

**THE CALIFORNIA STATE UNIVERSITY**  
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**Date:** April 7, 2005 **Code: HR 2005-15**  
**To:** CSU Presidents **Supersedes: HR 96-10**  
**From:** Jackie R. McClain   
Vice Chancellor  
Human Resources  
**Subject: Retirement Plans: Part-Time/Seasonal/Temporary Employees – Plan Update**

The Federal Omnibus Budget Reconciliation Act (OBRA) of 1990 requires that public employees who are not members of a retirement system be covered either by a qualified retirement program or by Social Security. This requirement applies to the California State University (CSU). Currently, employees who are excluded from California Public Employees' Retirement System (CalPERS) membership because they do not meet eligibility requirements (i.e., work less than one half-time, are seasonal, or employed on an intermittent or temporary basis) are required to participate in either the Department of Personnel Administration's (DPA) Part-time, Seasonal, and Temporary Employee Retirement (PST) Plan or the University of California's Defined Contribution (UCDC) Plan.

**Effective July 1, 2005, the DPA PST Plan will be the CSU's exclusive part-time employee retirement program.** Therefore, to effect this change, current UCDC Plan participants must begin making contributions to the DPA PST Plan effective with the June 2005 pay period, reportable July 1. The May 2005 pay period will be the last pay period employees make contributions to the UCDC Plan. Additionally, eligible CSU employees hired on or after June 1, 2005, automatically will be enrolled in the DPA PST Plan with contributions commencing with the June 2005 pay period or later, as appropriate.

Current employees moving from the UCDC Plan to the DPA PST Plan will maintain two retirement plans – an active plan and an inactive plan. The DPA PST Plan will become the “active” plan and will accept ongoing contributions effective with the June 2005 pay period. The UCDC Plan will become the “inactive” plan and existing account balances will continue to be maintained by the UCDC Plan until employees separate from all CSU employment. Employees with “inactive” accounts may continue to invest their funds in available plan funding options. When employees separate from the CSU, they will have various distribution options available or may continue to leave their account balances with the UCDC Plan subject to Internal Revenue Service (IRS) regulations.

Current UCDC Plan participants include eligible employees in the following groups:

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**Distribution:**

Vice Presidents, Administration  
Human Resources Directors  
Benefits Managers

Employee Relations Designees  
Payroll Managers  
Director, SOSS

- California Federation of the Union of American Physicians and Dentists (Unit 1)
- CSU Employees Union (CSUEU - Units 2, 5, 7 and 9)
- State Employees Trade Council (Unit 6)
- International Union of Operating Engineers (Unit 10)
- Non-represented employees (hired on or before May 24, 1996)

As is the current arrangement, the DPA PST Plan will continue to provide coverage for eligible employees in the following groups:

- California Faculty Associate (Unit 3)
- Academic Professionals of California (Unit 4)
- Statewide University Police Association (Unit 8)
- Academic Student Employees (Unit 11)
- Non-represented employees (hired after May 24, 1996)

Please note that student employees who qualify for the student FICA exemption, rehired annuitants, employees hired for emergencies, authorized non-resident aliens, and trade rate employees are not eligible to participate in these part-time employee retirement plans nor generally are they subject to Social Security.

A soon to be released technical letter will provide specific implementation and administration information. If you have any questions, please call systemwide Human Resources at (562) 951-4411. This HR is also available on the Human Resources Administration's Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

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