

# School Employer Advisory Committee

May 8, 2024

# Housekeeping (1 of 2)

Webinar is being recorded

Attendee mics are muted

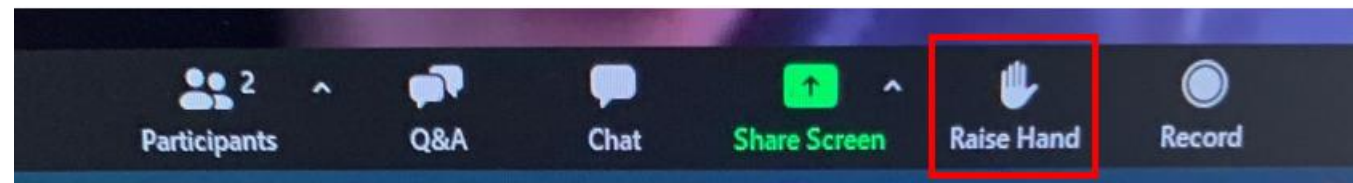
Meeting materials available on [www.calpers.ca.gov](http://www.calpers.ca.gov)

Email: [CalPERS\\_SEAC@calpers.ca.gov](mailto:CalPERS_SEAC@calpers.ca.gov)

# Housekeeping (2 of 2)

Options to submit a question for panelist(s):

- Q&A feature
- Raise Hand feature
  - Use the Raise Hand feature to indicate you have a question. The host will call on you to unmute your mic and pose your question.
  - While unmuted, your profile picture and name will display to the host and panelists
  - Only your name will display to the other attendees
  - Select **Lower Hand** to lower, if needed. **Note:** This will not mute your mic if you're unmuted



# Agenda (1 of 2)

Legislative Update – Joshua Robinson

CalPERS Website Enhancements – Marcia Rubin

2024-2025 Contribution Rates – Paul Tschida

Timely and Accurate Payments of Retirement Benefits – Tim Herrback

Golden Handshake – Melody Benavides

New Member Education – David Rubio

Break – 10 minutes

# Agenda (2 of 2)

Multiple Positions (Overtime) – Roger Stender

Reporting Part-Time Employees – Veronica Silva-Gil

Education Day – Brad Hanson

Round Table – Brad Hanson

# Legislative Update

Joshua Robinson  
Legislative Affairs Division

# Legislative Update Questions

# CalPERS Website Enhancements

Marcia Rubin  
Public Affairs



# Why update?

Primary Goal: Improve User Experience

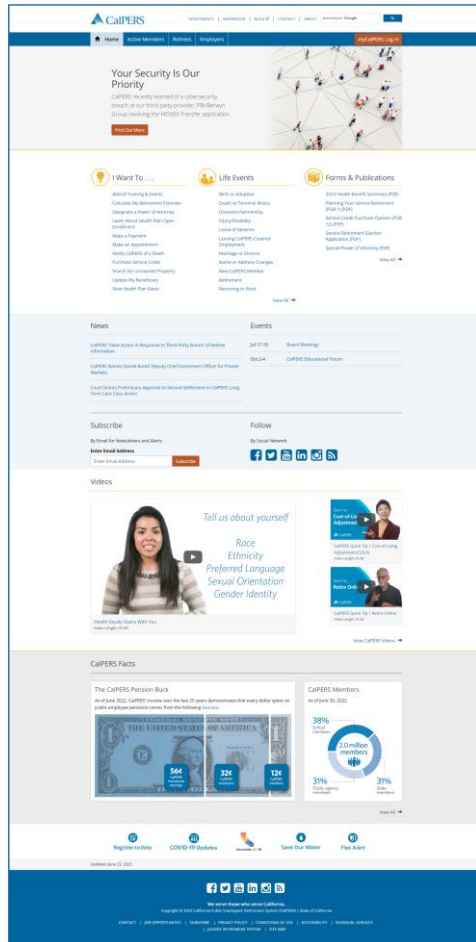
Other Factors: Accessibility laws and regulations for government websites

- Assembly Bill 434
  - California Government Code sections 7405 and 11135
  - Web Content Accessibility Guidelines 2.0
  - Improve User Experience

Results: Positive Involvement with Stakeholders

# Previous

## Page Area Visible “Above the Fold”

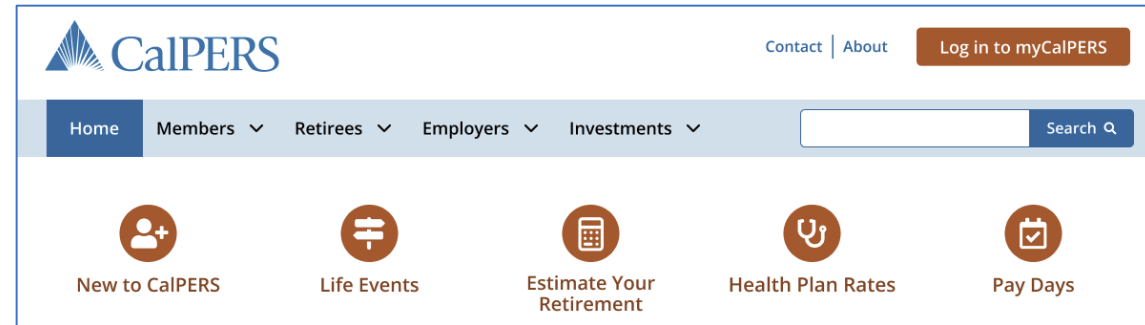
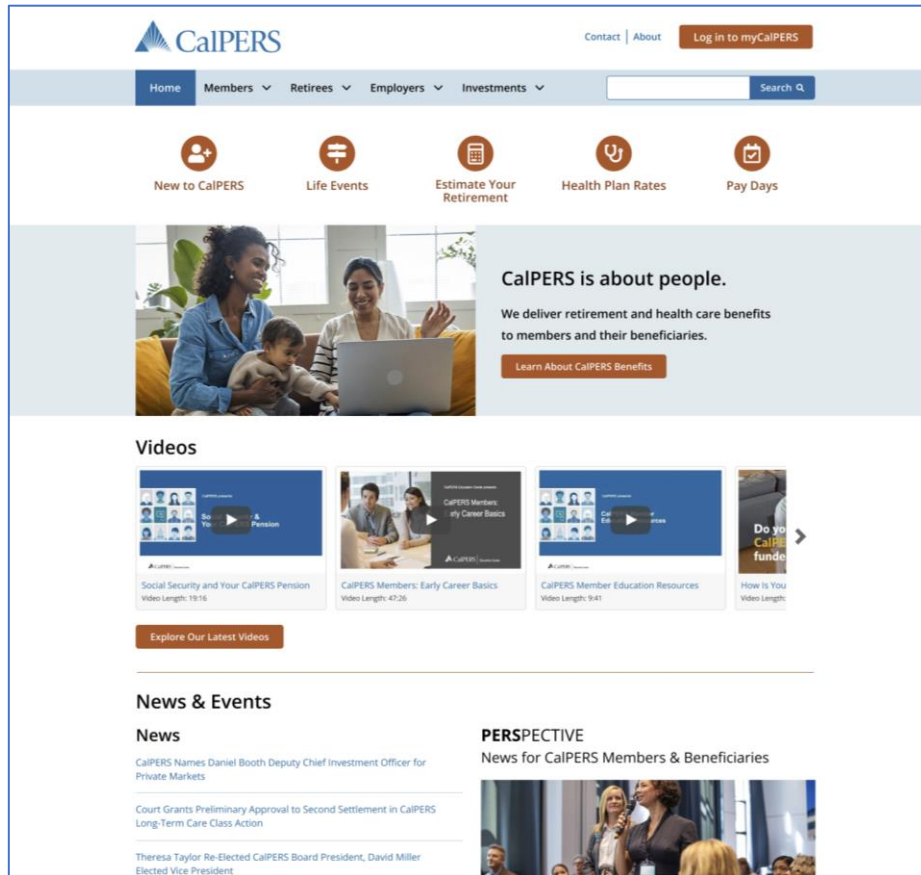


# Usability Testing and Research

How we determine what changes are needed

- Cross functional team effort
- Surveys and interviews
- Capability assessment

# What's Different?



Homepage – elevated content most accessed with iconography

Navigation – reduction in clicks

myCalPERS login – moved to increase findability and align with best practices

Information – clear and focused

# What's Next

Further refinements by the end of summer 2024

- Migrate website to a new platform

Consistently include UX testing in our evaluation

- Incrementally refine information architecture and design
- Deliver content effectively on a variety of platforms

# Website Update Questions

# 2024-25 Contribution Rates

Paul Tschida  
Actuarial Office

# Overview

An actuarial valuation completed as of June 30, 2023, determined contributions for **fiscal year 2024-25**

Required contributions adopted by CalPERS Board in April

Rates effective July 1, 2024:

- Employer rate increasing from 26.68% to **27.05%**
- Member rates not changing
  - PEPRAs rate remains 8.00%
  - Classic rate remains 7.00% (set by statute)



# Experience

Key Schools Pool experience in fiscal year (FY) ending June 30, 2023:

- Investment return was approximately 6.1%
- Pay increases for actives averaged 9.8%
- Total pool payroll increased by 13.9%

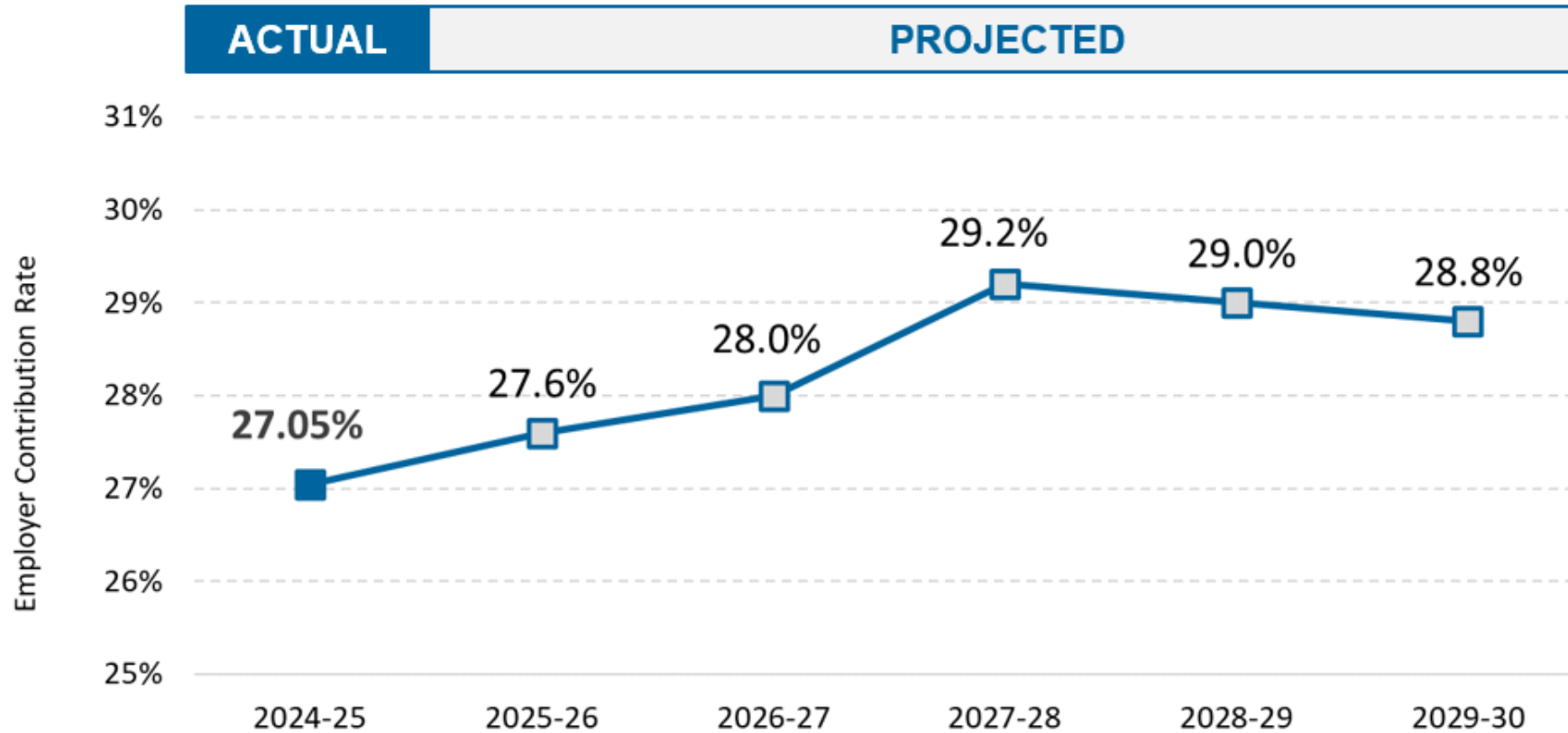
# Key Results

(\$ in Millions)

	June 30, 2022	June 30, 2023
Accrued Liability	\$ 116,982	\$ 124,924
Market Value of Assets	\$ 79,386	\$ 84,292
Unfunded Accrued Liability	\$ 37,596	\$ 40,632
Funded Ratio	67.9%	67.5%
Payroll	\$ 16,731	\$ 19,055

	FY 2023-24	FY 2024-25
Employer Normal Cost	9.77%	9.58%
Unfunded Liability Rate	<u>16.91%</u>	<u>17.47%</u>
Required Employer Contribution Rate	26.68%	27.05%
PEPRA Member Contribution Rate	8.00%	8.00%

# Projected Employer Contribution Rate



Projected rates assume 6.8% investment return in FY 2023-24 and thereafter with no changes to benefits, assumptions, or methods during the projection period. All plan experience is assumed to match the actuarial assumptions, including the expectation that normal cost will continue to gradually decline over time as new employees enter the PEPRA benefit tier.

# Contribution Rate Questions

# Timely & Accurate Payment of Retirement Benefits

Tim Herrback

Retirement Benefit Services Division

# Reasons Benefits are Delayed

## Members selecting an ineligible retirement date

- A retirement date cannot be earlier than or equal to the last day on payroll
  - Delays posting of payroll
  - Potential late reporting fees
  - Creates an overpayment receivable when retirement date changes post retirement
- Additional or delayed reporting of compensation that requires review

## Incorrect information captured within myCalPERS

- Member and/or beneficiary name, date of birth, and address must be correct
- Proper documentation provided at time of retirement (e.g., notarized spousal form)

# Reporting Unused Sick Leave at Retirement (1 of 2)

## How to report unused sick leave (USL)

- Government (Gov.) Code section 20963.5 USL for school member, school safety member, or local member
  - Effective date of retirement must be within four months of separation from employment
  - Only report days that were accrued by the member during the normal course of work
  - Sick leave can be transferred from one school employer to the next pursuant to sections 44979, 45202, 87783, or 88202 of the Education Code

# Reporting Unused Sick Leave at Retirement (2 of 2)

## Requirements for reporting USL

- Must be defined within an employer's labor agreement
- Cannot include USL hours cashed out by the employee
- Must be reported as days, not hours
  - One day equals eight hours of USL
- Cannot include other leave credits (e.g., annual leave, vacation, Covid leave)
- Refer to [Circular Letter 200-033-22 \(PDF\)](#) published June 1, 2022



# Service Retirement Preparation (1 of 2)

## Common Questions Regarding Service Retirement

Question	Answer
Why would a final compensation value change between an estimate and a service retirement calculation?	<p>At the time of retirement, CalPERS will review all compensation for compliance. This may cause an adjustment to the final compensation value.</p> <p>Final compensation may also be adjusted due to a change in pay rate or special compensation adjustments reported by an employer after an estimate is distributed.</p>
Why would the estimate benefit amount be different than the amount calculated at retirement?	<p>A retirement estimate is a projection of potential benefits into the future. The estimate can include projected pay rates, anticipated unused sick leave, and projected service credit that may not be included in the final retirement calculation.</p> <p>A member must retire within 120 days from separation to have unused sick leave reported. Employers should report unused sick leave as soon as they are aware of the separation to ensure a timely and accurate retirement calculation.</p>

# Service Retirement Preparation (2 of 2)

## Common Questions Regarding Service Retirement

Question	Answer
Where can a member find what retirement formula(s) they are entitled to?	<p>Retirement formulas are displayed on a member’s myCalPERS homepage. If they worked for more than one employer, the Retirement Summary page displays employment formulas for each employer. Formulas can also be found within the member’s Annual Member Statement.</p> <p><b>Note:</b> Members should also review the Retirement Formulas and Benefit Factor document to review how benefit factors increase for each quarter year of age from 50 to 63. (<a href="http://www.calpers.ca.gov/benefitcharts">www.calpers.ca.gov/benefitcharts</a>)</p>
What’s the most efficient way to request an estimate and submit a retirement application?	<p>Members are encouraged to calculate their retirement estimates and submit their retirement application within myCalPERS.</p> <p>myCalPERS was recently enhanced to provide members with a confirmation of application submission, status of their retirement calculation, and quick receipt of letters. In addition, myCalPERS provides the ability to sign electronically to eliminate the notary requirement for the member’s signature.</p>

# Retirement Benefit Resources

## Resources available on the CalPERS website:

- Publications for active members
  - [Welcome to CalPERS: A Benefits Guide for School Members \(PUB 3\) \(PDF\)](#)
  - [Planning Your Service Retirement \(PUB 1\) \(PDF\)](#)
  - [Service Retirement Election Application \(PUB 43\) \(PDF\)](#)
  - [When You Change Retirement Systems \(PUB 16\) \(PDF\)](#)
- [Member Education Resources Sheet \(PDF\)](#)
- [Benefit Factor Charts](#) webpage

# Timely & Accurate Payment of Retirement Benefits Questions

# Compliance with Two-Years Additional Service Credit (Golden Handshake) Provision

Melody Benavides

Pension Contracts and Prefunding Programs

# CA Gov. Code Section 20904 (1 of 2)

## Two-Years Additional Service Credit for School Employers

### Benefits:

- Offer an additional two-years of service for eligible school members who retire during a designated period
- Reduces staffing and provides immediate payroll saving

### Eligible School Members:

- Must be employed by the school during the designated period
- Did not receive any unemployment insurance payments during the designated period

# CA Gov. Code Section 20904 (2 of 2)

## Two-Years Additional Service Credit for School Employers

### Requirements for County Superintendent of Schools:

- Must certify the Golden Handshake offering will result in a net saving to the district
- Must certify the Golden Handshake offering will result in a reduction in the workforce with at least one vacancy remaining permanently unfilled
- Must pay off the costs of the Golden Handshake in full or over a five-year installment payment schedule

# Compliance Observations for School Employers (1 of 2)

## Required Golden Handshake conditions not supported

- Permanent vacancy was not created
- Curtailment of, or change in the manner of performing, services was not supported
- Net savings was not supported

## Ineligible employee offered Golden Handshake benefit

- Provided the Golden Handshake to employees who received unemployment benefits during the designated period



# Compliance Observations for School Employers (2 of 2)

Eligible employee not offered Golden Handshake benefit

- Did not offer the Golden Handshake benefit due to miscalculation of the net saving or eligibility provision in the labor agreement

Certified and adopted the resolutions during or after the designated period

- Did not approve the Golden Handshake resolutions timely

# Next Steps for CalPERS Pension Contracting Team

Update informational packets to assist school employers in understanding the intent of the Golden Handshake and requirements

Update the Golden Handshake FAQ on our website

Require school employers to provide documents supporting their Golden Handshake request, such as:

- Net savings cost analysis documentation
- Labor agreement(s) related to the offering
- Board agenda(s) and minutes for the adoption of the Golden Handshake resolutions

# Contact Information

Email: [pensioncontracts@calpers.ca.gov](mailto:pensioncontracts@calpers.ca.gov)

Website:

<https://www.calpers.ca.gov/page/employers/contracts/pension-contract-amendments-agency-updates>

# Golden Handshake Questions

# New Member Education

David Rubio

Customer Education and Outreach Division

# Funding Your Retirement Future Classes (1 of 2)

## Description

- Educate members on the basics of how their future CalPERS pension, Social Security benefit, and monies from additional sources can work together to support their optimal retirement plan

## Retirement funding sources:

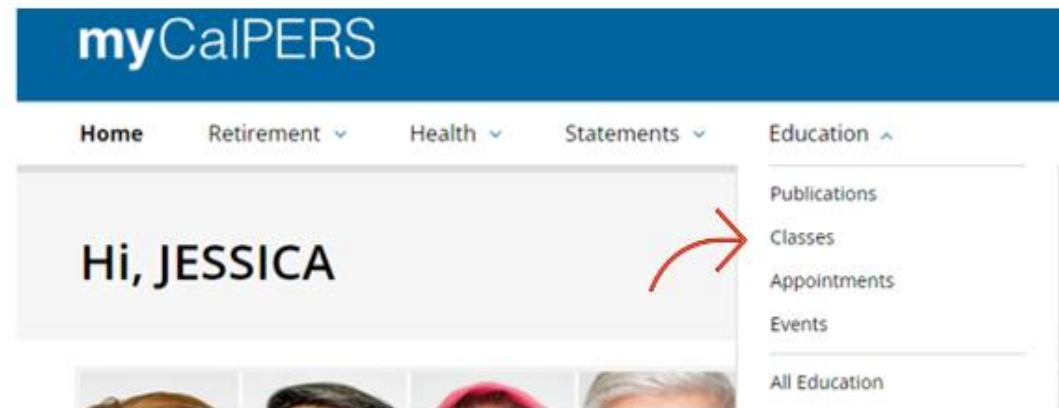
- CalPERS pension
- Social Security
- CalPERS Supplemental Income Plan (SIP)

# Funding Your Retirement Future Classes (2 of 2)

## Virtual class dates & times

- Schools & Public Agencies
  - June 26 – 11:30 a.m. to 1:00 p.m.
  - June 27 – 8:30 to 10:00 a.m.

Register now!



# Benefit Basics Spanish Class Pilot

Benefit Basics is our class that provides an overview of CalPERS retirement benefits we offer upon employer or stakeholder requests

- Conducted four in-person classes in Spanish
  - November 2023 – January 2024

Developing a Spanish language Benefit Basics video

- Target release date week of May 20, 2024



# New Member Education Questions

# Multiple Positions (Overtime)

Roger Stender

Employer Account Management Division

# Objective

Reporting requirements for overtime positions

Non-reportable position determination (when a member is working in two or more positions)

Upcoming non-contributory system enhancements

# Multiple Positions (Overtime)

## Gov. Code Section 20635.1

Overtime for school members is the aggregate service performed by an employee as a member for all school employers and in all categories of employment in excess of 40 hours of work per week, and for which monetary compensation is paid. If a school member concurrently renders service in two or more positions, one or more of which is full time, service in the part-time position shall constitute overtime. If two or more positions are permanent and full time, the position with the highest pay rate or base pay shall be reported to the system.

# What Triggers an Overtime Review

There are two ways we are prompted to do an overtime review:

- At the request of an employer
- An internal review triggered by our system

# Our Process for Determining Overtime Positions

Employer reports an appointment with service credit

We review payroll reported (service credit)

- If member is working multiple part-time positions, all are reportable
- If one position is part time, and one position is full time, the part-time position is non-contributory
- If the member is working in multiple full-time positions, the position with the lower pay rate will be non-contributory

Employer notified via letter

# Upcoming Enhancements

Updated notification letter to include appointment identification number

Updated notification triggers

New employer notifications when reporting payroll

- System will notify if appointment is marked as contributory or non-contributory

# Multiple Positions Questions



# Reporting Part-Time Employees

Veronica Silva-Gil

Employer Account Management Division

# Part-Time Employees

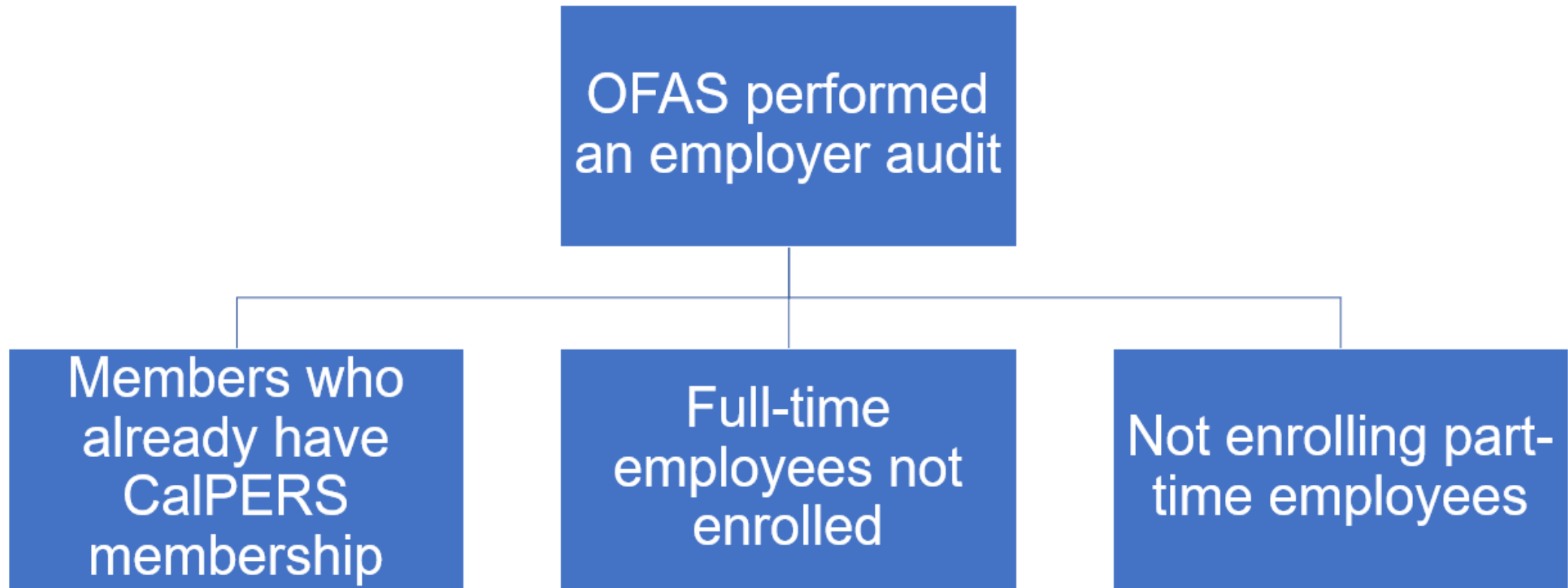
Background

Requirements

Best practices

Resources

# Background



# CalPERS Membership

If a member has attained CalPERS membership prior to being hired for a position at your school district, they must be enrolled even if they are hired to work on a part-time basis

Employees appointed to a permanent full-time or permanent part-time (at least half-time) position qualify for immediate membership

Immediate membership will also apply if the full-time appointment is termed to exceed six months, or the part-time (at least half-time) appointment is termed at least a year

# Less Than Full Time

Employees who are hired for positions that are less than full time or part time/temporary need to have their hours monitored (including overtime)

Membership eligibility for less than full-time employees is achieved when they work 1,000 hours (if paid on an hourly basis) or 125 days (if paid on a daily or per diem basis) in a fiscal year (July 1 through June 30)

- Per Gov. Code section 20305(a)(3)(B) of the Public Employees' Retirement Law (PERL)
- 125 eight-hour days equals 1,000 hours

# Best Practices

Ask upon hire if the employee has had prior CalPERS membership

Use myCalPERS to verify prior membership

Create and maintain a system to monitor part-time employees for CalPERS membership qualifications based on hours worked or tenure of position

Encourage employees to regularly provide you with information about employment at other CalPERS-covered employers to ensure proper reporting

# Resources

[Public Agency & Schools Reference Guide \(PDF\)](#)

[Circular Letter 200-065-14 \(PDF\)](#)

Membership Review Team:

[Membership\\_Reporting@calpers.ca.gov](mailto:Membership_Reporting@calpers.ca.gov)

# Reporting Part-Time Employees Questions



# Education Day August 7, 2024

Brad Hanson  
Employer Account Management Division

# Round Table

Brad Hanson

Employer Account Management Division

Thank you