

# **Assembly Bill 1667**

## **CalSTRS/Employer; Retirement Security**

### **Assemblymember Jim Cooper**

#### **SUMMARY**

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AB 1667 will ensure that calculations or employer reporting mistakes will not modify the defined benefit retirement the employee entered into at the time of retirement.

#### **BACKGROUND**

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Existing law requires school and community college employers to correctly report pension-eligible compensation to CalSTRS. Unfortunately, clear and accurate guidance on what is, and is not, creditable has not been provided, causing incorrect information to be reported to CalSTRS. This has led to a retirees benefits being modified after retirement, sometimes years later. In some cases the retiree has been forced to pay back the overpaid amount and suffer a permanent reduction in future retirement payments. This essentially reverses the retirement contract the retiree, in good faith, entered into at the time of retirement and places a financial hardship on them that is no fault of their own. These unexpected pension cuts go back on promises made to retirees, throwing their lives into financial turmoil.

CalSTRS has been conducting an increasing number of audits on what is a calculable benefit, and what is not. CalSTRS does not include active members or retirees in this process until these decisions are made. This has exasperated the problem putting more and more retirees at risk of financial hardship with no recourse, including a meaningful appeals process.

AB 1667 seeks to protect these promised benefits by establishing a process that promotes accuracy and transparency by;

1) Ensuring retired members are not held liable for prior overpayments, except in cases of “member error”, 2) Holding CalSTRS accountable for guidance later determined to be erroneous, 3) Requiring that CalSTRS regularly update an official guidance document governing employer reporting, 4) Clarifying that any changes to CalSTRS’ interpretation of creditable compensation laws must be preceded by prior notice, 5) Requiring that CalSTRS publish all audit reports on their website, and 6) Ensuring that CalSTRS’ appeal process allows all individuals impacted by an audit the right to appeal.

#### **SUPPORT**

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CALIFORNIA TEACHERS ASSOCIATION  
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CALIFORNIA RETIRED TEACHERS  
ASSOCIATION (SPONSOR)  
CALIFORNIA COUNTY SUPERINTENDENTS  
EDUCATIONAL SERVICES ASSOCIATION  
(SPONSOR)

#### **STATUS**

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Introduced 1/19/2022

#### **CONTACT**

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