



California Public Employees' Retirement System
P.O. Box 942709
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Special:

**TO: PUBLIC AGENCIES; STATE COLLEGES & UNIVERSITIES;
COUNTY SUPERINTENDENT OF SCHOOLS; AND
INDIVIDUAL SCHOOL DISTRICTS**

**SUBJECT: RETIREMENT CREDIT FOR ABSENCE DUE TO MILITARY
SERVICE**

The recent activation of military reserve units has caused many members and employers to express concern over California Public Employees' Retirement System (CalPERS) service credit. State Government Code Sections 20990 through 20998 provide that certain members absent from employment for military service are eligible to receive credit for a non-compensated absence at employer cost.

Some employers have notified CalPERS that they are/were paying partial salaries during the leave of absence period. Typically, employers have chosen to pay the difference between the employee's normal salary and their military salary. Per CalPERS Government Code Section 20630, which defines compensation, CalPERS has determined such payments are not reportable for retirement purposes. If already reported, payroll-reversing entries should be submitted. This will not be detrimental to employees who are eligible and apply for leave of absence credit.

To be eligible for credit for a non-compensated absence or a specially compensated absence as described above, a member must have:

1. Been in the employment of a CalPERS-covered agency prior to entering military service.
2. Been granted a military leave or resigned from employment for the purpose of entering active duty in the armed forces.
3. Entered active duty within 90 days after leaving employment.
4. Returned to employment with the same agency, the State, or another agency contracting with the California Public Employees' Retirement System within six months after discharge from active duty (under conditions other than a dishonorable discharge.)

Please note that members who meet qualifications 1 through 3 but do not return to employment within six months will not qualify for military *leave* credit, but may be

eligible to purchase military service credit under other provisions of law.

Action is required by both the employer and the employee to obtain such credit.

Employer Action Necessary:

Non-compensated or non-reportable military leaves, separations, and reemployment should be reported on the usual reporting forms:

- CSU Employers – Personnel Payroll Transaction (PPT) and on-line entry of Transaction Codes S44 and A58.
- All other Employers – Report of Status Change or Separation Form PERS BAS-167 and the PERS Membership Form AESD-1.

The reason for the action must be clearly documented by using the appropriate reporting codes, including notations in the "Remarks" section of the AESD-1, or attaching explanatory documentation.

For those employers utilizing the CalPERS Automated Communications Exchange System (ACES), you will use the Appointment Change function and change the employee's status to Military Leave of Absence.

Returning employees should be advised of their potential retirement credit rights. Please provide a copy of this circular letter to each employee requesting or returning from a military leave. Copies may also be distributed to all other employees and/or posted on bulletin boards.

Employee Action Necessary:

A CalPERS member may request military credit at any time after returning from military service, but prior to separation or retirement. However, a delay in calculating leave credit may be experienced if the request is received prior to the posting of all service earned in the fiscal year after the member's return to employment.

Leave credit may be requested by using the military service credit request form in CalPERS publication "A Guide to Your CalPERS Service Credit Purchase Options". This publication is available through our web site at www.calpers.ca.gov or by calling (800) 352-2238. A copy of a military document(s), which includes the active duty entry and discharge dates, should be submitted with the request form to:

Public Employees' Retirement System
Member Services Division – Unit 831
P.O. Box 4000
Sacramento, CA 94229-2704

If you have questions regarding reporting procedures, please contact the Payroll Audits Unit of the Actuarial and Employer Services Division at 888 CalPERS (or 888-225-7377). Questions regarding military leave credit may be addressed to Member Services Division at (800) 352-2238.

Kenneth W. Marzion, Chief
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California Public Employees' Retirement System
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