COMMUNITY COLLEGE BENEFITS TASK FORCE
Tuesday June 15, 2010
10:00 a.m. – 3:00 p.m.
Lunch Break 12:00-1:00 p.m.
CalSTRS American River Conference Room
100 Waterfront Place
West Sacramento, CA 95605

AGENDA

Welcome and Review Agenda  Ed Derman  5 minutes

Follow-Up from Last Meeting –
1. University of California Retirement Program  Julie Gallego  20 minutes
2. Minimum Earnings Model, Benefit Estimates For Full-Time Employees

Continuing Discussions –
3. Community College Surveys –  Julie Gallego  20 minutes
   A. Results of Employee Survey
   B. Obtaining Employer Input

4. Reporting Load for Service Credit Accrual  Julie Gallego, All  45 minutes

Lunch Break 12:00-1:00

5. Inactive Cash Balance Program Accounts  Julie Gallego  20 minutes

7. Creating a CB/DBS Program
   A. Consolidation of CB and DBS Features  Julie Gallego, All  60 minutes
   B. Estimated Costs

Future Meetings  All  10 minutes
Item 1
Community College Benefits Task Force

Follow-Up: University of California Retirement Program (from the Academic Personnel Manual for the UCRP)

1. Do faculty members at the UC work less than 50 percent?

   Yes, but it depends on the series to which they are appointed whether they receive UCRP credit for the assignment that is less than 50 percent

2. Are there “freeway fliers” and how are those handled?

   Faculty members are not employed by more than one campus of the University of California at one time.
   • There is a lengthy process when transferring from one UC campus to another; this is known as an “intercampus transfer”
   • All intercampus transfers must be approved by the Chancellor
   • Upon transfer, the employee retains career status, seniority for purposes of merits, promotions and layoff, accrued sick leave, vacation, and retirement credits
   • If the faculty member is tenured, no other UC campus may recruit the employee
   • Recruiting can only take place if the faculty member is not tenured and the recruiting campus is offering a tenure position.
   • The recruiting campus cannot offer salary higher than one step above the employee’s current level (all UC campuses use the same salary schedule)
   • Moving expenses resulting from intercampus transfers are paid from the budget of the receiving campus/department.

3. Do they report the campus load and is it aggregated at the UCRP?

   Years of service are calculated over a lifetime on any campus. However, because faculty members do not teach at more than one campus at a time, there is no need to aggregate load in any one school year.
## Minimum Earnings Model Benefit Estimates for Full-Time Community College Faculty

### Member A
**Employment pattern:** 20-year career
Employed full-time (earned 1.0 year of service credit) for entire career

<table>
<thead>
<tr>
<th></th>
<th>Under the DB Program</th>
<th>Under a Minimum Earnings Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service credit</td>
<td>20 years</td>
<td>20 years</td>
</tr>
<tr>
<td>Final comp</td>
<td>$93,380.01</td>
<td>$93,380.01</td>
</tr>
<tr>
<td>Annual Benefit</td>
<td>$37,352.00</td>
<td>$37,352.00</td>
</tr>
<tr>
<td>Monthly Benefit</td>
<td>$3,112.67</td>
<td>$3,112.67</td>
</tr>
</tbody>
</table>

### Member B
**Employment pattern:** 20-year career
Employed full-time (earned 1.0 year of service credit) for most of career (total of 15 school years); employed less-than-full-time (earned between 0.6 and 0.999 of a year of service credit) sporadically throughout career (total of 5 school years)

<table>
<thead>
<tr>
<th></th>
<th>Under the DB Program</th>
<th>Under a Minimum Earnings Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service credit</td>
<td>19.114 years</td>
<td>20 years</td>
</tr>
<tr>
<td>Final comp</td>
<td>$115,611</td>
<td>$115,611</td>
</tr>
<tr>
<td>Annual Benefit</td>
<td>$44,195</td>
<td>$46,244.46</td>
</tr>
<tr>
<td>Monthly Benefit</td>
<td>$3,682.99</td>
<td>$3,853.71</td>
</tr>
</tbody>
</table>

### Member C
**Employment pattern:** 15-year career
Employed less-than-full-time (earned between 0.092 and 0.2 of a year of service credit) during the first 5 years of career; employed full-time (earned 1.0 year of service credit) during the last 10 years of career

<table>
<thead>
<tr>
<th></th>
<th>Under the DB Program</th>
<th>Under a Minimum Earnings Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service credit</td>
<td>8.939 years</td>
<td>12.957 years</td>
</tr>
<tr>
<td>Final comp</td>
<td>$87,723.47</td>
<td>$87,723.47</td>
</tr>
<tr>
<td>Annual Benefit</td>
<td>$15,683.20</td>
<td>$22,732.66</td>
</tr>
<tr>
<td>Monthly Benefit</td>
<td>$1,306.93</td>
<td>$1,894.39</td>
</tr>
</tbody>
</table>

### DB Program vs. Minimum Earnings
- IF 1.0 service credit under either method throughout career THEN no difference to service credit
- IF 1.0 service credit under either method during final comp period THEN no difference to final compensation
- IF <1.0 service credit under DB Program THEN service credit is higher under minimum earnings (because it is easier to earn 1.0 year)
- IF <1.0 service credit under DB Program during final comp period THEN final comp is higher under minimum earnings (because actual earnings are used instead of earnable)
### Community College Benefits Task Force

#### Responses: Part-Time Community College Faculty Survey: Improving Your Retirement Choices

880 part-time faculty members completed the survey. This is 4.46% response rate, based on 19,794 total part-time faculty statewide.

<table>
<thead>
<tr>
<th>Part-Time Faculty that are CalSTRS Members</th>
<th>% of total survey respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB Program Members</td>
<td>79.64%</td>
</tr>
<tr>
<td>Elected membership</td>
<td>39.07%</td>
</tr>
<tr>
<td>Mandatory member due to full-time employment</td>
<td>60.93%</td>
</tr>
<tr>
<td>Not sure how membership began</td>
<td>4.98%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CB Benefit Program Participants</th>
<th>% of total survey respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not sure which CalSTRS program they’re in</td>
<td>7.68%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part-Time Faculty that are Not CalSTRS Members</th>
<th>% of total survey respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Were aware they could elect CalSTRS membership</td>
<td>30.30%</td>
</tr>
<tr>
<td>Were not aware they could elect CalSTRS membership</td>
<td>65.66%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disability Benefits</th>
<th>% of nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not have disability coverage</td>
<td>56.57%</td>
</tr>
<tr>
<td>Have Social Security disability coverage</td>
<td>16.16%</td>
</tr>
<tr>
<td>Have disability benefits they purchase themselves</td>
<td>15.15%</td>
</tr>
<tr>
<td>Have State Disability Insurance</td>
<td>9.09%</td>
</tr>
<tr>
<td>Do not know if they have disability coverage</td>
<td>17.17%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Death Benefits or Life Insurance</th>
<th>% of nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not have death benefits/life insurance coverage</td>
<td>36.36%</td>
</tr>
<tr>
<td>Have Social Security death benefits</td>
<td>15.15%</td>
</tr>
<tr>
<td>Have death benefits/life insurance they purchase themselves</td>
<td>56.57%</td>
</tr>
<tr>
<td>Do not know if they have death benefits/life insurance coverage</td>
<td>9.09%</td>
</tr>
</tbody>
</table>

### All – Members and Nonmembers

<table>
<thead>
<tr>
<th>Community College Employment</th>
<th>% of total survey respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are employed by more than one Community College District¹</td>
<td>23.75%</td>
</tr>
<tr>
<td>Contribute to Social Security for at least one Community College employer</td>
<td>73.68%</td>
</tr>
<tr>
<td>Are not sure of all of their Community College retirement coverage</td>
<td>26.36%</td>
</tr>
<tr>
<td>Their Community College District gives them sick leave²</td>
<td>76.48%</td>
</tr>
<tr>
<td>Do not know if they receive sick leave</td>
<td>11.93%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Employment</th>
<th>% of total survey respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have other employment in addition to the Community College</td>
<td>46.82%</td>
</tr>
<tr>
<td>Contribute to Social Security for other employment</td>
<td>51.94%</td>
</tr>
<tr>
<td>Do not contribute to Social Security for their other employment</td>
<td>37.38%</td>
</tr>
<tr>
<td>Do not know if they contribute to Social Security for their other employment</td>
<td>7.04%</td>
</tr>
</tbody>
</table>

¹ Survey respondents may have been confused when answering this question; some may have considered their individual community college campus employment, rather than their district employment. Therefore, this answer may not be accurate.

² While they responded that their Community College employer provides them with sick leave, many written comments indicated an inability to use the sick leave (but did not elaborate as to a reason).
Item 3A
Community College Benefits Task Force

Written Comments from the Part-Time Community College Faculty Survey

Health insurance
Health insurance coverage for part-time faculty, they don’t get the same as full-timers

Sick leave
Inability to use the sick leave that is provided by the employer
Confusion over whether service credit is given for unused sick leave
Differences in the ability of full- and part-time faculty to cash out sick leave

“We cannot really use our sick leave; we would like to get some type of credit for our unused sick leave when we leave teaching”

“I have lots of sick time but I can’t use it when I don’t have any class”

Service credit
Confusion over accrual of service credit, how service credit for part-time is calculated
Lack of knowledge regarding vesting requirements

Retirement Choices/Education
CalSTRS should hold workshops on college campuses
More retirement counseling needed
Confusion over choices of retirement plans
Pressure to choose retirement plan at time of hire
Desire to change plans (CB change to DB, new enrollment in DB, “get out” of DB)
Desire to be covered under CalPERS rather than CalSTRS
Confusion when members have dual membership in CalSTRS and CalPERS (or a county retirement system)
Desire to have the same retirement coverage for all teaching (UC, CSU and CCD)
General lack of knowledge regarding retirement coverage

“I want out. I will get so little as a result of the last 13 years of my work life and I can’t get Social Security. I’ll have to work until I die.”

“Please tell me who to discuss my status with. I have almost 15 years and am almost 65 years old so understanding CalSTRS seems urgent right now.”

“I don’t know what these programs are or what I am a member of.”

“CalSTRS is a joke on part-timers.”

Employer Role
School HR office is not knowledgeable about CalSTRS and Social Security
Employer “forces” employees into plan or does not give a choice of plans
Confusion over the separation of roles between CalSTRS and the employer
Social Security
Anger over the offsets and “loss” of Social Security benefits
Desire to contribute only to Social Security and not be in CalSTRS

“We would like to contribute to CalSTRS and Social Security.”

“You should work to make it not conflict with Social Security. The union really dropped the ball on this.”

“I am currently receiving Social Security and would like to have my benefits applied to Social Security, otherwise I cannot use the retirement that is being withheld.”

CalSTRS staff
CalSTRS staff is not knowledgeable about part-time issues
Staff is disrespectful to part-time faculty
CalSTRS does not make an effort to reach out to part-time faculty

“We part-time instructors need STRS counselors who are informed of what issues part-timers face and what we can expect from STRS. Every (every) time I have spoken with STRS personnel, I have been treated as less than a professional, as if I’m dabbling. STRS staff needs to understand that there are VERY few full-time positions available in the community college system and that we part-timers are carrying the system on our backs, with few benefits and at a fraction of full-time pay.”
Item 4  
Community College Benefits Task Force  

Reporting Load for the Purposes of Accruing Service Credit  

Phone discussion with Deepa Desai, Payroll at Santa Rosa Community College District –  

**Does the unit that reports to CalSTRS have access to the employee’s load?** Yes, they have access to this information.  

**Can they easily report that to us and what detail would it include?** They could report it to CalSTRS, but not every district calculates load the same so what is reported by one district will not be on the same scale as what is reported by other districts.  

**Does the load that would be reported include only teaching activities or does it also include additional duties?** Load is not simple to describe; every district calculates load differently. Complications include “no load” classes, load sharing, load balancing, load banking. Districts do not calculate load for all of the activities that are paid.  

**What happens if additional duties are included in the load (through collective bargaining or otherwise)?** If additional duties are included in the overall load that is reported to CalSTRS, it will result in the need for each district to calculate two loads – one load for the purposes of tracking tenure (because it is limited, by law, to classroom teaching) and a second load for CalSTRS’ service that can include these additional hours. This does not simplify administration for the district employers.  

Discussion with CalSTRS –  

**Can CalSTRS administer reporting if each college reports the overall load?** Yes, CalSTRS can administer the retirement plan if employers report the following:  
1. Earnable  
2. Actual earnings  
3. Assignment code  
4. Load  

Currently, employers report the following information to CalSTRS for each member:  
1. Full-time contract or FTE (base hours)  
2. Earnable  
3. Actual earnings (if full-time contract, earnable and earnings will be the same)  
4. Assignment code  

**What is the policy concern for CalSTRS – Ensuring consistency between campuses/districts or ensuring consistency throughout an individual member’s career?** Consistency throughout a career is a plan design issue; consistency between campuses is an administrative issue.
Item 5
Community College Benefits Task Force

Cash Balance Benefit Program – Inactive Accounts

Total inactive CB accounts as of 6/30/2009: 18,867
These are employees who formerly contributed to the CB Program but had no contributions during the last school year (some have not had contributions since 1997).

Total inactive CB accounts for people who are also active* DB members: 8,408
These people could convert their CB account balance into DB service credit.
*Not all active DB members have DB service credit

Their CB accounts range in value from $0-$45,361

12 of these inactive CB participants, who are active DB members, have less than $1 in their CB accounts

1,023 of these inactive CB participants, who are active DB members, have $0 in their CB accounts

992 of these inactive CB participants, who are active DB members, have 0.000 DB service credit – they have a DB membership begin date but have no service credit

Total inactive CB accounts for people who are not active DB members: 10,459
These people could roll their CB account balance into another retirement plan; if they are no longer educators, they could take their balance as a Termination Benefit.

Their CB accounts range in value from $0-$38,789

1,051 of these former participants have $0 in their CB accounts
Item 6
Community College Benefits Task Force

Cash Balance Benefit Program –

Benefits Provided by the Cash Balance Benefit Program:
- Retirement and disability benefits – lump sum or annuity
- Termination benefit – lump sum

Requirements to Receive Benefits:
- Must end all CalSTRS-covered employment
- Termination Benefit requires a waiting period between application and receipt of the benefit
  - Waiting period necessary to establish that the employee is no longer performing creditable service
  - As a tax-qualified public pension system, CalSTRS cannot distribute benefits to an active employee
  - Creditable employment is prohibited during the waiting period
    - If creditable employment is performed during waiting period, the law requires CalSTRS to cancel the application for benefit
  - CalSTRS’ corporate data base tracks Termination Benefit recipients
  - If the employer reports earnings to CalSTRS (reported as “nonmember”) then CalSTRS is able to cancel payment of the Termination Benefit
  - If the employer does not report to CalSTRS, then CalSTRS does not know the participant has worked and CalSTRS has no way of cancelling the Termination Benefit

Post-Benefit Employment:
- Under the law, creditable employment is restricted once a Retirement or Disability annuity begins
  - If retired prior to age 60, creditable employment is prohibited until age 60
    - Upon reaching age 60, can return to unlimited work
  - If retired after age 60, creditable employment is prohibited for the first 12 months
  - If disabled prior to age 60, creditable employment is prohibited until age 60
  - No restriction on employment if disabled after age 60
  - If creditable employment is performed when prohibited, the law requires CalSTRS to cancel the annuity
    - CalSTRS does not administer this provision
    - CalSTRS has no visibility of CB annuitants that return to work
    - Employers do not always report for retired employees
- CalSTRS' corporate database does not include CB annuitants and therefore, cannot reconcile earnings that may be reported for CB annuitants.
- In practicality, retired CB annuitants can return to creditable service without penalty.

- The former CB participant is allowed to perform unlimited amounts of creditable service after receiving a lump-sum benefit of any kind.

- After receiving any CB benefit, if creditable service is performed for an employer that offers the CB Program, the law requires that the employee is automatically instated to CB participation:
  - Employer and employee contributions are required
  - A new benefit is accrued

    - Employers often do not report the earnings of retired employees
    - If the employer does not report earnings, CalSTRS does not collect contributions and no additional benefits are accrued.
Item 7
Community College Benefits Task Force

7A. Consolidation of CB and DBS features

See attached table

7B. Estimated cost

Provide a CB-DBS program, including 2-percent annual benefit adjustment, purchasing power protection, disability and survivor benefits

See attached
<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Eligibility Requirements</th>
<th>Must all CalSTRS creditable service be ended to receive benefit?</th>
<th>Waiting period between applying for and beginning benefit?</th>
<th>Is creditable employment restricted during the waiting period?</th>
<th>Is there a penalty for working while restricted?</th>
<th>Is creditable employment prior to age 60 restricted once benefit begins?</th>
<th>Is creditable employment after age 60 restricted once benefit begins?</th>
<th>Is there a penalty for post-benefit creditable employment when restricted?</th>
<th>Are there exceptions to post-benefit creditable employment restrictions?</th>
<th>Are contributions required for post-benefit creditable employment?</th>
<th>Do benefit recipients accrue new benefits for creditable employment?</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB Retirement Annuity</td>
<td>Age 55, No service credit requirements, Account balance at least $3,500</td>
<td>Yes (EC 26803)</td>
<td>No</td>
<td>N/A</td>
<td>Yes, cannot work until age 60 (EC 26505) *</td>
<td>Yes, cannot work for 12 months after retirement (EC 26505) *</td>
<td>Yes, annuity terminated, account adjusted to reflect amounts paid (EC 26810) *</td>
<td>Yes, if retired before 60, can work after 60 If retired at 60, can work after 12 months (EC 26505)</td>
<td>Yes, for employment subject to plan coverage (EC 26505) *</td>
<td>Yes, for employment subject to plan coverage (EC 26505) *</td>
<td></td>
</tr>
<tr>
<td>DBS Retirement Annuity</td>
<td>Age 55 and eligible for DB Retirement (5 years service credit), Account balance at least $3,500</td>
<td>Yes (EC 25010)</td>
<td>No (implied by EC 25010)</td>
<td>N/A</td>
<td>Yes, see DB retirement provisions (EC 24201)</td>
<td>No impact to DBS retirement annuity</td>
<td></td>
<td>Yes, see DB (EC 24214, 24216, 24216.5, 24216.6)</td>
<td>Yes, if reinstates (EC 22900)</td>
<td>Yes, if reinstates (EC 25004)</td>
<td></td>
</tr>
<tr>
<td>Retirement Annuity Proposed Consolidation</td>
<td>Age 55, immediate vesting (no service credit), Account balance at least $3,500</td>
<td>Yes, must end all creditable service (federal requirement)</td>
<td>No waiting period; can receive benefit on chosen effective date as long as employer certifies employment has stopped</td>
<td>Must wait 6 months after retirement to return to creditable service, then earnings are limited (federal compliance)</td>
<td>Must wait 6 months after retirement to return to creditable service, after which no limit on earnings (federal compliance)</td>
<td>Yes, if prohibited, annuity cancelled and member reinstated to active service. If earnings in excess of limit, dollar-for-dollar reduction in annuity</td>
<td>No</td>
<td>If reinstated to active service.</td>
<td>If reinstated to active service.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CB Retirement Lump Sum</td>
<td>Age 55, No service credit requirements</td>
<td>Yes (EC 26803)</td>
<td>No</td>
<td>N/A</td>
<td>No (law is silent)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DBS Retirement Lump Sum</td>
<td>Age 55, and eligible for DB Retirement (5 years service credit)</td>
<td>Yes (EC 25010)</td>
<td>No (implied by EC 25010)</td>
<td>N/A</td>
<td>Yes, see DB retirement provisions (EC 24201)</td>
<td>No impact to DBS retirement lump sum</td>
<td></td>
<td>Yes, see DB (EC 24214, 24216, 24216.5, 24216.6)</td>
<td>Yes, if reinstates (EC 22900)</td>
<td>Yes, if reinstates (EC 25004)</td>
<td></td>
</tr>
<tr>
<td>Retirement Lump-Sum Proposed Consolidation</td>
<td>Age 55, immediate vesting (no service credit)</td>
<td>Pay a percentage of the DBS account balance as lump sum and force annuitization of the rest. Once annuity has begun, all annuity requirements listed above would apply. If account balance less than $3,500, no annuity, lump-sum only.</td>
<td></td>
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</tbody>
</table>

* CalSTRS does not actually administer these CB restrictions. CalSTRS does not trace whether CB annuitants return to work.
<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Eligibility Requirements</th>
<th>Must all CalSTRS creditable service be ended to receive benefit?</th>
<th>Waiting period between applying for and beginning benefit?</th>
<th>Is creditable employment restricted during the waiting period?</th>
<th>Is there a penalty for working while restricted?</th>
<th>Is creditable employment prior to age 60 restricted once benefit begins?</th>
<th>Is creditable employment after age 60 restricted once benefit begins?</th>
<th>Is there a penalty for post-benefit creditable employment when restricted?</th>
<th>Are there exceptions to post-benefit employment restrictions?</th>
<th>Are contributions required for post-benefit creditable employment?</th>
<th>Do benefit recipients accrue new benefits for creditable employment?</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB Disability Lump Sum (EC 26900-26911)</td>
<td>No service credit, Permanent disability required</td>
<td>Yes (EC 26903)</td>
<td>No</td>
<td>N/A</td>
<td>No (law is silent)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>CB Disability Annuity (EC 26900-26911)</td>
<td>No service credit, Permanent disability required, Account balance at least $3,500</td>
<td>Yes (EC 26903)</td>
<td>No</td>
<td>N/A</td>
<td>Yes, cannot work until age 60 (EC 26911) *</td>
<td>No (law is silent)</td>
<td>Yes, annuity terminated; account adjusted to reflect amounts paid (EC 26911) *</td>
<td></td>
<td>Can work after age 60</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>DBS Disability Annuity or Lump Sum (EC 25016-25019)</td>
<td>Eligible for DB benefits (5 years service credit) Both: Permanent disability required For annuity: account balance at least $3,500</td>
<td>Yes (EC 25016)</td>
<td>No</td>
<td>N/A</td>
<td>Yes, see DB disability provisions (EC 24015, 24114)</td>
<td>Yes, see DB provisions (EC 24111, 24114)</td>
<td>Yes, if remains disabled Yes, if reinstates (See DB provisions, EC 24214 and 24210 respectively)</td>
<td>No, if remains disabled Yes, if reinstates (See DB provisions, EC 24214 and 24211, respectively)</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability Proposed Consolidation</td>
<td>Immediate vesting, Less than age 60, Permanent disability required, Lump sum paid only if balance less than $3,500</td>
<td>Yes, must end all creditable service (federal requirement)</td>
<td>No waiting period; can receive benefit on chosen effective date as long as employer certifies employment has stopped</td>
<td>Disability payable only if under age 60, creditable earnings limited</td>
<td>Disability not payable to member over age 60 Retirement provisions apply</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

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<th>Benefit Type</th>
<th>Eligibility Requirements</th>
<th>Must all CalSTRS creditable service be ended to receive benefit?</th>
<th>Waiting period between applying for and beginning benefit?</th>
<th>Is creditable employment restricted during the waiting period?</th>
<th>Is there a penalty for working while restricted?</th>
<th>Is creditable employment prior to age 60 restricted once benefit begins?</th>
<th>Is creditable employment after age 60 restricted once benefit begins?</th>
<th>Is there a penalty for post-benefit creditable employment when restricted?</th>
<th>Are there exceptions to post-benefit employment restrictions?</th>
<th>Are contributions required for post-benefit creditable employment?</th>
<th>Do benefit recipients accrue new benefits for creditable employment?</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB Termination Benefit (lump sum) (EC 27200-27207)</td>
<td>Terminate all creditable service</td>
<td>Yes (EC 27201)</td>
<td>Yes, 6 months (EC 27204)</td>
<td>Yes (EC 27204)</td>
<td>Benefit application cancelled (EC 27204)</td>
<td>Can go back to CB-covered employment after receiving a Termination Benefit. Must wait at least 12 months to apply for any subsequent benefit; must wait at least 5 years to apply for subsequent Termination Benefit</td>
<td>N/A</td>
<td>Yes</td>
<td>N/A</td>
<td>If employment is subject to plan coverage then contributions required and new benefit accrued.</td>
<td></td>
</tr>
<tr>
<td>DBS Termination Benefit (Lump sum only) (EC 25024-25025)</td>
<td>Terminate all creditable service</td>
<td>Yes (EC 25024)</td>
<td>Yes (EC 25025)</td>
<td>Yes (EC 25025)</td>
<td>Yes, CalSTRS cancels benefit (EC 25025)</td>
<td>No, may reinstate to active service and perform unlimited amounts of creditable service</td>
<td>Yes, CalSTRS cancels application for termination benefit (EC 25025)</td>
<td>Yes (EC 25025)</td>
<td>Yes, if reinstates (EC 22900)</td>
<td>Yes, if reinstates (EC 24201)</td>
<td></td>
</tr>
<tr>
<td>Termination Benefit Proposed Consolidation</td>
<td>Terminate all creditable service Lump-sum benefit only</td>
<td>Yes</td>
<td>Yes, benefit not paid until 6 months have passed from application date</td>
<td>Yes</td>
<td>Application for Termination Benefit cancelled, benefit not paid</td>
<td>May reinstate to active service and perform unlimited amounts of creditable service Must wait at least 12 months to apply for any subsequent benefit; must wait at least 5 years to apply for subsequent Termination Benefit</td>
<td>N/A</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

Note: Currently, employee can elect CB coverage for part-time community college employment and retain DB coverage for full-time employment (EC 26401)

Proposed change: All part-time community college employment would go to new DBS plan; if full-time in K-12 then part-time community employment would go to DBS Program (no difference)

Note: Currently, K-12 substitutes can participate in CB. This would not change. Result is CB Program could not be closed to new participants.
Item 7B
Community College Benefits Task Force

Cost (as a percentage of payroll) to provide a consolidated CB/DBS Program with benefit features similar to the DB Program:

Requested benefit estimate based on population of part-time faculty members of the DB Program:
30% of DB part-time faculty are age 50-59
54% of DB part-time faculty have been DB members for less than 10 years
58% of DB part-time faculty have less than 5 years of service credit

CB/DBS Benefit based on:
Age 59 with 9 years actual DB membership (equal to 7.152 years of DB service credit)
Projected 1 additional year to age 60 for purposes of normal retirement age
Used actual earnings for 9 years of membership, used projected earnings for additional year

DB benefit for same service: $348.54/month

Contribution sources (as a percentage of payroll)
8.000% Employee
8.250% Employer
1.856% State
18.106%

Benefit estimates and cost, as a percentage of payroll, under various interest credit rate assumptions:

<table>
<thead>
<tr>
<th>Benefit Estimate</th>
<th>5% interest rate</th>
<th>6% interest rate</th>
<th>7.75% interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monthly Benefit</td>
<td>Monthly Benefit</td>
<td>Monthly Benefit</td>
</tr>
<tr>
<td></td>
<td>Payable</td>
<td>Payable</td>
<td>Payable</td>
</tr>
<tr>
<td>Service Retirement Benefit</td>
<td>$425.09</td>
<td>$445.59</td>
<td>$484.14</td>
</tr>
<tr>
<td>SR + 2% COLA</td>
<td>$377.47</td>
<td>$395.67</td>
<td>$429.90</td>
</tr>
<tr>
<td>SR + 2% COLA + Purchasing Power</td>
<td>$353.02</td>
<td>$370.04</td>
<td>$402.06</td>
</tr>
<tr>
<td>SR + Disability Benefit (.506% of payroll)</td>
<td>$413.21</td>
<td>$433.13</td>
<td>$470.61</td>
</tr>
<tr>
<td>SR + Disability + 2% COLA</td>
<td>$366.92</td>
<td>$384.61</td>
<td>$417.89</td>
</tr>
<tr>
<td>SR + Disability + 2% COLA + Purchasing Power</td>
<td>$343.16</td>
<td>$359.70</td>
<td>$390.82</td>
</tr>
<tr>
<td>SR + Disability + Survivor Benefit (1.23% of payroll)</td>
<td>$384.33</td>
<td>$402.86</td>
<td>$437.72</td>
</tr>
<tr>
<td>SR + Disability + Survivor + 2% COLA</td>
<td>$341.28</td>
<td>$357.73</td>
<td>$388.69</td>
</tr>
<tr>
<td>SR + Disability + Survivor + 2% COLA + Purchasing Power</td>
<td>$319.17</td>
<td>$334.56</td>
<td>$363.51</td>
</tr>
</tbody>
</table>
Notes:

- There are only 3 sources of contributions for these examples: Employees, Employers, and the State
- The cost to provide all benefits is paid from these contributions plus investment earnings that are credited at specific rates
- The cost to provide all benefits is the same, the level of benefits increases or decreases depending on benefit features
  - If only the basic service retirement benefit is paid, then the total 18.106% of payroll goes towards the monthly service retirement benefit (if assuming 5% interest crediting rate)
  - If disability benefits are added to the service retirement benefit, then 17.6% of payroll goes towards the monthly service retirement benefit, resulting in a smaller monthly retirement benefit
  - If survivor benefits and disability benefits are added to the service retirement benefit, then only 16% of payroll goes towards the monthly service retirement benefit, resulting in an even smaller monthly benefit

Fewer benefit features = greater monthly benefit