

**CALSTRS - CALIFORNIA PUBLIC
EMPLOYEES' PENSION REFORM ACT OF 2013**

Assembly Bill 340

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- Assembly Bill 340 - California Public Employees' Pension Reform Act of 2013 (PEPRA)
- August 31, 2012 – adopted by Legislature
- September 12, 2012 – signed by Governor Brown
- January 1, 2013 – AB 340 takes effect
(AB1381 made various technical changes along the way)

Creditable Compensation (CalSTRS)

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Current CalSTRS Members – (2% at 60)

- Creditable compensation remains the same (No Changes)
- Compensation paid for the principal purpose of enhancing a member's benefit is creditable to DBS and must be reported with assignment code 71
(See Appendix A)
- If a member earns more than one year of service in any given school year, excess will be credited to DBS and refunded to employee and employer

New CalSTRS Members – (2% at 62)

- Only compensation that is part of a member's base salary is credited to the Defined Benefit Program and must be reported with assignment code 72. Special compensation must be paid each pay period in which service was performed
- Employees who earn more than one year of service credit in a school year, contributions will be credited to the DBS program provided the contributions do not exceed the compensation cap

Compensation not Creditable (CalSTRS)

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Current CalSTRS Members – (2% at 60)

- Currently all earnings are creditable until December 31, 2014
(See Appendix A)
- New Regulations began January 1, 2015

New CalSTRS Members - (2% at 62)

- Compensation that is not regularly payable and not based on a salary schedule would be non reportable
(See Appendix A)

CalSTRS 2014-2015 Rates

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Current CalSTRS Members – (2% at 60) *Effective July 1, 2014*

- 8.15 % Employee
- 8.88 % Employer
- No compensation limit

Reduce Workload (remain the same)

- **8.15 % Employee** (correction)
ED Code 22713(d)
- 10.259% Employer

Define Benefit Supplemental Program

- 8.00 % Employee
- 8.25 % Employer

Retiree Earnings Limit \$40,173.00

New CalSTRS Members - (2% at 62) *Effective July 1, 2014*

- 8.15 % Employee
- 8.88 % Employer
- Earnings Compensation Limit
\$137,941.00

Reduce Workload Program

- Not eligible until 2018

Three Year Final Compensation (CalSTRS)

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Current CalSTRS Members – (2% at 60)

- Employee will continue to be eligible for one year final compensation if they meet the 25-year service credit requirement at the time of retirement

New CalSTRS Members - (2% at 62)

- Employee will receive a retirement benefit based on the highest salary rate over three consecutive years, not to exceed the compensation cap
- Eliminates one year final compensation for 25 years of service credit

Working After Retirement (CalSTRS)

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Current CalSTRS Members – (2% at 60)

There is a 180 calendar day separation-from-service requirement for all retired CalSTRS members, regardless of age, and who retire on or after January 1, 2013.

If the retired CalSTRS member returns to work during this period, CalSTRS will reduce his/her retirement benefit dollar-for-dollar.

Current CalSTRS Members – (2% at 60)

Exemption – Employer must appoint the retired member to a critically needed position that has been approved by the governing body. Resolution must specify:

- The intent to seek an exemption
- The nature of the employment
- The appointment is needed to fill a critical need before the 180 calendar day
- The member did not receive a retirement incentive, etc.
- By retiring the member did not create the vacancy the member is now filling.

**CALPERS - CALIFORNIA PUBLIC EMPLOYEES'
PENSION REFORM ACT OF 2013 (PEPRA)**

CalPERS Membership (PEPRA)

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Classic CalPERS Members

- Current CalPERS members as of December 31, 2012
- A member that has a break in service of more than six months but returns to service with the same employer
- All members that do not fit within the definition of a new member

New CalPERS Members

- A new hire who has NO prior membership in any California public retirement system prior to January 1, 2013
- A new hire who is not eligible for reciprocity with another California public retirement system
- A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CalPERS employer after a break in service of greater than six months
- Any person changing retirement systems that did not have prior membership e.g. (STRS to PERS) etc.

Employer and Member Paid Contributions

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Classic CalPERS Members

2014-2015 Rates

- 7% (EPMC)
- Employee Paid Member Contribution
- 11.771% (EPEC)
- Employer Paid Employer Contribution

New CalPERS Members

2014-2015 Rates

- 6% (EPMC)
- Employee Paid Member Contribution
- 11.771% (EPEC)
- Employer Paid Employer Contribution

Pensionable Compensation Cap - (PEPRA)

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Classic CalPERS Members

- The compensation limit for the 2014 calendar year is \$260,000
- Employers are responsible for monitoring when an employee meets or exceeds the limit.
- Monitoring begins at the beginning of each calendar year.

New CalPERS Members

- Members that participate in Social Security for 2014 will have a cap of \$115,064
- Non Social Security participants cap \$136,440

Benefit Formula and Final Compensation

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Classic CalPERS Members

School Members Formula

- 2% @ 55
- Final compensation is the average of 12 or 36 consecutive months of employment.

New CalPERS Members

School Members Formula

- 2% @ 62
- PEPRRA requires that a three-year final compensation period be used to calculate the average final compensation for a retirement calculation (goes by highest pensionable compensation)

Working After Retirement (PEPRA)

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Classic CalPERS Members

- All employees who retire from public service will be prohibited from working more than 960 hours per calendar or fiscal year for any public employer in the same public retirement system that the individual is retired from without reinstating from retirement.
- CalPERS retirees who are hired as independent contractors or consultants with a direct relationship, for purposes of this section, are considered retired annuitants and must also be reported and tracked in my CalPERS
- As of January 1, 2013, a 180 day/6 month waiting period is required.

New CalPERS Members

- A 180 day /6 month waiting period is required for all employees who retire from a public employer before a retiree can return to work without reinstating from retirement, except under certain specified circumstances. The 180 day waiting period starts from the date of retirement.