

May 7, 2021

The Honorable Harry Keiley
Chair, Teachers' Retirement Board
California State Teachers' Retirement System
100 Waterfront Place
West Sacramento, CA, 95605

Re: CalSTRS Statute of Limitations: Retiree Penalties

Dear Chair Keiley:

The California Retired Teachers Association, representing nearly 36,000 retired CalSTRS members, would like to bring to your attention experiences CalSTRS members have faced as a result of the CalSTRS audit process, including the practical impact the current statute of limitations statutes has on retirees. We would like to also strongly encourage the Teachers' Retirement Board (TRB) not to impose payback requirements on retirees for district errors should the TRB consider sponsoring legislation in the future.

CalRTA appreciates the laudable goal CalSTRS wishes to achieve by ensuring all the data it has received in the past is correct. While CalSTRS has focused its attention on increasing the number of audits it has conducted while proposing changes to meet CalSTRS' needs, we would like to encourage you to consider how this is impacting retirees and their sense of retirement security.

Retirees count on CalSTRS for accurate information and guidance and count on the excellent customer service of CalSTRS staff for this information. As a CalSTRS core value, Customer Service is defined as striving to meet or exceed the expectations of members. CalRTA has talked with countless retirees who have been negatively impacted by negative findings stemming from a CalSTRS audit. One of the key observations from these communications was the confusion expressed by retirees. These retirees had done everything CalSTRS told them to do. They talked with a CalSTRS counselor. They used the CalSTRS calculator. They attended CalSTRS workshops. They planned and made their retirement plans based upon the information they received from CalSTRS. Their trust was shaken when they received notification not only would their retirement salaries be decreased, but that they would also be forced to payback funds to CalSTRS, through no fault of their own, and with no recourse due to the stringent and complex process that has focused primarily on the needs of CalSTRS staff, rather than a manner that illustrates trust and respect to its members.

When CalSTRS initially proposed a conversation suggesting changes to the existing statute of limitations process, CalRTA communicated our strong objection to the proposal that included the need for retirees to pay back three years' worth of funds when there was an overpayment to a member. CalRTA does not believe retirees should be penalized, particularly when a mechanism

for creating a payment process by school and community colleges could be created to address the repayment of funds to CalSTRS.

We have been reaching out to CalSTRS for updates on this discussion since the November Board meeting and hope to receive more clarity on the direction of this proposal. We ask you to reject any proposal that includes the repayment of funds from retirees based upon district errors. We also ask that you re-evaluate the process for inclusion and notification of retirees in the audit process, including the right to appeal. Retirees should have an equal opportunity for timely notification and an opportunity to appeal findings.

As CalSTRS increases the number of audits, these complexities may rise. We ask that CalSTRS consider a process for our community that signifies both trust and respect for all members and stakeholders so that we can ensure the retirement security of those we represent.

Sincerely,



Dr. Jim Mahoney, President
California Retired Teachers Association

cc: Members, Teachers' Retirement Board
Jack Ehnes, CEO, CalSTRS

(1) Attachment

"I was notified I needed to pay CalSTRS over \$9,000, which would be deducted until fully paid, but was based on a district error. I spent the last three years before retiring talking to CalSTRS to make sure I had enough money to take care of my family financially. The result of this situation was devastating. With the pandemic, my tutoring business is hurting, which is where my extra funds came from for health insurance and property taxes. Teachers are underpaid, overworked and have been struggling. It's time to treat teachers with the recognition we deserve."

--Scott

"After 26 years of teaching, I retired in 2015. In April of 2019, I received communication from CalSTRS telling me that my account had been audited and I had been overpaid by \$4,361.05 and that I would have to pay it back. My monthly check was reduced from \$4,627 to \$4,534. Monthly payments were deducted of \$244 starting in May. I had monthly deductions until October 2020. I was shocked there was no one to turn to for help."

--Mary

"In January 2020, I was informed of an internal correction to my retirement payments. An overpayment had been made, beginning in June 2014. My overpayment was \$6,000 and will require over two years to pay back. The letter advised that I deal with my own tax related issues. No further explanation was included. They effectively passed the fault between themselves, and the monetary consequences remained with us. The entire issue was handled very poorly by both CalSTRS and the district. I was left to either give up or hire an attorney. I do not dispute that my wages must be reduced going forward as a result of the auditing error. Retirees should not have to bear the entire burden of the "misreporting" years after the initial error. The district and CalSTRS should take partial responsibility for the burden of their error on retired teachers."

--Marsha

"I was a Resource Specialist in San Ramon from 1981-2013, when I retired and moved to Sonoma County. I had not heard anything about a CalSTRS audit of the district and the error that was made. Suddenly, I was informed that when we received a pay increase, in the year prior to my retirement, the district calculated my retirement income by putting the bonus into our salary scale instead of giving it to us as a one-time bonus. I was notified in November that this error by the district meant that I would have to pay back a sum of more than \$19,000 over five years. As a result, my monthly paycheck has been reduced from \$5,066 to \$3,601. This reduction has devastated me! I made a decision to retire when I did, expecting my income to be what it was figured out to be by the district and CalSTRS."

--Susan

"I add my dismay and objection to the recent "recalibration" of my CalSTRS benefit. As a retiree in 2011-12, I met with both the district and union representatives numerous times before I made the decision to retire. I was assured that my papers were in order and that I could expect an agreed upon amount each month going forward. I weighed this decision carefully regarding the amount I required to step back from full employment. Naturally I considered this agreement binding as all parties signed off on the paperwork. Imagine my surprise when I received a letter late November 2020 from both my district and CalSTRS stating that beginning December 2020, I would owe STRS nearly \$8,000 and my monthly benefit would also be reduced due to a dispute between my district and STRS. I feel no responsibility on my part in this dispute and feel I am being punished unjustly."

--Catherine

"I am a 2011-12 retiree. All in all between 6 years in private school and the rest in public schools, I taught 43 years and was proud of my career and loved my job! I had many meetings with CalSTRS reps during my career so my husband and I could plan wisely for our retirement! I retired in June of 2012 with open eyes and trust in the CalSTRS rep that said I would be making so much each month for my retirement! Sadly, my husband passed away in January of 2015 and of course teachers in California do not get any of our husband's Social Security! On November 19, 2020, I received a letter from our district stating we have very disappointing news that retirees of 2011-12 would have a recalculation of their monthly pension, and by the way you owe CalSTRS \$6,500 dollars which will be deducted on your Dec. 1 check! This letter came 6 business days before our check! Shocked, I called a couple of friends who retired same year! We never heard a thing! Supposedly this has been going on since 2015 and we are just hearing about it! I called our district 9 times and finally got ahold of someone! So not handled right and injustice to us retirees! The next day November 20, 2020, I received the letter from CalSTRS with same information! Called there many times and was told due to Covid CalSTRS offices were closed. Talked to several CalSTRS staff who had no idea what I was talking about! How would any member react after almost 9 years of retirement to find out 6 business days that your monthly would be much less and you owe money for CalSTRS mistakes!"

--Linda

"I retired in June 2014 after 28 years teaching Special Education. When I retired in June 2014, I met with both the District Retirement Officials, as well as CalSTRS counselors who both presented my final compensation. I was under the impression that that would be a fairly fixed pension with the exception of a 2 percent raise per year. As with most people planning retirement, I spent many hours adding and subtracting columns of numbers to see how financially solid I would be going forward with this fixed income stream. In November of 2020, I was notified by CalSTRS that my pension would be reduced by \$330 per month starting in 6 days in my December STRS check. After much investigation on my part as to why this reduction was happening, I was told that my district had listed a \$1,000 one-time raise in the wrong column and transferred incorrect earnings to CalSTRS. Because of this district error, I am being penalized by this reduction in my monthly pension. It is unclear how long this reduction will be collected because many of my colleagues are getting different messages as to the length of time. At a meeting of my fellow retirees who are all being affected by error, it was stated that each of us was sent an email Audit Notice on June 30, 2015 explaining this ruling. It was stated to us, that since no teacher questioned or negatively reacted to this notice, the reduction was moved forward. I did not ever receive this notice. I checked my personal archived email messages as well as my CalSTRS sent notices and there was no evidence of the Audit Notice. This is unfair to me as a lifelong teacher and my fellow colleagues. We had no knowledge of this error in reporting and certainly were not the cause. The district and CalSTRS should work together to resolve this miscommunication and not pillage the teachers who are the innocent victims here. My pension is my income from the many years I gave to public education. I feel this is the ultimate disrespect."

--Carolyn