- The activities are performed by a retired CalSTRS member for a limited term of 24 months or less.

Reporting of retired CalSTRS member earnings are not required for retirees who are employed by a third party under the narrow conditions described above. However, CalSTRS note that they have not identified any examples of service that would meet all of these criteria.

District’s Responsibilities:

- Follow the same process described above for reporting postretirement earnings of retired CalSTRS member who perform services as an independent contractor.

DBAS:

- DBAS accounting specialists will manually input the retired CalSTRS member’s earnings information from the spreadsheet provided by each district to the QCC Retirement module each month.

Reporting postretirement earnings of retired CalSTRS members who perform services as an employee of a CalSTRS-participated employer.

District’s Responsibilities:

- Notify the employee of their responsibility for retired CalSTRS member’s earnings limitations, employment restrictions, and any retirement incentive wait period restrictions that may be applicable (CalSTRS Employer Directive 2018-01).

Use the table below when reenrolling the employee into the payroll system:

Retired RS: 03 & St-Ded: TMNSR

	<u>CURRENT</u>	<u>ARREARS</u>	<u>RETRO</u>	<u>Ret. Base (Pay Rate)</u>
10 Month Contract	61-3-0	61-3-3	61-3-5	Monthly
11 Month Contract	61-2-0	61-2-3	61-2-5	Monthly
12 Month Contract	61-1-0	61-1-3	61-1-5	Monthly
SPC	61-0-6	61-0-6	61-0-6	Rate = Ret. Base Always
Substitutes	61-4-0	61-4-3	61-4-5	Hourly
Substitutes	61-8-0	61-8-3	61-8-5	Daily
Part-Time/Adult Ed	61-4-0	61-4-3	61-4-5	Hourly
Part-Time/Adult Ed	61-8-0	61-8-3	61-8-5	Daily

Please distribute this memo within your District as deemed appropriate.