From:	Lena Young-Gallardo
To:	BSD-CBO List; BSD-FinMgrsMeet List; Persadmin List; Newpy List
Cc:	BSD-ExecutiveStaffList
Subject:	CalSTRS Postretirement Earnings Limitations and Exemptions, Disability, and Related Information
Date:	Tuesday, March 19, 2024 3:30:00 PM
Attachments:	image001.png Bulletin - CalSTRS Postretirement Earnings Limit FY 2024-25.pdf Employer Directive 2024-01 Postretirement Earnings Limit and Disability Earnings Limit for the 2023-24 and 2024-25 Fiscal Years.pdf SR1897 - SFS exemption.pdf

---

Good afternoon,

Please share the attached bulletin and employer directive regarding CalSTRS' postretirement earnings limits, disability allowances, separation-from-service requirements and exemptions, and related information.

Thanks,
Lena

Transforming lives through education
Lena Young-Gallardo, Director
District Financial Services
San Bernardino County Superintendent of Schools
760 E. Brier Drive, San Bernardino, CA 92408
P: 909.388.5701 | F: 909.388.5735
http://www.sbcss.k12.ca.us

San Bernardino County Superintendent of Schools
Transforming lives through education

Ted Alejandre
County Superintendent

DATE: March 19, 2024

TO: Chief Business Officials, Personnel Administrators, Fiscal Services Directors, and Payroll Staff
San Bernardino County School Districts, Community Colleges, County Office of Education, and Charter Schools

SUBJECT: **CalSTRS Postretirement Earnings Limit and Disability Allowance Earnings Limit for the 2023-24 and 2024-25 Fiscal Years, and Disability Retirement Earnings Limit for the 2024 Calendar Year, and Related Information**

This bulletin is intended to inform and remind school districts of:

- The application of the earnings limit for retired CalSTRS members.
- The postretirement annual earnings limit for the 2023-24 fiscal year.
- The postretirement annual earnings limit for the 2024-25 fiscal year.
- The disability retirement earnings limit for the 2024 calendar year.
- The disability allowance earnings limit for the 2023-24 and 2024–25 fiscal years.
- The postretirement separation-from-service requirement for members during the first 180 calendar days from their retirement date with CalSTRS.
- Requirements for requesting an exemption from the separation-from-service requirement.
- Restrictions on hiring retired CalSTRS members and retired CalSTRS participants in classified positions.
- Retirement Incentive Restrictions.
- Requirements for employer communication regarding the earnings limits and, if applicable, the retirement incentive restrictions when hiring CalSTRS members. Also, the employer requirements regarding maintaining accurate records and reporting postretirement earnings to CalSTRS.
- The CalSTRS postretirement excess earnings notification process.

Application of Earnings Limit

Sections 24214 and 24214.5 of the Education Code impose limitations on retired CalSTRS members who return to work and perform creditable service as either an employee of an employer, an employee of a third party (except under certain circumstances), or as an independent contractor within the California public school system. Activities considered to be creditable service and, therefore subject to the earnings limit are listed in subdivision (b), (c), and (d) of Education Code section 22119.5 or subdivision (b), (c) or (d) of Education Code section 26113.

Postretirement Earnings Limit

The postretirement earnings limit for retired CalSTRS members for the 2023-24 fiscal year is $50,655.

The postretirement earnings limit for retired CalSTRS members for the 2024-25 fiscal year is $74,733.

Recent legislation changes how the annual postretirement earnings limit is determined for fiscal years between July 1, 2024, and June 30, 2026. Previously, under Education Code section 24214, the postretirement earnings limit was adjusted annually to equal 50% of the median final compensation amount for all members who retired for service during the fiscal year ending in the previous calendar year. Effective July 1, 2024, in accordance with Chapter 885, Statutes of 2023 (Senate Bill 765), the postretirement earnings limit is adjusted to equal 70% of the median final compensation amount for all members who retired for service during the fiscal year ending in the previous calendar year. The provisions of SB765, including the change to how the postretirement earnings limit is determined, are effective from July 1, 2024, to June 30, 2026. After June 30, 2026, the law will revert to existing law in effect prior to July 1, 2024.

2024 Disability Retirement Earnings Limit

The disability retirement earnings limit for the 2024 *calendar year* is $38,400. The limit applies to all earnings regardless of whether the earnings are from the public or private sectors. The limit is adjusted annually by the Teachers' Retirement Board, if necessary, by the amount of change in the California Consumer Price Index.

2023-24 and 2024-25 Disability Allowance Earnings Limit

The disability allowance earnings limit for the 2023-24 and 2024-25 *fiscal* years is calculated individually for each member. The limit applies to all earnings regardless of whether the earnings are in the public or private sectors. The limit is based on the member's indexed final compensation amount. Members receiving a disability allowance benefit are also subject to individual monthly and continuous six-month earnings limits.

Separation-from-Service Requirement

Pursuant to Education Code section 24214.5, there is a 180-calendar day separation-from-service requirement for all retired CalSTRS members, regardless of age, during which the postretirement compensation limit for the performance of retired member activities is zero dollars ($0). All retired CalSTRS members are subject to a restriction if they return to CalSTRS covered employment during the first 180 calendar days after their most recent retirement. If the retired CalSTRS member returns to work during this period, CalSTRS will reduce his or her retirement benefit dollar-for-dollar.

CalSTRS will reduce a member's retirement by an amount equal to his or her earnings up to the benefit payable during that period. This restriction is in addition to the annual earnings limit. Any amount the retired CalSTRS member receives during the first 180 calendar days of retirement will also count against the annual postretirement earnings limit for the appropriate fiscal year.

Exemption to the Separation-from-Service Requirement

There is a narrow exemption from the 180-calendar day separation-from-service requirement for a retired member under certain circumstances and is at or above normal retirement age. In accordance with SB 765, effective July 1, 2024, to qualify for this exemption, the employer must submit an exemption request to CalSTRS with certification of the following:

- The nature of the employment.
- The appointment is needed to fill a critical need before the 180-calendar day separation from-service requirement is fulfilled.
- The member is at or above normal retirement age at the time compensation is earned (age 60 for 2% at 60 and age 62 for 2% at 62).

- The termination of employment of the retired member is not the basis for the need to acquire the services of the member or participant.
- The retired member did not receive a retirement incentive or any financial inducement to retire from any public employer.
- The employer did not have a reduction-in-force layoff pursuant to Education Code sections 45117, 44955 or 44955.5, or pursuant to any other similar state law authorizing the termination of its employees, within the prior 18 months.

The employer must provide a written copy of the completed documentation submitted to CalSTRS that substantiates the need for the exemption to the exclusive representative of the employees prior to the retired member's performance of retired member activities.

The retired member must not begin performing retired member activities until CalSTRS receives all required documentation.

The provisions of SB 765, including changes to the separation-from-service requirement exemption process, are effective from July 1, 2024, to June 30, 2026. After June 30, 2026, the law will revert to existing law as it was in effect prior to July 1, 2024. For exemption requests submitted prior to July 1, 2024, please refer to Employer Directive 2023-01 for details.

When applying for the separation-from-service requirement exemption the Superintendent, the county superintendent of schools, or the chief executive officer of a community college must complete the *Request for Separation-from-Service Requirement Exemption* (SR 1897) form which is available in "Reference Items" on the Secure Employer Website. The annualized rate of pay must be provided on the form to ensure compliance with Education Code section 24214(b). CalSTRS must receive this form to substantiate the eligibility of the retired member for exemption before the member begins performing service under the exemption.

CalSTRS will provide written notification to the employer and retired member within 30 days of receiving the required documentation, advising whether the activities performed will be subject to or exempt from the 180-calendar day separation-from-service requirement.

If the separation-from-service requirement exemption is approved, the member will only be exempt from the separation-from-service requirement. Any earnings during the 180-calendar day period will still be subject to the annual postretirement earnings limit.

Education Code sections 24214.5 and 26812 clarifies what constitutes a "financial inducement to retire" which would affect a retired member from being eligible for an exemption from the separation from-service requirement.

Classified Position Restrictions

Education Code section 45134 precludes retired CalSTRS members from employment in classified positions in the California public school system, except as an aide in certain circumstances. However, this section is outside of the Teachers' Retirement Law and therefore outside the purview of CalSTRS.

Retired CalPERS Postretirement Employment Restrictions

If the employee is a CalSTRS and CalPERS member, the employee should contact CalPERS at 888-225-7377 to determine how returning to work may impact their CalPERS benefit.

Retirement Incentive Restrictions

For members who retired with a CalSTRS retirement incentive under section 22714, they will lose the increased service credit attributable to the retirement incentive if he or she returns to employment in any job, including substitute teaching, within five years of receiving the incentive with the school district, community college district, or county office of education that granted the member's retirement incentive. Education Code section 22461 requires employers to notify retired members of employment restrictions set forth in Education Code section 22714 upon retaining services of a retired member.

Employer Requirements-Notification of Postretirement Earnings and Employment Restrictions, and Required Reporting of Postretirement Earnings

Education Code section 22461 requires employers to notify retired CalSTRS members of employment restrictions for retirement incentives in addition to earnings limitations and report earnings to CalSTRS each month. All postretirement earnings must be reported with Member Code 2 and Assignment Code 61.

CalSTRS Postretirement Excess Earnings Notification Process

If a retired CalSTRS member earns compensation either during the separation-from-service requirement period or in excess of the annual postretirement earnings limit (for retired member activities) as an employee of an employer, an employee of a third party or as an independent contractor within the California public school system, Education Code sections 24214(g) and 24214.5(h) requires CalSTRS to reduce the member's retirement benefit dollar-for-dollar by the amount of compensation that exceeds the earnings limit until the amount withheld equals the excess earnings. CalSTRS can deduct up to a maximum of the member's retirement benefit payable during either, the 180 calendar days for a separation-from-service violation, or during the fiscal year for an annual earnings limit minus any reduction due to the separation from service requirement.

CalSTRS sends an *Initial Postretirement Earnings Letter* to the member when postretirement earnings are initially reported by the employer. The *Initial Postretirement Earnings Letter* states information regarding both earnings limits and what occurs if they are exceeded. When the employer reports postretirement earnings equal to one-half of the annual postretirement earnings limit, CalSTRS sends a second letter, called the *Postretirement Earnings Mid-Limit Letter* notifying the member of the dollar amount reported to date and reminding the member of the consequences of exceeding the earnings limits.

When a member exceeds either earnings limit, CalSTRS sends the member another letter notifying him or her that the excess earnings will be withheld from his or her monthly retirement benefit. CalSTRS gives at least 30 days' notice before commencing collection. If the earnings were reported to CalSTRS in error by a member's employer, the employer is responsible for correcting the previous reporting and notifying CalSTRS that corrected contribution lines were submitted.

SUMMARY OF REQUIRED ACTIONS

In accordance with Education Code section 22461, upon retaining the services of a retired CalSTRS member as an employee of an employer, an employee of a third party, or as an independent contractor within the California public school system, the employer is required to:

- Notify the retired member of all earnings limits and also the retirement incentive employment restrictions, if applicable.
- Maintain accurate records of the retired member's earnings.
- Report those earnings to the retired member and to CalSTRS monthly, using Member Code 2 and Assignment Code 61, regardless of the method of payment or the fund from which the payments were made.

See attached CalSTRS Employer Directive #2024-01 for more details on any of the above.

To learn more about postretirement limitations, please visit:
http://www.calstrs.com/general-information/working-after-retirement

If you have any questions regarding this bulletin, please contact Michelle Johnston at Michelle.Johnston@sbcss.net.

Sincerely,

Ted Alejandre
County Superintendent of Schools

Signed Lena Young-Gallardo
Lena Young-Gallardo
Director, District Financial Services

LYG

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

February 26, 2024

TO: All County Superintendents of Schools
District Superintendents of Schools
Charter School Administrators
Community College Districts
Other Employing Agencies

FROM: Cassandra Lichnock
Chief Executive Officer

SUBJECT: Employer Directive 2024-01
Supersedes Employer Directive 2023-01
Postretirement Earnings Limit and Disability Allowance Earnings Limit for the 2023–24 and 2024–25 Fiscal Years, and Disability Retirement Earnings Limit for the 2024 Calendar Year

PURPOSE

This employer directive is intended to inform and remind employers of:

- The application of the annual postretirement earnings limit for retired members of the Defined Benefit Program (referred to in this directive as "retired DB members").
- The annual postretirement earnings limit for the 2023–24 fiscal year.
- The annual postretirement earnings limit for the 2024–25 fiscal year.
- The postretirement separation-from-service requirement for retired DB members and retired Cash Balance Benefit Program participants (referred to in this directive as "retired CB participants") during the first 180 calendar days from their retirement date with CalSTRS.
- Requirements for requesting an exemption from the separation-from-service requirement.
- Restriction on hiring retired DB members and retired CB participants in classified positions.
- Retirement incentive restrictions.
- Requirements for employer communication regarding the earnings limits and, if applicable, the retirement incentive restrictions when hiring retired DB members. Also, the requirement for employers to maintain accurate records and report postretirement earnings to CalSTRS.
- The CalSTRS postretirement excess earnings notification process.
- The disability retirement earnings limit for the 2024 calendar year.
- The disability allowance earnings limit for the 2023–24 and 2024–25 fiscal years.

SCOPE

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs retired DB members or retired CB participants to perform retired member or retired participant activities or that employs CalSTRS members receiving either a Disability Allowance or a Disability Retirement benefit in any capacity.

DISCUSSION

Application of Postretirement Earnings Limits

Sections 24214 and 24214.5 of the Education Code impose limitations on retired DB members who return to work and perform retired member activities. Section 22164.5 of the Education Code defines "retired member activities" as one or more of the activities identified in subdivision (b), (c) or (d) of Education Code section 22119.5 or subdivision (b), (c) or (d) of Education Code section 26113 when performed as either an employee of an employer, an employee of a third party (except under certain circumstances) or an independent contractor—including as a consultant—within the California public school system.

Section 26812 of the Education Code imposes limitations on retired CB participants who return to work and perform retired participant activities. Section 26135.7 of the Education Code defines "retired participant activities" as one or more of the activities identified in subdivision (b), (c) or (d) of Education Code section 22119.5 or subdivision (b), (c) or (d) of Education Code section 26113 when performed as either an employee of an employer, an employee of a third party (except under certain circumstances) or an independent contractor—including as a consultant—within the California public school system.

The annualized rate of pay for retired member activities or retired participant activities may not be less than the minimum, nor can it exceed the maximum, paid by the employer to other employees performing comparable duties.

Notable differences between reportable compensation in active membership and postretirement employment include:

- Education Code section 22164.5, subdivisions (a)(2)–(3).
- Education Code section 24214, subdivision (f)(2).
- Education Code section 24214.5, subdivision (a)(2).
- Education Code section 26135.7, subdivisions (a)(2)–(3).
- Education Code section 26812, subdivision (d)(2).

Retired DB members and retired CB participants employed by a third party are excluded from the postretirement earnings limits and related provisions provided they meet *all* of the following criteria:

- The retired DB member or retired CB participant is employed by a third-party employer that does not participate in a California public pension system.

- The activities performed by the retired DB member or retired CB participant are not normally performed by employees of an employer.
- The retired DB member or retired CB participant performs an assignment of 24 months or less.

For retired DB members and retired CB participants employed by a third party under the narrow conditions above, employer reporting is not required. CalSTRS has not identified any example of service that would meet these criteria.

Annual Postretirement Earnings Limit for the 2023–24 and 2024–25 Fiscal Years

The postretirement earnings limit for retired DB members for the 2023–24 fiscal year is $50,655.

The postretirement earnings limit for retired DB members for the 2024–25 fiscal year is $74,733.

Recent legislation changes how the annual postretirement earnings limit is determined for fiscal years between July 1, 2024, and June 30, 2026. Previously, under Education Code section 24214, the postretirement earnings limit was adjusted annually to equal 50% of the median final compensation amount for all members who retired for service during the fiscal year ending in the previous calendar year. Effective July 1, 2024, in accordance with Chapter 885, Statutes of 2023 (Senate Bill 765), the postretirement earnings limit is adjusted to equal 70% of the median final compensation amount for all members who retired for service during the fiscal year ending in the previous calendar year. The provisions of SB 765, including the change to how the postretirement earnings limit is determined, are effective from July 1, 2024, to June 30, 2026. After June 30, 2026, the law will revert to existing law in effect prior to July 1, 2024.

If a retired DB member earns compensation for performing retired member activities in excess of the annual postretirement earnings limit, Education Code section 24214, subdivision (g) requires CalSTRS to reduce the member's retirement benefit dollar for dollar, until the member has repaid the amount of compensation that was earned in excess of the annual earnings limit. The amount of the reduction in an individual month shall be no more than the monthly allowance payable in that month, and the total amount of the reduction shall not exceed the amount of the annual allowance payable under this part for the fiscal year in which the excess compensation was earned after any reductions due to the separation-from-service requirement.

There is no annual earnings limit for retired CB participants.

Separation-From-Service Requirement

Pursuant to Education Code section 24214.5, there is a 180-calendar day separation-from-service requirement for all retired DB members, regardless of age, during which the postretirement compensation limit for the performance of retired member activities is zero dollars ($0).

If a retired DB member earns compensation for performing retired member activities during the 180-calendar day separation-from-service period, Education Code section 24214.5, subdivision (h) requires CalSTRS to reduce the member's retirement benefit dollar for dollar, until the member has repaid the amount of compensation that was earned during the separation-from-service period. The amount of the reduction in an individual month shall be no more than the

monthly allowance payable in that month, and the total amount of the reduction shall not exceed the amount of the allowance payable during the first 180 calendar days after the most recent retirement date.

This restriction is in addition to the annual postretirement earnings limit. Any amount the retired DB member receives during the first 180 calendar days of retirement will also count against the annual postretirement earnings limit for the respective fiscal year.

Pursuant to Education Code section 26812, the 180-calendar day separation-from-service requirement applies to retired CB participants receiving a CB annuity, regardless of age.

Pursuant to Education Code section 26806, if a retired CB participant receives a lump-sum retirement benefit, the benefit is not payable until 180 calendar days after the date employment was terminated. If a participant electing a lump-sum benefit performs creditable service during the 180-calendar day separation-from-service period, the retirement application will be automatically canceled.

Exemption to the Separation-From-Service Requirement

There is a narrow exemption from the 180-calendar day separation-from-service requirement for a retired DB member or retired CB participant under certain circumstances. In accordance with SB 765, effective July 1, 2024, to qualify for this exemption, the employer must submit an exemption request to CalSTRS with certification of the following:

- The nature of the employment.
- The appointment is necessary to fill a critically needed position that must be filled before the retired DB member's or retired CB participant's 180-calendar day separation-from-service period has passed since the member's or participant's most recent retirement date.
- The retired DB member or retired CB participant is at or above normal retirement age at the time the compensation is earned (age 60 for CalSTRS 2% at 60 members and participants not subject to the California Public Employees' Pension Reform Act of 2013 [PEPRA], and age 62 for CalSTRS 2% at 62 members and participants subject to PEPRA).
- The termination of employment of the retired DB member or retired CB participant with the employer is not the basis for the need to acquire the services of the member or participant.
- The retired DB member or retired CB participant did not receive a retirement incentive or any financial inducement to retire from any public employer. Education Code sections 24214.5 and 26812 clarify what constitutes a "financial inducement to retire" that would prohibit a retired DB member or retired CB participant from being eligible for an exemption from the separation-from-service requirement. "Financial inducement to retire" includes, but is not limited to, any form of compensation or other payment that is paid directly or indirectly by a public employer to the member or participant, even if not in cash, either before or after retirement, if the member or participant retires for service on or before a specific date or specific range of dates established by a public employer on or before the date the inducement is offered.

- The employer did not have a reduction-in-force layoff pursuant to Education Code sections 45117, 44955 or 44955.5, or pursuant to any other similar state law authorizing the termination of its employees, within the prior 18 months.

The employer must provide a written copy of the completed documentation submitted to CalSTRS that substantiates the need for the exemption to the exclusive representative of employees prior to the retired DB member's or retired CB participant's performance of retired member or retired participant activities.

The retired DB member or retired CB participant must not begin performing retired member or retired participant activities until CalSTRS receives all required documentation.

The provisions of SB 765, including changes to the separation-from-service requirement exemption process, are effective from July 1, 2024, to June 30, 2026. After June 30, 2026, the law will revert to existing law as it was in effect prior to July 1, 2024. For exemption requests submitted prior to July 1, 2024, please refer to Employer Directive 2023-01 for details.

When applying for the separation-from-service requirement exemption, the superintendent, the county superintendent of schools or the chief executive officer of a community college must complete the *Request for Separation-From-Service Requirement Exemption* (SR-1897) form, which is available in "Reference Items" on the Secure Employer Website. The annualized rate of pay must be provided on the form to ensure compliance with Education Code section 24214(b). CalSTRS must receive this form to substantiate the eligibility of the retired DB member or retired CB participant for exemption before the member or participant begins performing service under the exemption.

CalSTRS will provide written notification to the employer and the retired DB member or retired CB participant within 30 days of receiving the required documentation, advising whether the activities performed will be subject to or exempt from the 180-calendar day separation-from-service requirement.

If the separation-from-service requirement exemption is approved, the retired DB member will only be exempt from the separation-from-service requirement. Any earnings during the 180-calendar day period will still be subject to the annual postretirement earnings limit for a retired DB member. For a retired CB participant whose separation-from-service exemption is approved, the exemption is applicable to the separation-from-service requirement only since there is no annual postretirement earnings limit for retired CB participants.

Classified Position Restrictions

Education Code section 45134 precludes retired DB members and retired CB participants from employment in classified positions in the California public school system, except as an aide in certain circumstances.

Retired CalPERS Postretirement Employment Restrictions

If the employee is a member of both CalSTRS and CalPERS, ask the employee to contact CalPERS at 888-225-7377 to determine how returning to work may impact their CalPERS benefit.

Retirement Incentive Restrictions

Members who received additional service credit as a retirement incentive under Education Code section 22714 will lose that retirement incentive service credit if they return to employment within five years of receiving the incentive and are employed in any job—including substitute teaching or consulting—as an employee, an employee of a third party, or an independent contractor with the school district, community college district, or county office of education that granted the retirement incentive.

Employer Requirements for Notification of Postretirement Earnings Limits and Employment Restrictions, and Required Reporting of Postretirement Earnings

Upon retaining the services of a retired DB member, Education Code section 22461 requires employers to notify the member of the earnings limitations and employment restrictions for those who received retirement incentives—regardless of whether the retired DB member performs the services as an employee of the employer, an employee of a third party or an independent contractor, including working as a consultant. Pursuant to Section 22461, employers must also maintain accurate records of the retired DB member's earnings and report those earnings to CalSTRS and the retired DB member each month.

If an employer contracts with a third party, CalSTRS recommends requiring the third party to provide a breakdown of earnings for each retired DB member to ensure the accurate reporting of all retired member activities.

All postretirement earnings must be reported with Member Code 2 and Assignment Code 61.

CalSTRS Postretirement Excess Earnings Notification Process

CalSTRS sends an *Initial Postretirement Earnings Letter* to the retired DB member when postretirement earnings for the current fiscal year are initially reported by the employer. The *Initial Postretirement Earnings Letter* informs the member of the current earnings limit and describes what occurs if the limit is exceeded. When the employer reports postretirement earnings for the current fiscal year equal to one-half of the annual postretirement earnings limit, CalSTRS sends a *Postretirement Earnings Mid-Limit Letter* notifying the member that their reported postretirement earnings have reached one-half of the earnings limit and reiterating the consequences of exceeding the earnings limit.

When a retired DB member or retired CB participant violates the 180-calendar day separation-from-service requirement or a retired DB member exceeds the annual postretirement earnings limit, CalSTRS sends a letter notifying the member or participant that the excess earnings will be withheld from the applicable monthly retirement benefit. CalSTRS gives at least a 30-day notice before commencing collection. If the earnings were reported to CalSTRS in error, the employer is responsible for correcting the previous reporting and notifying CalSTRS that corrected contribution lines were submitted.

Application and Amount of the 2024 Disability Retirement Earnings Limit

The disability retirement earnings limit for the 2024 *calendar* year is $38,400. The limit applies to all earnings regardless of whether the member is self-employed or employed in any capacity in either the public or private sector. The limit is adjusted annually by the Teachers' Retirement Board, if necessary, by the amount of change in the California Consumer Price Index.

Application and Amount of the 2023–24 and 2024–25 Disability Allowance Earnings Limit

The disability allowance earnings limit for the 2023–24 and 2024–25 *fiscal* years is calculated individually for each member based on the member's indexed final compensation amount. Members receiving a disability allowance benefit are also subject to individual monthly and continuous six-month earnings limits based on the member's indexed final compensation. The various limits apply to all earnings regardless of whether the member is self-employed or employed in any capacity in either the public or private sector.

SUMMARY OF REQUIRED ACTIONS

In accordance with Education Code section 22461, upon retaining the services of a retired DB member either as an employee of an employer, an employee of a third party or an independent contractor—including as a consultant—within the California public school system, the employer is required to:

- Notify the retired DB member of all earnings limits and the retirement incentive employment restrictions, if applicable.
- Maintain accurate records of the retired DB member's earnings.
- Report those earnings to the retired DB member and to CalSTRS monthly, using Member Code 2 and Assignment Code 61, regardless of the method of payment or the fund from which the payments were made.

To learn more about postretirement earnings limitations, visit CalSTRS.com/general-information/working-after-retirement.

If you have questions regarding the service retirement postretirement earnings limits, contact us by email at postretirement@calstrs.com or leave a voicemail at 916-414-5967.

For questions regarding the disability allowance or disability retirement earnings limits, email DaSBDisabilitySvcsMlbx@CalSTRS.com or leave a voicemail at 916-414-5785.

Request for Separation-From-Service Requirement Exemption—Information and Instructions

Read the instructions carefully before completing the form.

If all sections are not completed or if the minimum requirements are not met, the retired member will be subject to the separation-from-service requirement.

Use this form to request an exemption from the separation-from-service requirement, also known as the zero-dollar earnings limit, for a CalSTRS retired member who has reached normal retirement age (age 60 for CalSTRS 2% at 60 members; age 62 for CalSTRS 2% at 62 members) and is hired to fill a critically needed position during the first 180 calendar days following the member's most recent retirement date.

MINIMUM REQUIREMENTS

- CalSTRS must receive the exemption form prior to the retired member performing any activities for this requested exempted position.
- The retired member must be of normal retirement age when the compensation is earned.
- The retired member did not receive any financial inducement to retire from any public employer, including, but not limited to, receiving additional service credit through the CalSTRS Retirement Incentive Program.
- The appointment is necessary to fill a critically needed position before 180 calendar days have passed from the retired member's most recent retirement date.
- The retired member's termination of employment is not the basis for the critically needed position.
- The position has been approved by the employer's governing body in a public meeting.
- The governing body adopted a resolution showing the approval of the position and the intent to seek an exemption.
- The resolution was adopted prior to the retired member performing duties.

EXEMPTION START AND END DATE

The exemption start date is the first day of employment in the position, no earlier than the date CalSTRS receives this form. The exemption end date is no later than 180 calendar days after the member's most recent retirement date.

A separation-from-service requirement exemption is not an exemption from the fiscal year postretirement earnings limit. Visit CalSTRS.com for more information about working after retirement restrictions and limits.

COMPLETING THIS FORM

This form should be completed by the appointing authority unless otherwise stated. Print clearly in dark ink or type all information requested. Initial all corrections and sign on the last page.

SECTION 1 – MEMBER INFORMATION

Enter the member's full name and Client ID or Social Security number. Include the member's mailing address, work telephone number and email address so we may contact them if we have any questions.

SECTION 2 – POSITION INFORMATION

Enter the title and salary for the position. Enter the exemption period start and end date for the position.

SECTION 3 – EMPLOYER INFORMATION

Enter the information related to the school district, county office of education or community college district employing the member. Include the mailing address, work telephone number and email address so we may contact you if we have any questions. Enter the appropriate five-digit county and district codes. Example: Kern County, Edison, would be 15-012. Contact your CalSTRS liaison if you are unsure of your code.

SECTION 4 – DOCUMENTATION

Include the resolution adopted by the governing body with this form. The resolution must include:

- The nature of the employment (a general description of the position).
- A finding that the appointment is necessary to fill a critically needed position and must be filled before the members 180 calendar day separation-from-service period has passed since the member's most recent retirement date.
- A finding that the retired member did not receive additional service credit pursuant to California Education Code section 22714 or 22715, or any financial inducement to retire from any public employer.
- A finding that the retired member's termination of the employment is not the basis for the critically needed position.

SECTION 5 – CERTIFICATION

Fully read each statement and enter your initials as the appointing authority next to each statement to certify you met the minimum requirements for the exemption.

SECTION 6 – REQUIRED SIGNATURES

Have the retired member sign and date the Member's Signature line. Sign and date as the appointing authority on the form. The Appointing Authority's Signature must be signed and dated by the superintendent, the county superintendent of schools or the chief executive officer of a community college.

This page is intentionally left blank.

Request for Separation-From-Service Requirement Exemption

SR 1897 rev. 03/22

California State Teachers' Retirement System
P.O. Box 15275, MS 60
Sacramento, CA 95851-0275
800-228-5453
CalSTRS.com

For CalSTRS Use Only
CalSTRS Representative ☐ Approved ☐ Denied

Section 1: Member Information – This section is to be completed by the retired member or the appointing authority.

NAME (LAST, FIRST, INITIAL)			CLIENT ID OR SOCIAL SECURITY NUMBER
MAILING ADDRESS			( )
CITY	STATE	ZIP CODE	WORK TELEPHONE
EMAIL ADDRESS			

Section 2: Position Information – This section is to be completed by the appointing authority.

Position Title:	**Exemption Start Date** No earlier than the date CalSTRS receives this form (MM/DD/YYYY):	**Exemption End Date** No later than 180 calendar days after the member's most recent retirement date (MM/DD/YYYY):
Position Salary (Annual):	/ /	/ /

Section 3: Employer Information – This section is to be completed by the appointing authority.

☐☐–☐☐☐

COUNTY AND DISTRICT CODE (FIVE DIGITS)	EMPLOYING AGENCY'S NAME		
EMPLOYER ADDRESS	CITY	STATE	ZIP CODE
		( )	ext.
EMPLOYER CONTACT NAME		EMPLOYER TELEPHONE	
EMPLOYER EMAIL ADDRESS		COUNTY WHERE EMPLOYER IS LOCATED	

Continued on next page

SR1897

Exemption Request

for Separation-From-Service Requirement continued

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

Section 4: Documentation – This section is to be completed by the appointing authority.

Check each to certify compliance. The resolution adopted by the governing body must include:

☐ The nature of the employment (a general description of the position).

☐ A finding that the appointment is necessary to fill a critically needed position and must be filled before the retired member's 180 calendar day separation-from-service period has passed since the member's most recent retirement date.

☐ A finding that the retired member did not receive additional service credit pursuant to California Education Code section 22714 or 22715, or any financial inducement to retire from any public employer.

☐ A finding that the retired member's termination of employment is not the basis for the critically needed position.

Section 5: Certification – This section is to be completed by the appointing authority.

I have read and fully understand the instructions for the exemption certification for separation-from-service requirement of a retired member as outlined in Education Code section 24214.5. I fully certify that (please initial each):

____ The position has been approved by the employer's governing body in a public meeting. The governing body adopted a resolution prior to the performance of activities by the retired member. The resolution includes all of the above stated requirements.

____ The approval of the appointment was not placed on a consent calendar.

____ The retired member is of normal retirement age when the compensation is earned.

____ The retired member did not receive any financial inducement to retire from any public employer, including, but not limited to, receiving additional service credit through the CalSTRS Retirement Incentive Program.

Section 6: Required Signatures – This section is to be completed by the member and the appointing authority.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct. I understand that perjury is punishable by imprisonment for up to four years (Penal Code section 126).

I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of altering a benefit administered by CalSTRS and it may result in penalties, including restitution, up to one year in jail and a fine of up to $5,000 (Education Code section 22010).

I understand if CalSTRS does not approve this exemption that I, the member, shall be subject to the earnings limit outlined in Education Code section 24214.5.

MEMBER'S SIGNATURE | SIGNATURE DATE (MM/DD/YYYY)

APPOINTING AUTHORITY'S SIGNATURE | SIGNATURE DATE (MM/DD/YYYY)

(To be signed by the superintendent, the county superintendent of schools or the chief executive officer of a community college.)