

Business Services

EXTERNAL PAYROLL AND FINANCE

DBUG: April 2025

Miscellaneous

Social Security Administration AIR(Annual Information Request)

- The Social Security Administration requires each LEA to designate an official to act on behalf of the state in administering the Section 218 agreements. The Annual Information Request needs to be completed each year as part of this.
- Each LEA will be charged a fee based on the number of employees at their organization
 - [Understanding State Social Security Fees](#)
 - [Social Security and Medicare Programs \(CalPERS\)](#)
 - [Official State Social Security Administrator of California Public Employers \(PDF\)](#)
- To see who the Social Security Administrator is for your LEA, log into CalPERS and go to:
 - The Profile Tab
 - Click under Menu on the left-hand side of the screen
 - Choose Divisions
 - Click into your School District or Charter
 - There will be contacts listed.
 - A contact may be named Social Security Administrator or if they have other roles you may have to click into the names to see who has the function.
 - The administrator will have social security checked under “Programs Supported”
 - If you do not show a Social Security Admin, please contact Maria Aguayo or Christy Arend to address this

State of California – Medi-Cal Checks

- Earlier this month a few State of California Medi-Cal checks bounced.
 - It seems the state used the incorrect routing number when creating the checks
 - We have notified the districts that deposited these checks to the county treasury.
 - Call 1-800-541-5555 if you run into this issue. They will re-issue the checks. They also recommend writing a letter to get the checks re-issued.
 - *For assistance with missing, lost or returned warrants write to:*
California MMIS Fiscal Intermediary
Attn: Cash Control
P.O. Box 13029
Sacramento, CA 95813-4029

Payroll

California Department of Child Support Services (DCSS)

- [Employment Verification](#)
- LEAs are required to complete and return the wage and insurance verification form upon receipt
- See below **reminder letter** from DCSS
- Flyer **attached** for upcoming webinars

Retirement

CalPERS Approves 2025-26 Employer Contribution Rate

- School Services of California Notice – See **Attached**
- CalPERS 2025-26 rate: 26.81%

Hiring CalPERS Retirees

- ❖ CalPERS **Employment of a Retiree** helpful resources
- ❖ CalPERS Retiree Checklist **attached**

CalPERS Service Credit Purchase Webinar

- Share webinar with CalPERS employees
- Available on YouTube – [Link Here](#)
- Document from webinar **attached** below

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



April 1, 2025

SUBJECT: EMPLOYER RESPONSIBILITIES UNDER CALIFORNIA FAMILY CODE
SECTION 17512

Dear Employer:

Child support agencies often ask you for information about your employees. Our program needs this information to establish, modify, and enforce child support orders. We recognize that employers are an important part of helping ensure children receive the support they deserve.

Some employers have been utilizing third-party providers to respond to requests for verification of employment, wage, and insurance. These employers frequently refer the requesting child support agency to these third-party providers to collect employees' employment, wage and insurance information. Many of these third-party providers charge the child support agencies for access to this information. **Effective May 1, 2025, California child support agencies will no longer pay for employment, wage, and insurance information from third-party providers. As a reminder, employers are legally required to provide this information directly to the requesting child support agency.**

You will be able to provide the necessary information with the [Wage and Insurance Verification form \(DCSS 0230\)](#) within the thirty (30) day timeframe of the date on the form. Employers will input the company's name, contact information, address(es), and Federal Employer Identification Number (FEIN) as well as the employee's status, wages/income, Social Security number, date of birth, address, health care coverage, and other information.

Completing and submitting the [Wage and Insurance Verification form \(DCSS 0230\)](#) will ensure you remain compliant with California law that mandates that employers provide relevant employment and income information about their employees and independent contractors to the child support agency for the purposes of establishing, modifying, or enforcing support obligations.¹

On behalf of all child support agencies throughout California, thank you for your continued partnership and cooperation in assisting the families of California to receive the support that they deserve.

Sincerely,

California Department of Child Support Services



CALIFORNIA

CHILD SUPPORT SERVICES

Employment Verification

Wage and Insurance Verification

Why you should attend this webinar:

The California Child Support Services recognizes the value employers provide to the child support program. As an employer, payroll, or human resource professional, it can get confusing keeping up with your roles and responsibilities. The Employer Verification form is necessary to assist us in determining employment status of a person paying support by your company. This webinar will help you understand how to complete the Wage and Insurance Verification form to stay compliant with California Family Code 17512, as well as provide important updates about Third Party Verification service providers. Your role helps support family self-sufficiency.

The Topics Include:

- California Family Code Section 17512
- Employer Responsibility
- Third Party Verification
- Wage and Insurance Verification form walkthrough

When:

May 2, 2025 @ 10am

[Join live event](#) (+1 916-535-0992) Conference ID: Conference ID: 526 786 012#

May 22, 2025 @ 1pm

[Join live event](#) (+1 916-535-0992) Conference ID: Conference ID: 114 780 319#

May 29, 2025 @ 10am

[Join live event](#) (+1 916-535-0992) Conference ID: Conference ID: 117 520 1#

Location: Virtual

Cost: Free



FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

CalPERS Approves 2025-26 Employer Contribution Rate

BY [MICHELLE MCKAY UNDERWOOD](#)

BY [TEDDI WENTWORTH](#)

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posted April 15, 2025

Yesterday, April 14, 2025, the California Public Employees' Retirement System (CalPERS) Board adopted the 2025-26 schools employer contribution rate at 26.81% and projects out-year rates as follows:

Fiscal Year	2026-27	2027-28	2028-29	2029-30	2030-31
Projected Rates	26.90%	27.80%	27.40%	27.00%	26.20%

The 2025-26 employer contribution rate is a decrease from the current-year rate of 27.05% while also coming in lower than previously projected in the June 30, 2023, annual valuation report.

The out-year projections will fluctuate based on actual future investment returns and other demographic changes. The 2025-26 rate will not change from here, and the next anticipated update to out-year estimates is expected fall 2025, after the release of the 2024-25 valuation report this summer. As such, school employers (including community colleges) should utilize these rates as they update their multiyear projections.

The CalPERS contribution rate for members subject to the Public Employees' Pension Reform Act (PEPRA) will remain at 8% for 2025-26, and the contribution rate for CalPERS members not subject to PEPRA (i.e., classic members) is set by statute and is currently 7% of salary. As of June 30, 2024, PEPRA members represented 67% of the total active population of the Schools Pool.

These new projected rates will be included in the May Revision edition of the School Services of California Inc. Financial Projection Dartboard.

EMPLOYMENT OF A RETIREE

Resources for Hiring Retirees

Refer to the following resources for specific employer guidelines:

- [Circular Letter 200-002-14 \(PDF\)](#), Post Service Retirement Employment Requirements
- [Employer Checklist for Hiring CalPERS Retirees \(PDF\)](#)
- [Circular Letter 200-053-16 \(PDF\)](#), Requirements for Working After Disability Retirement for a CalPERS Employer
- [Circular Letter 200-048-18 \(PDF\)](#), Enrolling and Reporting Retired Members
- [Circular Letter 200-054-19 \(PDF\)](#), Assembly Bill 672, Chapter 98 – Working After Disability/Industrial Disability Retirement
- [Circular Letter 200-038-15 \(PDF\)](#), Assembly Bill 1522 Healthy Workplaces, Healthy Families Act of 2014, AB 304 and Retired Annuitants

These resources are available on the [CalPERS](#) website.

Resources for Members & Retirees

Advise your retiring employees and retirees to educate themselves before seeking post-retirement employment by reading our member publication, [Employment After Retirement \(PUB 33\) \(PDF\)](#), available on the CalPERS **Forms & Publications** page on the CalPERS website. Or they can call **888 CalPERS** (or **888-225-7377**) to request publications by mail.

Government (Gov.) Codes

California retirement law and federal tax law provide specific restrictions for employment after retirement.

Gov. Code sections 7522.56, 7522.57, 21202, 21220, 21220.5, 21221(g), 21221(h), 21224, 21227, 21229, 21231, 21232, and 21233 provide the requirements for employment of a CalPERS retiree. Gov. Code section 7522.56 provides that a retired person shall not serve, be employed by,

or be employed through a contract directly by a public employer in the same public retirement system from which the retiree receives the benefit without reinstatement from retirement (i.e., termination of the retirement) except as permitted by this section.

Retired annuitant is our general term for a CalPERS retiree employed by a CalPERS employer under the authority of Gov. Code sections 7522.56, 21221(g), 21221(h), 21224, 21227, and 21229.

Civil Service Eligibility Requirement for Retired Annuitant Employment and Employment under Gov. Code section 21232

CalPERS service retirees can only be lawfully employed in retired annuitant compliant positions. CalPERS disability retirees can be lawfully employed in retired annuitant positions or upon CalPERS written pre-approval in permanent positions with certain restrictions.

A CalPERS retired state civil service employee may be appointed as a retired annuitant to a position that is either (a) in the class the person had permanent or probationary status or a career executive assignment appointment at the time of retirement or (b) in another class the person could have been permanently transferred, reinstated, or demoted to at the time of retirement.

A CalPERS retiree who is not retired from state civil service (i.e., retired from a CalPERS public agency or school employer or a retired state employee exempt from civil service) can only be appointed as a retired annuitant if they are either:

(a) Qualified for the appointment under other civil service provisions (e.g., emergency appointment, temporary authorization (TAU) appointment); or

(b) Eligible for the position on a civil service employment list

For more information on the civil service process, refer to the [CalHR Online Human Resources Manual](#) (section 1200 – Appointments) available on the [California Department of Human Resources \(CalHR\)](#) website.

Termination of Retirement Due to Unlawful Employment

Employers and retirees have equal responsibility to ensure any post-retirement employment is lawful. CalPERS service retirees can only be lawfully employed in retired annuitant compliant positions. CalPERS disability retirees can be lawfully employed in retired annuitant positions, or with a CalPERS written pre-approval be employed in permanent positions with certain restrictions.

Employment that violates any of the retired annuitant requirements or Gov. Code sections 21232 and 21233 requirements for disability/industrial disability retirees is unlawful employment. Unlawful employment results in reinstatement from retirement for the retiree (i.e., termination of the retiree's monthly retirement allowance and any other post-retirement benefit).

When reinstated for unlawful employment, the retiree is required to reimburse CalPERS for any retirement allowance received during the period of unlawful employment. Upon enrollment into active membership, the employee will pay member contributions plus interest to the employer for the period of unlawful employment. The employer will pay retroactive employer contributions plus interest and submit the member contributions, thereby crediting the employee with service credit for the period of unlawful employment.

Screen for Retirees When Hiring

When interviewing potential employees, the employer should ensure they lawfully hire CalPERS retirees with the following actions:

- Ask if the candidate is a CalPERS retiree and if so, to specify the type of retirement: service, disability, or industrial disability.
- If the candidate is a CalPERS service retiree and the position is not a retired annuitant position, inform the candidate that reinstatement from retirement (i.e., termination of CalPERS retirement and enrollment as an active employee) is required to be hired into the position. Refer to the publication [Reinstatement from Retirement \(PUB 37\) \(PDF\)](#) for the voluntary reinstatement process.

- If the candidate is a CalPERS disability/industrial disability retiree and the position is a retired annuitant position, ensure the job duties differ significantly from those required under the position from which the candidate retired. The position should not include duties or activities the candidate was previously restricted from performing at the time of their retirement. If the position is not a retired annuitant position, inform the candidate that a CalPERS written pre-approval must be obtained before being hired. Refer to the *Employment of a Disability/Industrial Disability Retiree* section in this guide for more information.

Retiree Wait Periods

To be eligible for employment as a retired annuitant, all retirees (both service and disability/industrial disability) must meet the following requirements to work for a CalPERS employer:

- A. The 60-calendar day bona fide separation in service requirement if younger than normal retirement age on retirement date
- B. The 180-day wait period requirement or an allowable exception

These requirements are further explained below.

For exceptions for CalSTRS covered positions or positions in any other public retirement system, refer to the *Employment in Other Public Retirement Systems* section in this guide.

Bona Fide Separation in Service Requirement

The bona fide separation in service is required of CalPERS by Internal Revenue Code tax regulations to maintain our federal tax-qualified status. The only exception to the 60-calendar day separation is when a declared emergency as provided in Gov. Code section 8558 requires the employment of the retiree (CCR sections 586-586.2 and Gov. Code section 21220.5). When the retiree is under normal retirement age on the retirement date, employment cannot begin, even if an exception to the 180-day wait period applies, unless both of the following conditions are met:

- There was no verbal or written agreement to return to work, either as a retired annuitant or in a position under Gov. Code section 21232, between the member and the employer before the member retired.
- There is a termination of employment (separation in service) for 60-calendar days between the retirement date and the date the retiree's employment will begin.

Normal retirement age is the age named in the member's retirement benefit formulas. For example, the normal retirement age for a 2% at 55 retirement benefit formula is 55. If the member has more than one retirement benefit formula, then the normal retirement age is the maximum normal retirement age up to age 62. This applies even if the service in that formula was with a previous CalPERS employer and/or several years prior. Members can view their retirement formulas on their myCalPERS account under Service Credit History located in the Retirement Summary section and on their most current Annual Member Statement.

Example 1: Joe Smith is a local miscellaneous member who retired June 30, 2012, at age 52. His retirement benefit formula is 2% at 55. Because he has not reached his normal retirement age of 55, he must have a bona fide separation in service.

Example 2: Joe Smith is a current local miscellaneous member. His two retirement benefit formulas are 2% at 60 and 2% at 55. The normal retirement age for Joe is the maximum normal retirement age of 60, not 55. If Joe retires prior to age 60, he must have a bona fide separation in service.

If the retiree has reached their normal retirement age, the bona fide separation is not required. The normal retirement age is displayed in myCalPERS for employers and in the member's myCalPERS account.

180-Day Wait Period Requirement

All employees whose post-retirement employment begins January 1, 2013, or later must serve a 180-day wait period between their retirement date and their first day of post-retirement employment. Certain exceptions to this wait period are identified as follows:

NOTE:

None of the following exceptions apply if the retiree receives a Golden Handshake or any other retirement incentive (Gov. Code section 7522.56(g)).

180-Day Wait Period Exceptions

The exceptions to the 180-day wait period are:

- **Firefighter or Public Safety Officer:** The person retired as a firefighter or public safety officer as defined in Gov. Code section 3301 (peace officer) and will perform firefighter or public safety officer retired annuitant work (Gov. Code section 7522.56(f)(4) and CCR section 579.25).
- **Employer Resolution Certification:** The governing body of a public agency, or for school employers the governing body of either the district or the County Office of Education, must present CalPERS with a resolution, passed in a public meeting, that approves the appointment. The employer resolution certifies in writing the nature of the employment and the appointment is necessary to fill a critically needed position before 180 days has passed. This resolution may not be placed on a consent calendar.

Sample 180-Day Exception Resolutions:

To secure a 180-day wait period exception, the employer must submit the resolution certification package (refer to submission instructions and links to sample resolutions below) and a copy of the retiree's employment agreement or personnel appointment document to CalPERS **before** the first day of employment.

- [180-Day Wait Period Exception Sample Resolution Public Agencies \(PDF\)](#)
- [180-Day Wait Period Exception Sample Resolution Schools \(PDF\)](#)

For service retirees, submit documents by one of the following:

Fax: (916) 795-4166

Email:

Working_After_Retirement@calpers.ca.gov

Mail:

CalPERS

c/o Membership & Post-Retirement Employment Determinations Team

Employer Account Management Division

PO Box 942709

Sacramento, CA 94229-2709

Service Retirement vs. Disability/Industrial Disability Retirement

Service Retirement

A CalPERS service retiree may work for a CalPERS employer (i.e., an employer who contracts with CalPERS for retirement benefits, or state agencies) in a retired annuitant position. If a service retiree is appointed to a permanent regular staff position, regardless of whether part time or full time, they are unlawfully employed and subject to termination of retirement (i.e., reinstatement from retirement). Refer to the *Termination of Retirement Due to Unlawful Employment* section in this guide for more information.

Disability/Industrial Disability Retirement

A CalPERS disability/industrial disability retiree may work for a CalPERS employer (i.e., an employer who contracts with CalPERS for retirement benefits, or state agencies) in a retired annuitant position or in a permanent position with certain restrictions. A retired annuitant position does not require a CalPERS written pre-approval. However, disability retirees cannot be employed in the same position from which they retired or in a position which includes duties or activities they were restricted from performing at the time of their disability retirement.

A CalPERS written pre-approval is required for working in a permanent position (full time or part time) for a CalPERS employer. Refer to the *Employment of a Disability/Industrial Disability Retiree* section in this guide for more information.

Retired Annuitant Employment Requirements for All Retirees

For all retirees, a CalPERS written pre-approval is not required for appointment to retired annuitant positions. There are two types of retired annuitant appointments for public agency and school employers: extra help and vacant position. The retired annuitant employment requirements are the same for both with additional requirements for the vacant position appointment type. The retired annuitant requirements are:

- Limited Duration Work:** The retiree has the skills needed to perform work of limited duration or the employment is needed during an emergency (e.g., floods, earthquakes, etc.) to prevent stoppage of public business. While these workloads may last more than one fiscal year the employment should terminate when the limited duration work the retiree is hired to perform is completed. Limited duration work examples include work to eliminate a backlog, work on a special project, and work that is in excess of what regular staff can do. Employers should be able to describe the work of limited duration the retiree is being hired to complete and provide a projected timeline for completing of that work, after which the retired annuitant will be separated from the appointment.
- Extra Help Positions Only:** Retirees must be employed in a designated retired annuitant extra help position. They may not be employed in a regular staff position. This would include seasonal, permanent intermittent, part time, exempt from membership, TAU, or any other temporary position even if it is on an interim basis.
- Interim Leave of Absence:** A retiree can be employed by a contracted public agency to be available because of a leave of absence granted to a person on payroll status for a period not to exceed one year. These positions must be accompanied by a resolution from the governing body in accordance with the requirements defined by Gov. Code 21221(g).

- **960-Hour Fiscal Year Limit:** A retired annuitant can work no more than 960 hours in a fiscal year (July 1 – June 30), for employment with all CalPERS employers combined. There is no exception to this limit. The retiree and employer have equal responsibility to track the hours worked.
 - A CSU academic retiree may be employed in any fiscal year as a member of the CSU academic staff in a retired annuitant position not to exceed 960 hours for all employers or 50% of the hours the member was employed during the last fiscal year of service prior to retirement whichever is less (Gov. Code sections 7522.56 and 21227).
- **Pay Rate Only Compensation:** The retired annuitant position cannot be less than the minimum or exceed the maximum monthly base salary paid to other employees performing comparable duties listed on the employer's publicly available pay schedule. To derive the hourly rate, divide the monthly salary by 173.333.
- **No Benefits/Other Compensation:** The retiree cannot receive any benefit, incentive, compensation in lieu of benefits, or other form of compensation in addition to the hourly pay rate. Overtime pay is allowed as is required by the Federal Fair Labor Standards Act. Additional compensation such as, but not limited to, sick leave, holiday pay, shift differential pay, and education incentive pay is not allowed. The retiree can only receive the hourly pay rate. **There are no exceptions.**
- **No Retirement Contributions:** No retirement contributions are collected or paid for employed retirees. Only active members pay contributions (Gov. Code sections 7522.56 and 21224).
- **Enrollment:** All retirees hired as retired annuitants must be enrolled in myCalPERS. If an employer fails to enroll a retired member employed at their agency without reinstatement within 30 days of the effective date of hire, a \$200 fee may be assessed per retired member per month until the retired member's appointment is enrolled (Gov. Code section 21220(d)).
 - These fees apply to appointments beginning July 1, 2018, or later. These fees shall not be passed on to the employee.
- **Payroll Reporting:** The hours and pay rate for retired annuitant appointments must be reported in myCalPERS. If an employer fails to report the pay rate and number of hours worked for a retired member employed at their agency without reinstatement, within 30 days of the last day of the pay period in which the retired member worked, a \$200 fee may be assessed per retired member per month until the information is reported. Refer to the *Payroll Reporting, Retired Annuitants* section in this guide for more information (Gov. Code section 21220(e)).
 - These fees apply to appointments beginning July 1, 2018, or later. These fees shall not be passed on to the employee.
- **Interim Vacant Position Appointments:** All retired annuitant requirements also apply to vacant position appointments. A retiree can only be appointed once as an interim employee by the governing body of a contracted public agency to a vacant position during the recruitment for a permanent replacement. The search for a permanent appointment authorized by the governing body must be active and in place before the retiree is appointed (Gov. Code sections 7522.56 and 21221(h)).
 - While not required for retirees who have passed the 180-day wait period, we recommend having a resolution for retirees in vacant position appointments as evidence of compliance with the vacant position restrictions. Refer to the sample resolution:
 - [Sample Resolution for Hiring a Retiree in an Interim Appointment \(PDF\)](#)

Unemployment Insurance Benefits & Retired Annuitant Employment

California law prohibits the reappointment of a retired annuitant by a CalPERS employer if, during the 12-month period prior to reappointment, the retiree received unemployment insurance compensation for prior retired annuitant employment with any public employer.

- A retiree shall certify in writing to the employer upon accepting an offer of post-retirement employment that they are in compliance with this requirement.
- Employers may require retirees provide a current Unemployment Insurance Benefit (UIB) printout from the Employment Development Department (EDD) indicating whether they have collected unemployment insurance within the last 12 months to verify compliance.
- The [Authorization for Release of Unemployment Insurance Records for Retired Annuitant \(DE 1181\) \(PDF\)](#) can be downloaded from the Employment Development Department (EDD) website at www.edd.ca.gov.

If a currently employed retiree is discovered to have received unemployment insurance compensation based on prior retired annuitant employment, with a CalPERS employer, the current employment must be terminated on the last day of the current pay period and the retiree shall not be eligible for reappointment by a CalPERS employer for 12 months following the termination of the current employment. A violation of this provision will not result in reinstatement from retirement (Gov. Code sections 7522.56(e) and 21224).

Special Appointments – Retired Annuitant Requirements Do Not Apply

- **Elected and Appointed Officers:** As authorized by Gov. Code section 21231 (previously Gov. Code sections 21221(d) and 21222), a CalPERS retiree may serve in an elected or appointed office while retired. However, if all or part of the retiree's retirement allowance is based on service

credit in that office, the portion of the retirement allowance based on that service credit is suspended during the retiree's time in office. The PERL requires the employer to immediately inform CalPERS of the appointment of any CalPERS retiree into an elective or appointed office. To notify CalPERS, the employer must complete the Elective Officer Retiree Certification (CalPERS 6203) form and send to Working_After_Retirement@calpers.ca.gov immediately upon the retiree taking office. When the retiree leaves the office, their allowance is unsuspended prospectively. Elected and appointed officers authorized by Gov. Code section 21231 do not have to be enrolled into myCalPERS.

- An elected or appointed officer, who has elected membership for their current term, may not retire mid-term and continue to serve in the elected or appointed position. The retiree must separate from this service prior to retiring. An elected or appointed officer may separate prior to being re-elected and then begin their next term after retirement. However, if the retiree retires under their normal retirement age, then the retiree needs a bona fide separation from service. Refer to the *Bona Fide Separation in Service Retirement* section in this guide for more information.

- **Full-Time State Board or Commission:** A CalPERS retiree may be appointed to serve on a full-time salaried state board or commission. The retiree may serve without reinstatement from retirement as a non-salaried member and receive only the per diem authorized to all members of the board or commission. If the retiree accepts the salary, the retiree must reinstate from retirement (Gov. Code section 7522.57(c)).
- **Part-Time State Board or Commission:** A CalPERS retiree may be appointed to serve on a part-time state board or commission provided the annual salary is no more than \$60,000. This annual salary shall only be increased in any fiscal year in which a general salary increase is provided to state employees (Gov. Code section 7522.57(b)).

- **Full-Time State Board or Commission, Not a CalPERS Retiree:** A retiree from a public pension system other than CalPERS appointed to a full-time salaried board or commission shall choose one of the following:
 - The retiree may serve without reinstatement from retirement as a non-salaried member and receive only the per diem authorized to all members of the board or commission.
 - The retiree may suspend their retirement allowance(s) and reinstate as a new member of CalPERS to serve as a full-time salaried board or commission member. This service shall not be eligible for reciprocity with any other retirement system or plan (Gov. Code section 7522.57(d)).
- **State Board of Parole Hearings:** A retiree from a public employer may serve without reinstatement from retirement upon appointment as a full-time member of the Board of Parole Hearings. This appointment is made by the governor and requires confirmation from the California Senate (Penal Code section 5075 and Gov. Code section 7522.57(e)).

Independent Contractor Employment – Independent Contractor, Consultant, or Third-Party Employee

Before employing a retiree as an independent contractor, consultant, or third-party employee, refer to the *Positions Excluded from CalPERS Coverage, Independent Contractor* section in this guide and note the following:

- “Independent contractors” are **not** employees and are excluded from CalPERS membership by Gov. Code section 20300(b). An independent contractor is someone who contracts to provide a service or complete a task according to their own methods and is not subject to the contracting entity’s control as to the end product, final result of work, or manner and means by which the work is performed. CalPERS uses the common law control test as a guide to determine independent contractor status. The common law control test factors are enunciated in the

case of *Albert B. Tieberg v. Unemployment Insurance Board* (1970) 2 Cal.3d 943, 949. These factors are also cited in the [CalPERS Precedential Decision No. 05-01 \(PDF\)](#), in the Matter of the Application for CalPERS membership credit by Lee Neidengard, Respondent and Tri-Counties Association for the Developmentally Disabled, Respondent. A contract employee (i.e., a common law employee who periodically signs an employment contract) is eligible for CalPERS membership, if otherwise qualified.

- If the retiree will be your employee under common law employment principles (i.e., there is an employer-employee relationship), the employment is subject to the retired annuitant requirements including any pay rate requirements the post-retirement employment laws impose. The pay rate being paid to the retiree must be within the range of those employees performing comparable duties.
- Statutory positions (i.e., positions that are employees by statute) cannot be filled by an independent contractor, consultant, or third-party employee. Examples are city mayor, police chief and fire chief.

Contact CalPERS at **888 CalPERS** (or **888-225-7377**) to request the Independent Contractor Checklist package.

If you would like a review of your proposed independent contractor service agreement, email the complete agreement to the [Working After Retirement](#) mailbox.

Employment Through a Third-Party Employer (All Retirees)

Before employing a retiree through a third-party employer, temporary employment agency, or through the retiree’s own business entity, refer to the *Positions Excluded from CalPERS Coverage, Independent Contractors* section in this guide and note the following:

- The fact a third-party employer pays the retiree’s wages or salary does not exempt the employment from the retired annuitant requirements.

- If the retiree will be your employee under common law employment principles (i.e., there is an employer-employee relationship), the employment is subject to the retired annuitant requirements.
- Statutory positions (i.e., positions that are employees by statute) cannot be filled by employees of a third-party employer. Examples are city mayor, police chief and fire chief.
- Payroll reporting: If a retiree hired through a third-party employer qualifies as a retired annuitant, the retiree must be enrolled as a retired annuitant with CalPERS. You must also obtain the pay rate and hours worked from the third party and report that payroll the same as for your directly employed retired annuitants.

Contact CalPERS at **888 CalPERS** (or **888-225-7377**) to request the Independent Contractor Checklist package.

If you would like a review of your proposed independent contractor service agreement, email the complete agreement to the [Working After Retirement](#) mailbox.

Employment in Other Public Retirement Systems

Service retirees can be employed in positions that qualify for membership in any other public retirement system without terminating their CalPERS retirement.

Disability retirees can work for an employer in a different retirement system and continue to receive their CalPERS retirement allowance with the following restrictions:

- The employment must be in a position significantly different from the one from which the retiree retired. The position should not include duties or activities they were previously restricted from performing at the time of their retirement.
- If the retiree is a disability retiree under the minimum service retirement age, their retirement benefit will be subject to an earnings limit. They are required to report their employment earnings to CalPERS on an

annual basis. The total employer-paid portion of their monthly retirement allowance and new earnings cannot be greater than the current compensation of the position from which they retired. If the total is greater, their retirement allowance will be reduced.

- Contact us at **888 CalPERS** (or **888-225-7377**) to request a **Disability Retiree's Report of Earnings** form.

- If the retiree is an industrial disability retiree, their retirement allowance is not subject to an earnings limit, even if they are under the minimum service retirement age.
- If the retiree is under the service retirement age and is determined to be performing duties similar to those from which they were previously found disabled, CalPERS can re-evaluate their medical condition to determine whether they should be reinstated from retirement back into their former position.

A retiree's disability retirement requires them to inform CalPERS immediately if they are no longer incapacitated or if they are currently employed in a position similar to the job they retired from.

Employment in CalSTRS Certificated Positions

Upon clarification by the Department of Finance and the appropriate legislative committee analysts of the legislative intent of PEPRAs Gov. Code section 7522.56, Conditions and Limitations on Service After Retirement, CalPERS will no longer interpret this section to prohibit CalPERS retirees from accepting CalSTRS covered certificated positions or positions in any other public retirement system. Given this, no new statute or amendment to Gov. Code section 7522.56 is required to allow for the lawful employment of CalPERS retirees in CalSTRS covered certificated positions or positions in any other public retirement system. The 180-day wait period and bona fide separation requirements do not apply to CalSTRS covered certificated positions or positions in any other public retirement system.

CalPERS retirees cannot elect CalSTRS membership for CalPERS-covered classified positions per Gov. Code section 20309, which only applies to active CalPERS members.

Employment in JRS II or LRS

For information about employment in positions that qualify for membership in the Judges' Retirement System II (JRS II) or the Legislators' Retirement System (LRS), contact the Judges' and Legislators' Retirement Systems at **(916) 795-3688**.

Private Sector Employment After Retirement

Service retirees can work for a private industry employer not associated with any CalPERS employer without restrictions and continue to receive their retirement allowance.

Disability retirees can work for a private industry employer not associated with any CalPERS employer and continue to receive their CalPERS retirement allowance with the following restrictions:

- The retiree's employment must be in a position significantly different from the one from which they retired. The position should not include duties or activities they were previously restricted from performing at the time of their retirement.
- If the retiree is a disability retiree under the minimum service retirement age, their retirement benefit will be subject to an earnings limit. They are required to report their employment earnings to CalPERS on an annual basis. The total employer paid portion of their monthly retirement allowance and their new earnings cannot be greater than the current compensation of the position from which they retired. If the total is greater, their retirement allowance will be reduced.
 - Contact us at **888 CalPERS** (or **888-225-7377**) to request a **Disability Retiree's Report of Earnings** form.
- If the retiree is an industrial disability retiree, their retirement allowance is not subject to an earnings limit, even if they are under the minimum service retirement age (Gov. Code section 21432).
- If the retiree is under the service retirement age and is determined to be performing duties similar to those from which they were previously found disabled, CalPERS can re-evaluate their medical condition to determine whether they should be reinstated from retirement back into their former position.

A retiree's disability retirement requires the retiree to inform CalPERS immediately if they are no longer incapacitated or if they are currently employed in a position similar to the job they retired from.

Employment of a Disability/Industrial Disability Retiree

To be eligible for employment in a permanent position (full time or part time) while receiving a disability/industrial disability retirement allowance, a disability/industrial disability retiree must first meet the following requirements:

- A. The bona fide separation requirement, if applicable.
- B. The 180-day wait period requirement or an allowable exception, if applicable.
- C. No receipt of unemployment insurance payments for previous retired annuitant employment 12 months before the appointment.

NOTE:
State Employer Civil Service Eligibility is a requirement for employment with a state agency employer.

A CalPERS written pre-approval is required for working in a permanent position (including permanent part time and full time) without reinstatement. Such employment cannot begin prior to the board's approval and must meet the requirements in Gov. Code section 21232. Violation of any of these requirements will result in reinstatement from disability/industrial disability retirement and the member's retirement benefits will be terminated (Gov. Code sections 21202 and 21220).

A disability/industrial disability retiree cannot be concurrently employed in a permanent position under Gov. Code section 21232 and employed in a retired annuitant position.

Gov. Code section 21232 states, "On and after January 1, 2013, a person who has retired for disability and has not attained the mandatory age for retirement for persons in the employment in which they will be employed, and whom the board finds is not disabled for that employment, may be so employed by any employer without

reinstatement from retirement **if the position is not the position from which this person retired or a position in the same member classification.** The person's disability retirement pension shall be reduced during this employment to an amount that, when added to the compensation received, equals the maximum compensation earnable by a person holding the position that they held at the time of retirement. This employment shall terminate upon the person's attainment of the mandatory retirement age for persons in that employment. **A person employed under this section shall not be concurrently employed under this article."**

To request re-employment approval:

1. The retiree is required to review [A Guide to CalPERS Employment After Retirement \(PUB 33\) \(PDF\)](#) for information and requirements regarding working while receiving disability/industrial disability retirement benefits before applying.
2. The retiree completes and signs Section 1 of the [Request to Work While Receiving Disability/Industrial Disability Retirement Benefits \(PERS07M0044DMC\) \(PDF\)](#) form.
3. The prospective employer completes Section 2 of the request form, stating their intent to hire the retiree upon CalPERS approval. Attach a copy of the current job duty statement and a completed and signed [Physical Requirements of Position/Occupational Title \(PERS01M005DMC\) \(PDF\)](#) form for the position which the retiree is requesting to work.
4. The retiree must schedule an appointment with a specialist for the disabling condition(s) that precluded them from working and provide the specialist with a copy of the position duty statement and the completed [Physical Requirements of Position/Occupational Title \(PERS01M005DMC\) \(PDF\)](#) form.
5. The retiree must provide CalPERS with a medical report on appropriate letterhead from the specialist visited. The report must include the following information:
 - Retiree's name and the date of the most recent examination

- Condition and body part for which the retiree is being examined
 - Confirmation that the specialist reviewed and discussed with the retiree the position duty statement (by title) and the [Physical Requirements of Position/Occupational Title \(PERS01M005DMC\) \(PDF\)](#) form
 - Whether or not the retiree has any limitations or restrictions to performing all tasks involved
 - Specific details explaining the restrictions if any
 - Specialist's signature printed name, medical specialty, and contact information
6. CalPERS may require an independent medical evaluation to supplement the doctor's report. If so, CalPERS will select the physician, schedule the appointment, and pay for the examination (Gov. Code section 20129).

Additional Medical Reports from Local Safety Members

If the retiree retired for disability or industrial disability from a public agency local safety position, the retiree must also submit the medical documentation used at the time of their retirement identifying the approved disabling condition(s), body part(s), and restrictions placed upon them to CalPERS.

Upon approval of the re-employment, the employer is required to enroll the retiree in myCalPERS and report the retiree's payroll. No retirement contributions are collected or paid for employed retirees. Only active members pay contributions.

The retiree will be required to submit a copy of their W-2 tax form to CalPERS annually in January, as the disability/industrial disability retirement pension is subject to an earnings limit for as long as the employment continues (Gov. Code section 21232).

If the retiree has a position change (i.e., promotion, demotion, lateral transfer, reclassification, job location change, restart of a previously approved position, or changes to a different employer), a new re-employment

approval must be obtained prior to the position change, or the retiree may be subject to retroactive reinstatement from disability/industrial disability retirement and be liable for reimbursement of any retirement allowance paid.

REINSTATEMENT FROM RETIREMENT

Public Employees' Pension Reform Act (PEPRA) of 2013

Employees who reinstate from retirement on or after January 1, 2013, with the **same** employer from which they retired would be entitled to the retirement formula that was in effect on December 31, 2012 (Gov. Code sections 7522.02 and 7522.04).

NOTE:

All state agencies, including CSU, are treated as a single employer under PEPRA. Additionally, all school employers are treated as a single employer.

However, such employees who reinstate from retirement with an employer which the employee has not previously worked under may be enrolled into one of the new retirement formulas depending on whether or not they are considered a new member under PEPRA.

NOTE:

Refer to the *Membership* chapter in this guide for the definition of a new PEPRA member.

If you wish to hire a service retiree in a permanent position, whether full time or part time, the service retiree must reinstate from retirement into active CalPERS membership (Gov. Code section 21196). A service retiree does not need approval prior to beginning active employment. However, to avoid an overpayment of retirement benefits and prevent payroll reporting problems for the employer, it is important to submit the Reinstatement from Service Retirement Application (PERS-BSD-145) in a timely manner. The application is enclosed in the [Reinstatement From Retirement \(PUB 37\) \(PDF\)](#) publication.

If a disability/industrial disability retiree wants to reinstate to a permanent position, whether full time or part time, they must obtain a CalPERS written pre-approval for reinstatement prior to being hired as a regular employee (Gov. Code sections 21191, 21192, and 21193). Violation of this requirement will result in reinstatement from disability/industrial disability retirement, (i.e., termination of retirement), and may impact the retiree's future re-retirement benefits, such as losing the benefit stated under Gov. Code section 21197.

The [Reinstatement From Retirement \(PUB 37\) \(PDF\)](#) includes the reinstatement applications for retired members on service, disability, or industrial disability retirement as well as information about the voluntary reinstatement process, mandatory reinstatement, and other consequences of unlawful employment. The publication is available on the **Forms & Publications** page on the [CalPERS](#) website at www.calpers.ca.gov or by calling **888 CalPERS (888-225-7377)**.

Be aware that reinstatement to an employer other than the one the member retired from, could result in the loss of the previous retirement benefits. The retiree should contact the new employer's personnel office and clarify any questions they have about health and dental benefits, vision care, and death benefits available to that employer's employees and retirees before reinstating. A previous Golden Handshake is permanently lost upon reinstatement with any employer.

Reinstatement from retirement affects the Cost-of-Living Adjustment (COLA) benefits the member will be entitled to receive in the future. The annual COLA increase will begin in the second calendar year after re-retirement. COLAs are determined based upon the year in which the member retires. Reinstatement will change the base year of the future retirement and will therefore also change the date the member will be entitled to begin receiving future COLAs (Gov. Code sections 21310.5, 21311, and 21313).

To retire again following reinstatement (re-retire), the member must submit a new application for retirement. The member should contact their employer's personnel office or CalPERS prior to retirement to obtain the correct application document(s).

Service Retirement

The board, pursuant to the provisions of Gov. Code section 21196, may reinstate a person who has been retired from CalPERS for service upon:

1. CalPERS' written receipt of the completed [Reinstatement from Service Retirement Application \(PERS-BSD-145\) \(PDF\)](#). This form is enclosed in the [Reinstatement from Retirement \(PUB 37\) \(PDF\)](#) publication.
2. The retiree is responsible for completing Sections 1 and 3. Section 2 must be completed by a human resource or personnel representative of the employer certifying the start date or hire date of the permanent position.

A person who has been retired from CalPERS for service, following an involuntary termination of the person's employment, and who is subsequently reinstated to such employment by action on or after October 1, 1965, pursuant to an administrative or judicial proceeding, shall be returned to employment status for the period specified by the judgment. The requirements of Gov. Code section 21196 shall not apply in this case (Gov. Code section 21198).

A person who has been retired from CalPERS for service may be reinstated from retirement pursuant to this article without regard to the requirements of Gov. Code section 21196, upon the retiree's application to CalPERS, if upon reinstatement, the retiree will be appointed by the governor to any state office or employment (Gov. Code section 21199).

When a person is reinstated from retirement, the retirement allowance is cancelled, and the retiree becomes a member of CalPERS as of the date of reinstatement. The retiree's individual account shall be credited with the actuarial equivalent of the retiree's annuity at the date of reinstatement, not to exceed the amount of accumulated contributions at the date of retirement (Gov. Code section 21200).

Disability/Industrial Disability Retirement (Gov. Code sections 21191, 21192, 21193, and 21201)

A disability/industrial disability retiree may request approval from CalPERS to reinstate to another CalPERS-covered position.

The board may require any retiree receiving a disability/industrial disability retirement allowance, under the minimum age for voluntary retirement for service, to undergo a medical examination for the approved disabling condition(s). If the board determines that such recipient is not incapacitated for duty, the agency shall be notified that such person is eligible for reinstatement to duty. The fact that the retiree was retired for disability/industrial disability does not prejudice any right to reinstatement to duty, which the retiree may claim. The retiree's disability/industrial disability retirement allowance will be cancelled on the effective date of the employer's job offer (Gov. Code sections 21192 and 21193).

Any retiree may request approval from CalPERS to reinstate, whereby the retirement allowance is cancelled, and the retiree resumes active member status, including earning additional service credit towards their subsequent retirement. Upon a disability retiree's application for reinstatement, the board may require the retiree, who is at least six months less than the age of compulsory retirement for service applicable to members of the class or category in which the retiree is applying for, to undergo a medical examination for the approved disabling condition(s) (Gov. Code sections 21192 and 21193).

A CSU retiree has reinstatement rights to the retired position. If the retiree requests approval to reinstate into a different position or with a different employer other than the one they retired from, it will be determined whether the retiree can perform all the duties for either the retired position or the new position. If the retiree is still disabled for the retired position and not disabled for the new position, they still have reinstatement rights to the retired position. If the retiree is not disabled for either of the positions, they have the right to reinstate to the retired position. However, if the retiree decides to reinstate to the new position, they will lose the reinstatement rights to the retired position (Gov. Code section 21193).

To request approval:

- The prospective employer and retiree must complete Sections 1 and 2 of the [Reinstatement from Disability/Industrial Disability Retirement Application \(PERS01M0036DMC\) \(PDF\)](#) found in the [Reinstatement From Retirement \(PUB 37\) \(PDF\)](#). Refer to the *Additional Information for Industrial Disability* section in this guide for more information.
 - If the retiree is requesting reinstatement into a different position from which they retired, the prospective employer must complete Section 3 stating their intent to hire the retiree upon CalPERS approval (Gov. Code sections 21192 and 21193).
 - The employer provides a current job duty statement for the position and a completed and signed [Physical Requirements of Position/Occupational Title \(PERS01M0050DMC\) \(PDF\)](#) form to the retiree. If the retiree retired from CSU for disability/industrial disability and is requesting reinstatement into a different position from which they retired, or reinstatement with a different employer, the retiree will need to obtain a current job duty statement and a completed and signed [Physical Requirements of Position/Occupational Title \(PERS01M0050DMC\) \(PDF\)](#) form for the retired position from the former employer.
 - The retiree must schedule an appointment with a specialist for the disabling condition(s) that precluded them from working and provide the specialist with a copy of the position duty statement and the completed [Physical Requirements of Position/Occupational Title \(PERS01M0050DMC\) \(PDF\)](#) form.
 - If the retiree is requesting reinstatement to their retired position or the retiree did **not** retire with CSU and wants to reinstate to a different position or with a different employer, the specialist(s) must include in the medical report the following pertinent information in the medical report on appropriate letterhead:
 - The retiree's name and the date of the most recent examination.
 - The retiree's current diagnosis.
- Confirmation that the specialist(s) reviewed and discussed with the retiree the position duty statement (by title) and the [Physical Requirements of Position/Occupational Title \(PERS01M0050DMC\) \(PDF\)](#) form.
 - A statement as to whether the retiree is presently capable of performing all tasks involved for the position with or without restrictions or limitations.
 - Any restrictions or limitations, including specific details about the restrictions for the former position.
 - The specialist's signature, printed name, medical specialty, and contact information.
- If the retiree retired for disability/industrial disability with the CSU and is requesting reinstatement to a different position or with a different employer, the specialist(s) must include in the medical report the following pertinent information in the medical report on appropriate letterhead (Gov. Code sections 21192 and 21193):
 - The retiree's name and the date of the most recent examination.
 - The retiree's current diagnosis.
 - Confirmation that the specialist(s) reviewed and discussed with the retiree the position duty statement (by title) and the [Physical Requirement of Position/Occupational Title \(PERS01M0050DMC\) \(PDF\)](#) form for both the position they retired from and the new position they have applied for.
 - A statement as to whether the retiree is presently capable of performing all tasks involved for either of these positions with or without restrictions or limitations.
 - Any restrictions or limitations, including specific details about the restrictions for both positions.
 - The specialist's signature, printed name, medical specialty, and contact information.

CalPERS may require an independent medical evaluation to supplement the doctor's report. If so, CalPERS will select the physician, schedule the appointment, and pay for the examination (Gov. Code 20129).

If the retiree whose disability/industrial disability retirement has been cancelled does not re-enter CalPERS-covered employment, an amount which is the actuarial equivalent of the retiree's annuity at cancellation shall be credited to the individual account and shall be refunded unless the retiree is eligible to elect, and does elect, to allow their accumulated contributions to remain in the retirement fund (Gov. Code section 21172).

Additional Information for Industrial Disability

For reinstatement from industrial disability to a miscellaneous position with a CalPERS-covered employer only, the retiree must also:

- Check the box in Section 1.

The prospective employer must:

- Complete Section 3 stating their intent to hire the retiree upon CalPERS approval (Gov. Code sections 21192 and 21193).

When the member retires again, the industrial benefit pays the higher of:

- 50% of the member's highest consecutive 12-month or 36-month average monthly salary. An additional annuity may be paid if the member has contributions associated with non-safety service.
- A service retirement allowance, if the member qualifies for service retirement, **or** if under age 50, an actuarially reduced age factor (determined by the member's retirement formula and how many quarter years under age 50) multiplied by the number of years of service credit (Gov. Code sections 21197 and 21201).

Upon subsequent retirement, the retiree's allowance will be recalculated based on the average of the highest pay rate and special compensation during any consecutive 12- or 36-month period depending upon membership date using the same benefit formula for industrial disability and adding an annuity for the additional time worked after reinstatement. If the retiree is eligible for a service retirement after the miscellaneous employment, the retiree may

receive whichever allowance is greater, but will retain the industrial disability retirement classification (Gov. Code sections 21197 and 21201).

NOTE:

If the member's industrial disability benefit was based on classic salaries, and the member becomes subject to PEPRA in the new miscellaneous position, the member's PEPRA salaries cannot be used toward their classic service.

If the CSU retiree is found to be no longer incapacitated from performance of the job duties of their retired position due to their approved disabling condition(s), they have the right to reinstate to their retired position. If the retiree chooses to continue working in the miscellaneous position, they will lose their mandatory reinstatement rights to the retired position. In addition, the retiree will no longer be covered under Gov. Code section 21201 when they stop working. The retiree will not be entitled to resume an industrial disability retirement allowance using the salaries earned under the miscellaneous position (Gov. Code section 21193).

Local Safety Members

If the retiree retired from disability/industrial disability from a public agency local safety position and is requesting reinstatement to any public agency (local safety or state safety) position, the retiree must submit the initial application for reinstatement to the agency from which they retired. That agency will determine the retiree's eligibility for reinstatement.

If the retiree is reinstating into a CalPERS-covered miscellaneous position, the retiree must submit to CalPERS all the above required documents along with the medical documentation used at the time of their retirement identifying the restrictions placed upon them, and a duty statement for the position describing the position they held when they became disabled.

NOTE:

If a retiring employee or retiree expresses an interest in working for a state agency employer after retirement, advise the employee or retiree that civil service eligibility is required for a state agency. Refer to CalHR for information on how to obtain civil service eligibility.

CALPERS RETIRED ANNUITANT HIRING PACKET

CalPERS Retired Annuitants cannot be hired into permanent or regular staff positions without reinstatement from retirement. They may be hired into limited duration retired annuitant-designated positions only to prevent stoppage of public business. A retiree is limited to working a maximum of 960 hours per fiscal year for ALL CalPERS employers.

RETIRED ANNUITANT INFORMATION

Name _____
CalPERS ID _____
Retirement Date _____ School District _____

180-Day Wait Period

- *Must be fulfilled or the school must provide documentation the appointment was approved by the governing body of the employer in a public meeting; the appointment must not be placed on a consent calendar.*

Did the retired annuitant complete the 180-Day Wait Period? Yes No

If the retired annuitant has not completed the 180-Day wait period, does the employer have an approved resolution completed by the governing body? Yes No

Was the resolution approved during a public meeting as an action item and not on a consent calendar? Yes No

Bona Fide Separation

This can be completed concurrently with the 180-day wait period. This rule applies to retired annuitants who retire below their “normal retirement age.” For example, if a member’s retired annuitant formula is 2% @ 62, the retired annuitant’s “normal retirement age” is 62; if their benefit formula is 2.5% @ 55, their “normal retirement age” is 55. Retirees who retire under their normal retirement age cannot be appointed to a retired annuitant appointment unless the below conditions are met:

- *The retiree has been separated from employment for 60 calendar days between their retirement date and the start date of a retired annuitant appointment.*
- *There was no verbal or written agreement to return to work between the employer and retired annuitant prior to the retiree’s retirement date.*

Did the retired annuitant retire under their normal retirement age? Yes No

Was there a verbal or written agreement between the school and retired annuitant to return to work prior to the retiree’s retirement date? Yes No

Did the retired annuitant complete the 60-day wait period? Yes No

RETIRED ANNUITANT POSITION INFORMATION

Position Title _____
Hourly Pay Rate _____
Is the pay rate within the wage range stated in the publicly available salary schedule for this position? Yes No
Is the salary schedule publicly available on your website? (required) Yes No
Start Date _____ End Date _____

DUTY STATEMENT

What duties will the Retired Annuitant perform? Retired Annuitants should only be hired as extra help.

JUSTIFICATION STATEMENT

Please describe how this work fills a critical need (e.g., elimination of backlog, special project, or help with work in excess of what normal staff can complete). What special skills does the Retired Annuitant have to fulfill the duties of the project?

DOCUMENTATION CHECKLIST

- Retired Annuitant Job Description
- Publicly Available Salary Schedule for the same position
- Proof of current recruitment for a permanent position or sub-pool (EdJoin post)
- Substitute positions (Proof the retired annuitant is not a part of the regular substitute pool list, and the school exhausted the list and no sub accepted)
- Personnel Action documenting start/end dates and that it's a sub hired for extra help. The PA should indicate that it's a temporary/sub-hire
- Confirm no additional benefits are offered (Retired Annuitants cannot receive sick leave, vacation, longevity, educational stipends, or any other benefits a regular employee receives)
- Confirm the retiree has not received unemployment in the last 12 months
- Create a Retired Annuitant Appointment in myCalPERS

Please email this completed form, and all required attachments to Working_After_Retirement@CalPERS.CA.gov for review.

Service Credit Purchase

Disclaimer: CalPERS is governed by the [Public Employees' Retirement Law](#). The statements in this document are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this document, any decisions will be based on the law and not this document.

This presentation, like our previous presentations, will be available as a video on our [CalPERS YouTube Channel](#).

Agenda

Our presentation covers:

- What is Service Credit
- The Types of Service Credit Purchase
- Making the Service Credit Purchase Request
- Payment Options
- What to Consider When Making the Election

What is Service Credit

Service Credit is one of the three factors used to [calculate](#) your retirement pension; the other two being your [benefit factor](#) and [final compensation](#). Basically, Service Credit is the time that you've earned by working for your CalPERS covered employer. Generally, the more service credit you have, the more your monthly pension payment will be. So, a service credit purchase may be a way you can increase your pension.

The Types of Service Credit Purchase

CalPERS offers a variety of types of service credit that you may be eligible to purchase, which in turn can increase your retirement allowance. The cost for purchasing service credit is determined using methods established by California law. These methods can differ depending on your type of membership, whether that is state, school, or public agency. It is also dependent on the service credit you are requesting. It is important to note that for some of these service credit purchase options, you will need to ensure that your employer includes this in their contract with CalPERS. Now, let's go over some of the most common types of [service credit](#) you may be able to purchase.

First is **Leave of Absence**, this can be for maternal or paternal leave, educational, service, sabbatical or serious illness.

Next is a **Redeposit of Withdrawn Contributions**. If you are currently a CalPERS member and previously worked for a CalPERS employer, and upon separation you withdrew your contributions, you have the right to redeposit those contributions and restore your service credit. You must redeposit the amount you withdrew plus any interest which would have accrued had your money stayed in the system.

Service Prior to Membership is if you worked for a CalPERS employer prior to becoming eligible for membership. This may include part-time, temporary, on-call, permanent intermittent or seasonal work. The amount you would pay for this type of service credit is based on your pay rate and the employee contribution rate at the time that you first became a member, plus interest.

Military Service Credit represents the period you spent in active military duty prior to employment with your CalPERS employer. If you are eligible, you may purchase one year of CalPERS service credit for each one year of military service, up to a maximum of four years.

If you are granted a **Military Leave of Absence** to enter active military duty you may be eligible to have this service credit posted to your account at no cost to you. To be eligible, you must return to CalPERS covered employment within six months of your discharge date. If you wait longer than the six-months to return, you'll be required to pay a portion of the cost. There are no limitations on the amount of time that can be credited.

Some of the other **less common** types of Service Credit that you also may be eligible to purchase are:

You may also be eligible to purchase other types of Service Credit, like the **Alternate Retirement Program (ARP)**. This applies if you were a new state miscellaneous or industrial employee hired between August 11, 2004, and June 30, 2013, and were automatically enrolled in ARP. If you didn't choose this service credit during the three-month election period, you can still choose it before you retire.

Comprehensive Employment and Training Act (CETA) which is time worked for a federal or state program from 1973 to 1982.

Fellowship service is time worked under the fellowship program for the Assembly, Senate, Executive or for Judicial Administration.

Also, you may be eligible for time you spent serving in the **Peace Corp, AmeriCorps or AmeriCorps VISTA**.

Optional Member Service is for time as a state employee who's an appointee but exempt from civil service. For example, some one that's appointed by the Governor, Lieutenant Governor, Attorney General or Controller.

Types of Service Credit - Example

Now, let's go over an example of purchasing service credit. A common question that we hear is can I buy more than one type of service credit? The answer is yes. Purchasing one type of service credit does not mean that you are unable to purchase another type.

As an example, we have James. James had two years in active military service, so he is able to purchase service credit for military time. James then worked in a temporary position for three years with a CalPERS employer before becoming a member. Is he able to purchase service credit for his temporary position, since he has already purchased service for his time in the military?

The answer is yes. James is eligible to purchase two types of service credit. He can purchase for "Active Duty Military Service" since he served in the military for two years. He then can purchase "Service prior to

membership” since he had worked temporarily for a CalPERS covered employer. He of course does not have to buy both; he can buy one or the other or both. It is entirely up to him and what may best benefit James as an individual.

Making the Service Credit Purchase Request

In this section we’ll go over the steps to get more information on service credit that you may want to purchase.

If you’re planning on retiring within the next year, it’s important to get your request in as soon as possible.

The first thing you should do is review the appropriate publication. The publications provide the types of service credit available, eligibility for each type, and what is needed to submit the request. The publications are [A Guide to Your CalPERS Service Credit Purchase Options \(PUB 12\) \(PDF\)](#), or for military time, [A Guide to Your CalPERS Military Service Credit Options \(PUB 15\) \(PDF\)](#). The publications can be found on our website.

To dig further into the specifics of how to start the service credit purchase process, read our handout [Could You Qualify for a Service Credit Purchase? \(PDF\)](#). This concise handout reviews the types of service credit available for purchase, how a service credit purchase may benefit you, the advantages of making a purchase early in your career, and the steps you’ll need to take to request a service credit purchase.

The best way to start the service credit purchase process is online in your [myCalPERS](#) account.

Requesting your service credit purchase online offers several benefits, including:

- Faster processing, 24/7 secure submission at your convenience
- Easy submission of required documents
- Ability to track your request from start to finish

You can also request the cost without committing to the purchase. To buy service credit, you must be eligible and submit the necessary documents. Now, let's go over the steps to request a service credit purchase.

To start the online service credit purchase process:

After logging on, your home page will show the following columns: **Retirement** which shows your estimated earliest retirement, **Service Credit** which shows your service credit years and your **Balance**, which shows your contributions to your pension.

In the **Service Credit Column**, you will click “**Make a Service Credit Purchase**,” which is highlighted by the red rectangle.

Once you select “**Make a Service Credit Purchase**,” you will be redirected to the Service Credit Purchase page where you can see your options with purchasing Service Credit.

At the bottom of the page, highlighted by the red rectangle, click the **orange box**, “**Request the Cost**”. You can search for your purchase options and determine if you are eligible to purchase service credit for Peace

Corps, AmeriCorps VISTA and AmeriCorps. For all other service credit purchase options, click below on the underlined text “[Search for More Purchase Options](#)”.

You will answer a series of “yes” or “no” questions dependent on your personal situation and service history prior to your CalPERS membership. If any of the questions pertain to you and your situation and you answer ‘yes,’ you will be able to see your available purchase options. But you may have to provide documentation for proof of service history to support your eligibility.

Once CalPERS receives all required documents and determines eligibility, the cost details will be available in [myCalPERS](#) for your review within 60 days.

Payment Options

Now that we have discussed how to request a service credit purchase, let’s discuss your options to pay for your service credit if you decide to make the Service Credit Election.

Once you’ve made the decision to purchase service credit, you’ll need to decide which payment method will best fit your budget. There are several options available for you to choose by using either after tax dollars and/or pre-tax dollars. You can choose an Actuarial Equivalent Reduction to your payments, installment Payments, Lump Sum Payment, or a combination of Installment and Lump Sum.

What is the **Actuarial Equivalent Reduction (AER)**?

AER means your balance will be converted into a reduction in your monthly pension payments. It allows you to spread out the cost of any unpaid service credit by lowering your monthly pension payments instead of paying it all at once. Whether you choose a lump sum or installments, AER is an option that adjusts your monthly pension to cover any unpaid service credit balance.

Overall, AER lets you handle your balance by reducing your ongoing pension payments instead of paying the full amount upfront.

Let’s look at what would happen if you chose AER as your payment option.

So, you’ve purchased additional service credit to increase your pension benefits. The total cost of this additional service credit is \$10,000. You have the option to either pay the full \$10,000 upfront or spread it out over time using a monthly payment deduction from your pension.

Let’s say you choose not to pay the \$10,000 upfront. Instead, you decide to use AER. Here’s how it works:

Without AER: If you had paid the \$10,000 upfront, your pension payments would remain the same for the rest of your retirement.

With AER: AER will lower your monthly pension payments to cover the \$10,000 balance you still owe. The reduction is based on factors like your life expectancy, interest rates, and your age at retirement.

In summary, rather than paying the full \$10,000 upfront, you'll have a monthly reduction in your pension. AER ensures you can make the service credit purchase without having to make the entire payment upfront, in long term this can be very beneficial!

What is the **Lump Sum Payment**?

Now, let's discuss the **Lump Sum Payment**. This option requires that you pay the total amount due when you elect the purchase. You can choose to make an after-tax payment by including your personal check, cashier's check, or money order with the election form when you submit it to us.

We also accept rollovers and plan-to-plan transfers from pre-tax accounts, such as an IRA, 401K, or a 457. Please consider the amount of time required to complete this type of transaction. The 60-day time frame cannot be extended regardless of whether the delay is with you or your financial institution. The required rollover forms are available on the CalPERS website. Instructions will be provided when you select the rollover option during the purchase process.

You may also send a combination of an after-tax payment and a pre-tax payment if the total amount does **not** exceed the lump sum amount due.

What are **Installment Payments**?

You may decide to make **Installment Payments** based on a specific number of years or months or based on a dollar amount out of each pay period. If you select the installment payment option during the purchase process in myCalPERS, you can enter your preferred payment amount and duration. You'll then be provided with interest amount per payment and the total interest you'll pay during the payment schedule.

While active, the payment will be taken out as a payroll deduction. If you leave employment without retiring, the balance must be paid in full. You can contact us for additional information if this situation applies to you.

Let's look at the options you have available for installment payments. First, you can use after-tax payments which is more flexible. With this type of payment, you may increase the payment amount or pay it off early if you wish. However, you **cannot** change over to pre-tax deductions.

Payments are available on a pre-tax basis **ONLY IF** your employer has contracted for this option, which most do. If you choose pre-tax, and the payroll deduction begins, you are locked in and cannot change the payment amount or method. You cannot pay off the balance prior to separating from your employer or retiring.

Your last option is that you can make a partial lump sum payment and set the remaining balance up under installments.

Let's go over additional information with **payment options**. The payment options you get at retirement depend on when CalPERS receives your Election to Purchase Service Credit form. If you purchased your service credit on or after January 1st, 2020, then, you must pay any remaining balance in full when you retire. But, instead of paying the service credit purchase balance upfront, you can choose the **Actuarial Equivalent Reduction** or **AER** method, which was previously discussed.

If there's any unpaid balance at retirement and you don't use AER, you must pay the balance in full at retirement. If you do choose AER, the unpaid balance will be converted into monthly reductions from your pension.

If you purchased your service credit before January 1st, 2020, but you are retiring after January 1st, 2020, you can either pay the balance in one lump sum or through monthly payments from your retirement benefit.

If there's any balance left unpaid at retirement, it will be turned into monthly payments from your retirement benefit. Or you can choose the AER instead of the monthly payments. So, if you purchase service credit prior to January 1st, 2020, you are not automatically converting your balance to an AER.

You are only automatically converting your balance to an AER if you have purchased service credit after January 1st, 2020. Once again, AER is an option to settle your balance in a way that adjusts your monthly payments instead of paying upfront. Read our [Actuarial Equivalent Reduction \(AER\) Guidelines \(PDF\)](#) handout for more details.

Regardless of when you purchased your service credit, once a retirement application is received, a Retired Payoff Packet will automatically be sent out when you are 60 days out from retiring. The remaining balance and payment options available will be provided in the packet.

Remember, the sooner you purchase your service credit, the cheaper it will be and quicker you will be able to pay it off.

What to Consider When Making the Election

Now let's look at some additional information to consider before you submit your election.

First is cost versus the long-term financial benefit.

When you search for available service credit purchases in myCalPERS, and the system will show the cost and an estimate of your future benefit increase if you make the purchase. You can use this estimate to decide if the long-term benefit is worth the cost.

If you are a classic safety member, you have an 80 or 90% cap on your retirement benefit. If buying service credit puts you over your cap percentage, it may not benefit you to make the purchase.

There are also certain situations where extra service credit may not provide a benefit, such as retiring on a disability or industrial disability retirement. Review the [Disability & Industrial Disability Retirement](#) information on our website for more details.

We also recommend you consider speaking to a financial advisor or tax consultant to help you decide if purchasing service credit would be helpful in your specific situation.

Once CalPERS receives all required documents and determines eligibility, the cost details will be available in myCalPERS for your review within 60 days. If you decide to make the service credit purchase, log in to myCalPERS, review the information, select your preferred payment option, and electronically sign and

submit the election prior to the expiration date provided. If your election isn't submitted on or prior to the expiration date, the election will no longer be valid.

When you elect to purchase the service credit, the election is unable to be reversed. We often get the question, "Where can I find the status of my Service Credit request?". After submitting your service credit request, you will be able to see the status on your myCalPERS account. When you log into your myCalPERS account, you will be able to track the progress of your service credit purchase request.