



Regular Meeting

Item Number 10 – Open Session

Subject: Adoption of CalSTRS 2% at 62 Compensation Paid Each Pay Period Regulation

Presenter(s): Joycelyn Martinez-Wade

Item Type: Action

Date & Time: November 2, 2023 – 5 minutes

Attachment(s): Attachment 1 – Final proposed text of CalSTRS 2% at 62 Compensation Paid Each Pay Period regulation

Attachment 2 – Resolution of the Teachers’ Retirement Board

PowerPoint(s): None

Item Purpose

Staff is seeking the board’s adoption of a regulation that provides that remuneration paid for the service performed within 30 days of the beginning or end of a pay period is deemed to be paid in a pay period in which a member or participant performs creditable service so that it is creditable to CalSTRS for 2% at 62 Defined Benefit (DB) Program members and Cash Balance (CB) Benefit Program participants subject to the Public Employees’ Pension Reform Act of 2013 (PEPRA).

Recommendation

Staff recommends that the board adopt the proposed regulation by adopting the attached resolution.

Executive Summary

The proposed regulation further clarifies and makes specific the statutory requirements that compensation be paid “each pay period the creditable services is performed” to be creditable for CalSTRS 2% at 62 members of the DB Program and that salary be paid “each pay period in cash by an employer to a participant for creditable service performed” to be creditable to CB participants subject to PEPRA. This clarification would allow for additional flexibility in situations where employers report compensation for service performed outside of a regular pay period.

The proposed final regulation is attached. The text is identical to what was made available to the public during the 45-day written comment period.

Background

There are instances where a member may perform service outside of a regular pay period, such as prior to the start of the school year, where it is not clear whether compensation for such service would be considered to meet the definition of “creditable compensation” for CalSTRS 2% at 62 members and CB participants subject to PEPR.

At the November 2022 meeting, staff presented an [agenda item](#) seeking, and the board provided, approval for staff to begin preliminary rulemaking activities to further clarify and make specific the statutory requirements related to this issue. In [March 2023](#), the board directed staff to begin the formal rulemaking process. A written comment period was noticed to the public, and the board conducted a hearing in September 2023. CalSTRS received one letter during the public comment period from the California County Superintendents expressing support for the regulation and applauding leadership and staff for collaborating with educational partners on this rulemaking effort. No other comments were received, either orally or in writing.

Strategic Plan Linkage: Goal 1: Trusted Stewards—Ensure a well-governed, financially sound trust fund.

Board Policy Linkage: Board Governance Manual: Section 5A – Improve the delivery of benefits and services and provide more effective and efficient administration of the retirement plan.
