Reduced Workload Program

This document provides information about participation in the Reduced Workload Program (RWP) for Defined Benefit Program members pursuant to Education Code section 22713. References to other Education Code (EDC) sections are provided where applicable.

If you have questions, contact EmployerHelp@CalSTRS.com or send a secure message in the Secure Employer Website. Please include applicable supporting documentation for review.

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Overview

The Reduced Workload Program is an optional program to help members reduce their workload in a position from full-time to part-time duties. The program allows members to ease into retirement while still earning a full year of service credit and their full-time annualized pay rate for final compensation.

Program Features

Participants in RWP must have an agreement with their current employer to work at least 50% of full time and may not participate in the program for more than ten years total. The employer must pay the portion of creditable compensation that matches the agreement with the participant and remit contributions based on the full-time annualized pay rate. If the agreement is fulfilled, the participant will receive a full year of service credit and their retirement benefit will be calculated as if they worked full time.

What are the eligibility requirements?

Employer Requirements

To offer RWP, you must:

- Establish a resolution approved by your governing body pursuant to EDC 44922 or 87483
- Track participants and report them to CalSTRS

Member Requirements

For a member to participate in RWP they must:

- Have at least 10 years of CalSTRS service credit
- Be at least age 55 prior to the start of the school term
  - A school term is defined as a minimum period of 35 weeks that begins on the first day and ends on the last day creditable service is required to be performed by a member employed on a full-time basis.

- Have been employed on a full-time basis for the five years prior to beginning the program without a break in service. Employer-approved leaves of absence and unpaid absences for personal reasons do not constitute a break in service.
- Not exceed the maximum salary of the principal at that employer, if employed by a county office of education, school district or charter school. There is no salary limitation for members employed by a community college district.

What are my responsibilities as an employer?

Enrollment

In the current system, when a member applies to participate in RWP you are required to verify their eligibility and submit a *Reduced Workload Program Eligibility Certification* (ES 1161) form before the start of the RWP school term. We will communicate the approval or denial of the application to the member, employer and report source. If the employee is ineligible for RWP participation, we will deny the request.

In the new system, when a member applies to participate in RWP you are required to verify their eligibility and submit an employee change request in the Secure Employer Website before the start of the RWP school term. Once the employee change request is approved, you will receive notification in the Secure Employer Website and the RWP will be added to the employee's membership account. If the employee is ineligible for RWP participation, we will deny the request.

Earnings Reporting

You must maintain records identifying all participants and report creditable compensation earned in corresponding RWP positions to CalSTRS. For more information about creditable compensation, see our *Creditable Compensation job aid* available at employersupport.calstrs.com. In order to correctly calculate contributions due and retirement benefits payable, creditable compensation associated with a position for which the member is participating in RWP should be reported as specified below.

Salary

In the current system and new system, F496 format users must report RWP using **Assignment Code 36** with the pay rate as if the member performed creditable service for the position on a full-time basis. If a member completes their RWP contract in one half of the school term, report the second half of the school term with zero earnings and the same pay rate used during the first half of the school term.

Special Pay

In the current system and new system, F496 format users must report special pay the following ways:

- Ongoing special pay for DB 2% at 60 members, use **Assignment Code 36** and a pay rate based on the special pay the member would have earned had the member not reduced his or her workload
- Ongoing special pay paid each pay period the creditable service is performed for DB 2% at 62 members, use **Assignment Code 72** and the pay rate in the earnings field so that contributions and benefits are calculated correctly
- Limited-term special pay is only creditable for DB 2% at 60 members, use **Assignment Code 71** and the pay rate in the earnings field so that contributions and benefits are calculated correctly
- Do not report limited-term payments for DB 2% at 62 members

Contributions

You must remit member contributions equal to the amount the member would have contributed had the member performed creditable service for the position on a full-time basis. Employer contributions must be remitted at the RWP contribution rate for the applicable school year on the creditable compensation the member would have been paid had the member performed creditable service for that position on a full-time basis.

Reporting Retroactive Pay Rate Adjustments

Current and New Secure Employer Website (SEW)

F496 format users must report retroactive pay rate adjustments the following way:

- Use **Assignment Code 36** and **Contribution Code 5**
- Use a pay rate calculated by the difference between the old and new monthly pay rates and multiply that amount by the number of months affected by the retroactive increase
- Use earnings calculated by the difference between the old and new monthly earnings and multiply that amount by the number of months affected by the retroactive increase

Please note, this method of adjustment is strictly limited to retroactive pay rate increases and must not be used in an attempt to change the earned to earnable ratio. In the new SEW, the system will only allow one RWP retro per person, per pay period. If a second RWP retro is submitted, it will cause an error and not be accepted. To correct this reporting for the pay period, you would need to back out the previous retro and re-report the new retro.

How does a member terminate from the program?

An RWP agreement will be terminated if any of the following occur before the end of the school term:

- Termination of employment
- Death
- Retirement or refund
- Member goes on disability
- Member does not meet the 50% of full-time employment requirement
- Member and employer mutually agree to terminate participation

When a member's RWP contract is terminated, they will only receive the service credit they earned, and the year will not count towards their 10-year maximum for participation in the program. They must reapply if they want to participate in RWP again and meet all of the eligibility requirements.

If the RWP participant increases their RWP contract to full time throughout their 10-year maximum for participation, the change to full time will not terminate the member from the program. The year in which they are performing their RWP contract duties on a full-time basis will count towards the 10-year maximum for participation.

Notification of RWP Termination

Employers must notify CalSTRS within 30 days after the RWP contract is terminated. You may notify CalSTRS by emailing EmployerHelp@CalSTRS.com.

RWP Contract Termination Reporting

When an RWP contract is terminated in the current system and new system, F496 format users must adjust the contribution lines in the year in which the RWP is terminated. F496 format users must reverse the contribution lines reported with Assignment Code 36 prior to contacting EmployerHelp@CalSTRS.com with all necessary termination documents. When Employer Help processes the request to terminate the member's RWP contract, F496 format re-report the contribution lines with Assignment Code 57, the annualized payrate and the member's actual earnings for each service period reported. Adjustments for RWP contract termination must be completed on separate files otherwise you will receive a business rule error. For example, reversing the contribution lines reported with Assignment Code 36 must be on a file separate from contribution lines re-reported with Assignment Code 57.