

## **Employer Contribution Rate for the Reduced Workload Program**

### **SUBJECT**

Adoption of the Employer Contribution Rate for the Reduced Workload Program for Fiscal Year 2026-27.

### **SUMMARY**

The "Employer Contribution Rate for the Reduced Workload Program" is used to charge employers for the service credit granted to a member who is a participant in the Reduced Workload Program.

Under this program, the member receives a full year of service credit, even though the member has reduced their workload from full-time to part-time. Eligibility for the program is limited to Defined Benefit Program members with at least 10 years of credited service, and at least five years of full-time employment with a CalSTRS employer immediately preceding participation in the Reduced Workload Program. In fiscal year 2024-25, 1,048 members were credited with service under this program.

The member contributes the amount that he or she would have contributed if employed full-time. The employer contributes an amount based upon the salary the member would have been paid if employed full-time in the position during that year. For the period during which the member is not required to work to receive service credit, the employer is required to contribute at the Employer Contribution Rate for the Reduced Workload Program as specified by the board under the provisions of Section 22713 of the Education Code.

Under board policy, the Employer Contribution Rate for the Reduced Workload Program is the greater of (1) the normal cost of the member's benefit structure, less the member's contribution rate, and (2) the employer contribution rate in effect for all other service credit.

Members whose benefit is based on the 2% at 62 formula, those hired after January 1, 2013, have a lower benefit and normal cost than members under the 2% at 60 formula. Therefore, it is appropriate to use the normal cost specific to the CalSTRS 2% at 62 members when determining the contribution rate for these members.

The actuarial valuation of the Defined Benefit Program as of June 30, 2025, which will be presented to the board at the May 2026 Regular Meeting, determined the normal cost rate, as of June 30, 2025, to be equal to 20.982% of member payroll for CalSTRS 2% at 60 members and 18.345% of member payroll for CalSTRS 2% at 62 members.

As per board policy, the Employer Contribution Rate for the Reduced Workload Program for fiscal year 2026-27 should be set equal to the employer contribution to the Defined Benefit program in effect for fiscal year 2026-27 to the extent that rate exceeds the Normal Cost of the member's benefit structure, less the member contribution rate. The table below was prepared based on the employer supplemental contribution rate for fiscal year 2026-27 recommended as part of a separate agenda item discussing the actuarial valuation of the Defined Benefit Program.

<b>Fiscal Year 2026-27 Contribution Rate Thresholds</b>	<b>CalSTRS 2% at 60</b>	<b>CalSTRS 2% at 62</b>
1. Normal Cost Rate for FY 2026-27	20.982%	18.345%
2. Member Contribution Rate for FY 2026-27	10.250%	10.205%
3. Minimum Contribution Rate Thresholds (1 minus 2)	10.732%	8.140%
4. Employer Contribution Rates for FY 2026-27	19.100%	19.100%
<b>Employer Contribution Rate for the Reduced Workload Program (greater of 3 and 4)</b>	<b>19.100%</b>	<b>19.100%</b>

Based on this rate, the Employer Contribution Rate for the Reduced Workload Program for fiscal year 2026-27 should be 19.1% for both the CalSTRS 2% at 60 and the CalSTRS 2% at 62 members.

**RECOMMENDATION**

Staff recommends that the Employer Contribution Rate for the Reduced Workload Program for fiscal year 2026-27 be set equal to 19.1%, which is the employer contribution rate for the Defined Benefit Program in effect for fiscal year 2026-27.

RESOLUTION OF THE  
TEACHERS' RETIREMENT BOARD

SUBJECT: Adoption of Employer Contribution Rate for the Reduced Workload Program for Fiscal Year 2026-27

RESOLUTION NO. XX-XX

WHEREAS, the Teachers' Retirement Law requires that the Teachers' Retirement Board adopt the Employer Contribution Rate for the Reduced Workload Program; and

WHEREAS, the Teachers' Retirement Board adopted a policy to base the rate on the greater of (1) the normal cost of the member's benefit structure, less the member contribution rate, and (2) the employer contribution rate in effect for all other service credit; and

WHEREAS, for fiscal year 2026-27, the difference between the normal cost of the member's benefit structure and less the member contribution rate is 10.732% for 2% at 60 members and 8.140% for 2% at 62 members; and

WHEREAS, the employer contribution rate of 19.1% in fiscal year 2026-27 is greater than the normal cost rate less the member contribution rate for both the 2% at 60 and 2% at 62 members; therefore, be it

RESOLVED that the Teachers' Retirement Board adopts the Employer Contribution Rate of 19.1% for the CalSTRS 2% at 60 and the CalSTRS 2% at 62 members for the Reduced Workload Program for fiscal year 2026-27.

Adopted by:  
Teachers' Retirement Board  
On May 28, 2026

---

Cassandra Lichnock  
Chief Executive Officer

Reviewed by:

---

Brian J. Bartow  
General Counsel