



System Error Recovery Employer Share (SERES) invoicing information

Beginning June 1, 2024, the first invoice of overpayments due to system error, in accordance with Assembly Bill 1667 (Chapter 754, Statutes of 2022), will be available for all employers that report directly to CalSTRS.

Key information

- The first invoice will contain information for benefit overpayments established from January 1, 2023, through June 30, 2023.
- The total amount of overpayments due to system errors will be split between employers and the state. The employers' share will be 15% of the total benefit overpayments that took place during the billing period. [Education Code section 24616.2(a)(4)(A)(ii)]
- The total employers' share will be recovered from all employers that report directly to CalSTRS in amounts proportionate to their contributions.
- The amounts will include regular interest from the date of overpayment to the date of recovery. [Education Code section 24616.2(a)(4)(B)]
- An email notification will be sent to all employers that report directly to CalSTRS when the invoice is available to view in SEW, and email notifications will be sent to contacts who signed up to receive AB 1667 invoices. For employers that did not sign up for AB 1667 invoice email notifications, CalSTRS will work with the county office of education to obtain their contact information and will assist with getting access to SEW and notification when AB 1667 invoices are available.
- The ACH and check payment methods are currently available. Include the invoice number on your payment and send via ACH or remit your payments to the address specified in the invoice.
- Information regarding the invoice amounts will not be available until the invoices are available to view in SEW.

Frequently asked questions

What is the System Error Recovery Employer Share (SERES) Invoice (Form AR-0656)?

- Form AR-0656 is the invoice for the employer share of the benefits overpaid to CalSTRS members and participants due to an error by CalSTRS (a system-driven event). Employers are required to remit these amounts pursuant to Assembly Bill 1667 (Chapter 754, Statutes of 2022).

What is a system-driven event?

- Any change in a recipient's benefit as a result of a system adjustment.

What is the system?

- The California State Teachers' Retirement System.

How will amounts overpaid due to an error by the system be recovered?

- The total amounts overpaid to members and participants will be split and recovered as follows: 85% will be paid by the State and 15% by all employers that report directly to the system.

Which employers will receive an invoice from CalSTRS?

- All employers that report directly to CalSTRS will receive an invoice.

How often will employers receive this invoice from CalSTRS?

- CalSTRS plans to bill employers annually during the first week of June each year for benefit overpayments established in the previous fiscal year.

How will employers receive this invoice from CalSTRS?

- A notification will be sent through the Secure Message Center in SEW when the invoice is available to view. Sample of the Secure Message Center notification:

Subject: Overpayment Invoice AB 1667

Hello,

Your new overpayment invoice per AB 1667 is now available to view in SEW.

The invoice is available as a PDF attachment through a Secure Message Center. If you need assistance accessing the invoice, please reach out to the Employer Accounts Receivable team at EmployerAccountsReceivable@CalSTRS.com.

What information does the System Error Recovery Employer Share (SERES) Invoice (Form AR-0656) include?

- Invoice number.
- Billing period.
- Amount due.
- Due date.

- Enclosure showing a line-item breakdown with the proportionate share percentage and share amount by report unit. See page 8 on the invoice for a sample enclosure.

Will the invoice include interest?

- The invoice will include regular interest that will be calculated from the date of the overpayment to the date of recovery.

How is the total amount overpaid due to system error going to be calculated for each employer?

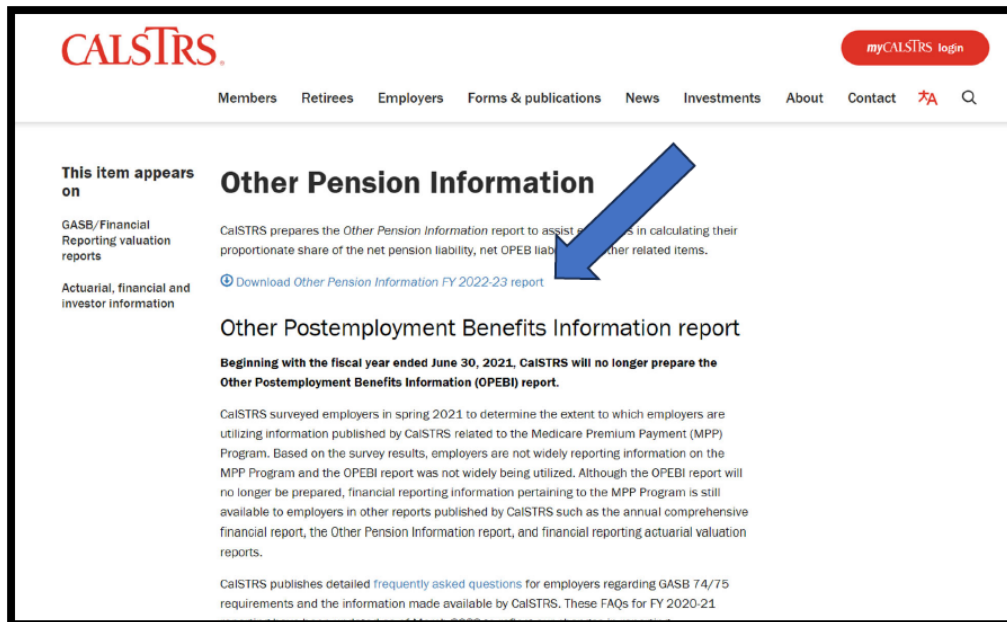
- The total amount of overpayments due to system-driven events will be split between employers and the state. The employers' share will be 15% of the total overpaid benefits. The first invoice will cover overpayments from January 1, 2023, through June 30, 2023. The total employers' share will be recovered from all employers that report directly to CalSTRS in amounts proportionate to their contributions that is calculated by using the State Teachers' Retirement Plan Schedule of proportionate share of contributions for employers and nonemployer contributing entity (Schedule A), for the fiscal year of the billing period in the invoice. The schedule A report is available on CalSTRS.com.

What report do employers use to validate their billed amounts proportionate to their share of contributions?

- To assist employers in validating the calculation of the amounts billed, CalSTRS uses the Schedule A report for the fiscal year corresponding to the billing period on the invoice. For example, if the billing period on the invoice corresponds to the fiscal year 2022-2023, CalSTRS uses the Schedule A report for the fiscal year 2022-2023. [Education Code section 24616.2(a)(4)(A)(ii)]

How do we access The State Teachers' Retirement Plan Schedule of Proportionate Share of Contributions for Employers and Nonemployer contributing entity (Schedule A) on CalSTRS.com?

- To locate the report, you can search www.CalSTRS.com directly by clicking the magnifying glass and typing Schedule A, select Other Pension Information to access the link: Download Other Pension Information fiscal year 2022-2023 report. Another way to locate the schedule A is from the home page, click on the tab Forms and Publications; then, from the left menu, select Actuarial, financial and investor info, scroll down and select Other Pension Information. Select the link Download Other Pension Information fiscal year 2022-2023 report.



What is the total amount and distribution details for all overpaid benefits due to error by the system for the fiscal year 2022-23.

- The total overpaid benefits from January 1 through June 30, 2023, pursuant to Education Code section 24616.2(a)(4)(A), is \$403,845.34. 85% of this amount (\$343,268.54) will be recovered from the State and 15% (\$60,576.80) will be recovered from all employers that report directly to CalSTRS' in amounts proportionate to their share of contributions for that fiscal year. [Education Code section 24616.2(a)(4)(A)(ii)]

How do employers validate the proportionate share of contribution that is used in calculating their share of system error?

- Below is an illustration of calculation of proportionate share for an employer that reports directly to CalSTRS, using the proportionate share for FY 2022-23, schedule A, for receivables established between January 1, 2023 and June 30, 2023.

a.

	\$675,061	CalSTRS-calculated employer contributions
(÷)	<u>\$7,763,840,536</u>	<u>Total CalSTRS-calculated employer contributions</u>
	0.009%	Employer proportionate share of contributions used to allocate total overpayments for SERES invoice. [Education Code section 24616.2(a)(4)(A)(ii)]

b.

	\$142,798	CalSTRS-calculated employer contributions
(÷)	<u>\$7,763,840,536</u>	<u>Total CalSTRS-calculated employer contributions</u>
	0.002%	Employer proportionate share of contributions for SERES invoice. [Education Code section 24616.2(a)(4)(A)(ii)]

Note that in these examples, the CalSTRS-calculated employer contributions is divided by the Total CalSTRS-calculated employer contributions, excluding the State of California contributions.

State Teachers' Retirement Plan			
Schedule of proportionate share of contributions for employers and nonemployer contributing entity			
For the fiscal year ended June 30, 2023			
Employer reporting number	Employer name	CalSTRS-calculated employer contribution	Employer proportionate share of total CalSTRS-calculated employer contribution
00030	Greenwood County Office of Education	\$675,061	a 0.006%
00031	Pinecrest School District	142,798	b 0.001%
00032	Riverdale School District	121,895	0.001%
00033	Springfield Unidied School District	274,985	0.002%
00082	Greenwood County Office of Education	\$1,214,739	
Total CalSTRS-calculated employer contributions		\$7,763,840,536	67.607%
State of California contributions (nonemployer contributing entity) ¹		3,719,874,320	32.393%
Total employer and state contributions included in the proportionate share calculation		11,483,714,856	100.000%
Plus: Contributions for separately financed liabilities of individual employers ²		8,167,893	
Less: Employer contributions redirected to fund the Medicare Premium Payment Program		25,812,281	
Total employer and state contributions in the statement of changes in fiduciary net position³		\$11,466,070,468	

How to calculate the proportionate share amount for each employer.

- For the calculation, let's use as mock calculation with the samples a. and b. from above.

a. 0.009% Employer proportionate share of contributions used to allocate total overpayments for SERES invoice, sample a.

(X) \$60,576.80 15% from total overpaid benefits
 \$5.45 SERES employer proportionate share amount

b. 0.002% Employer proportionate share of contributions used to allocate total overpayments for SERES invoice, sample b.

(X) \$60,576.80 15% from total overpaid benefits
 \$1.21 SERES employer proportionate share amount

When are employers required to pay the total amount due on the invoice?

- CalSTRS must receive payment for the first invoice by July 1, 2024. Additional regular interest will be added on any unpaid balance.

What method should employers use to pay these invoices?

- The ACH and check payment methods are currently available. Include the invoice number on your payment and send via ACH or remit your payments to the address specified in the invoice.

What are the causes of overpayments due to errors by CalSTRS?

- Overpayments due to errors by CalSTRS are a result of benefits that were overpaid due to a variety of reasons which include, but not limited to:
 - System constraints.
 - Errors made during manual processing of complex accounts.
 - Processing adjustments or corrections after the benefit effective date.

What is CalSTRS doing to prevent these errors?

- CalSTRS benefit areas apply a series of internal controls when establishing and reviewing benefits. The controls include a secondary quality control review and manager approval where necessary and checklists that ensure steps are not left out. If set thresholds are exceeded, additional reviews may be performed by a quality assurance team member. Furthermore, CalSTRS has improved data tools to provide trends, monitor thresholds and provide recommendations on process improvements to help decrease potential overpayments. And finally, the implementation of the new pension administration system will automate certain manual processes that will help reduce future errors.

Sample System Error Recovery Employer Share (SERES) Invoice (Form AR-0656)



HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers' Retirement System
P.O. Box 15275
Sacramento, CA 95851-0275
800-228-5453
CalSTRS.com

INVOICE
AR-0656

May 31, 2024

Rivertown County Office of Education
123 Pine Ave
Evergreen Springs CA 90210-1140

Business Partner No. 1000000016
Report Source/Unit ID 00016

INVOICE	BILLING PERIOD	AMOUNT DUE	DUE DATE
0000000001	1/1/2023– 6/30/2023	\$950.00	7/1/2024

SYSTEM ERROR RECOVERY EMPLOYER SHARE (SERES) SUMMARY	
Receivable Type: SERES Overpaid Initial Balance Ed. Code §24616.2 (4) (A) (ii) Recovery Interest Ed. Code §24616.2 (4) (B)	\$900.00 \$50.00
Total amount due	\$950.00

Education Code section 24616.2 (added by Stats. 2022, Ch. 754 § 11 (AB1667) effective January 1, 2023) grants CalSTRS the authority to bill employers 15% of all amounts overpaid due to an error by the system in amounts proportionate to an employer's share of contributions for the fiscal year of the billing period, including regular interest from the date of the overpayment to the date of recovery.

Late payments will accrue interest at the regular rate on the unpaid balance [Ed. Code 24616.2 (b)].

Please do not include payment for this invoice with any other contribution or retirement incentive remittance.

To ensure proper payment to your account, include the invoice number on your payment and send via ACH or mail payment to:

CalSTRS
Accounting Division – Cash Receipts
P.O. Box 15275
Sacramento, CA 95851-0275

If you have questions regarding this invoice, email Accounts Receivables at EmployerAccountsReceivable@CalSTRS.com.

Our mission: Securing the financial future and sustaining the trust of California's educators

Sample enclosure



Line No.	Employer reporting number	Employer name	Proportionate share %	Proportionate share amount
1	16001	Rivertown County Office of Education	0.019%	\$173.28
2	16007	Crestwood Heights Unified School District	0.020%	179.42
3	16018	Lakeside Valley School District	0.048%	431.19
4	16019	Maplewood Central School District	0.002%	13.64
5	16046	Greenbriar Hills School District	0.010%	90.82
6	16015	Sunflower Grove School District	0.007%	61.65
Rivertown County Office of Education				\$950.00