CalPERS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

OPTIONAL BENEFITS LISTING

CONTENTS

Note: **All section references are to the California Government Code**

A. INTRODUCTION

The following optional contract provisions are intended to provide basic information regarding the benefits that are available to contracting agencies through various sections of the Public Employees' Retirement Law. Legislative changes may alter the information in this document. When possible, a rough estimate of the annual cost of the benefit to the employer is included. **This estimate should be used as a guide only and not as an absolute.** The rough estimates provided in this document are based on a uniform funding for the unfunded liability of 20 years, reflecting the Board funding policy effective June 30, 1997. To the extent that your employees' demographics differ significantly from the averages used, the actual cost figures for your agency may differ significantly from the estimate provided. Please note that the cost information, when possible, includes both a long-term measure of cost (normal cost) and the immediate impact upon the total employer contribution rate.

If you are interested in requesting an actuarial valuation or amending your contract, refer to the Contract Amendment Procedures (PERS-CON-41). This can be found on the CalPERS website at www.calpers.ca.gov.

B. MEMBER GROUPS ELIGIBLE FOR SEPARATE BENEFITS

Unless otherwise specified, a contracting agency may provide any of the optional benefits independently to members in each of the following groups:

(1) Local Miscellaneous Members
(2) Local Safety Members
(3) Local Police
(4) Local Fire
(5) County Peace Officers
(6) Local Sheriff
(7) Local Prosecutors

An agency cannot provide different retirement benefits for any subgroup, including, but not limited to bargaining units or non-represented groups within the membership classifications listed above (Section 20479), with the exception of Employer Paid Member Contributions Converted to Payrate During the Final Compensation Period (Section 20692).

C. PURCHASING POWER PROTECTION ACCOUNT AND AMENDMENTS TO PROVIDE COST-OF-LIVING ALLOWANCE INCREASES

The Purchasing Power Protection Account (PPPA) is a statutory cost-of-living program for all public agencies under pension contract with CalPERS, which provides cost-of-living benefits over and above the cost-of-living allowances (COLA) contracted for by the agency.

These additional PPPA benefits are intended to restore the purchasing power to 80% of the recipient's initial purchasing power. The measure of whether current purchasing power is below 80% includes all current COLAs being received by the recipient. Therefore, if an amendment to retroactively increase COLAs is adopted, an individual already receiving PPPA may not receive any increase in monthly benefit. That individual may simply receive less PPPA and more COLA but the same monthly benefit (to maintain 80% of initial purchasing power). You and your retirees should be aware of this situation, which could cause an increase in employer cost without an immediate increase in some retiree's monthly benefits.

D. OPTIONAL BENEFIT PROVISIONS

1. Section 20042 One-Year Final Compensation

The period for determining the average monthly pay rate when calculating retirement benefits would change from the 36 highest paid consecutive months to the 12 highest paid consecutive months. (Applicable only to members retiring or whose death occurs after the effective date of the contract amendment.)

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 0.4% to 0.7% of payroll for miscellaneous groups
- 0.7% to 1.3% of payroll for safety groups

Impact on Total Employer Contribution Rate:

- 0.7% to 1.7% of payroll for miscellaneous groups
- 1.3% to 2.9% of payroll for safety groups

Member Cost: None.

2. Section 20325 Optional Membership for Part-Time Employees

Regular part-time employees who are excluded from CalPERS membership because they work less than an average of 20 hours per week (pursuant to Government Code Section 20305) may individually elect to become members if the agency contracts for this benefit.

If this benefit is being considered as an alternative to mandatory Social Security coverage, CalPERS benefits may not meet the minimum requirements for part-time employees. Part-time employees who elect CalPERS membership may still be required to continue participation in Social Security.

Individuals who elect membership will receive partial service credit, have the same contribution rate as other employees in the same member classification and are eligible to purchase previously excluded part-time service. After the contract has been amended, the member may obtain cost information by contacting Member Services Division. Those part-time employees may exercise their membership election anytime while in employment.

Because the amount that the member pays is only approximately one-half of the actual value of the service credit, the contracting agency will incur an additional cost every time a member purchases service under this option. The increase in employer cost will be paid through an increase in the employer contribution rate, beginning with the first of the fiscal year two years after the purchase.

For a given member purchasing service, you may estimate the increase in the employer contribution rate by taking the amount the member pays divided by 13.24 (the twenty year amortization factor) and then divided again by the total membership payroll.

Employer Cost: Costs will emerge in future valuations.
Member Cost: See description above.

3. Section 20475 Different Level of Benefits

A contracting agency may amend its contract to provide a different level of benefits to the applicable members listed below. Such amendments:

a. May reduce benefits, terminate provisions which are available only at the option of a public agency, provide different benefits, or provide any combination of such changes from the benefits and provisions applicable to members who were in employment prior to such contract amendment.

b. May only be effective after the contracting agency has fully discharged all of its obligation under the Meyers-Milias-Brown Act. CalPERS will accept the agency's certification that it complies in this respect, except for obvious deficiencies.

c. Shall apply uniformly with respect to all members within each of the following membership categories:

   (1) Local Miscellaneous Members
   (2) Local Police
   (3) Local Fire
   (4) County Peace Officers
   (5) Local Safety other than Local Police, Local Fire, or County Peace Officers.

d. Shall apply only to members who:

   (1) Receive service credit for the first time within an affected category after the effective date of this contract amendment; or,

   (2) Return to service within an affected category following a refund of contributions. However, if the member has redeposited or elects to redeposit withdrawn contributions prior to 90 days after returning to service, that member will not be subject to this amendment.

Several issues and questions have been raised in connection with this section:

a. All CalPERS benefits may not be terminated in favor of only Social Security coverage;

b. Amendments may not substitute a miscellaneous service retirement formula for a safety formula; and

c. An agency may amend its contract for this section only once every three years with respect to each category of employees.

d. An actuarial valuation is not required for this contract amendment. Agencies may request an actuarial study for an estimate of the rate change based on current employee data of the agency. The actual change will not be reflected in the employer rate until enough new employees have been hired to affect the data.

Employer Cost:	No rate change at time of amendment for non-pooled plans. Valuation required for pooled plans.
Member Cost:	None.

4. Section 20503 Removal of Contract Exclusions Prospectively Only

A contracting agency may remove a membership exclusion prospectively. When an exclusion is removed prospectively, Section 21020 enables the previously excluded members to elect to purchase earlier service as "public service".

After the contract has been amended, the member may obtain cost information by contacting Member Services Division. Some employer liability may be generated by such a purchase and would be incorporated into the agency's rate in future valuations.

Because the amount that the member pays is only approximately one-half of the actual value of the service credit, the contracting agency will incur an additional cost every time a member purchases service under this option. The increase in employer cost will be paid through an increase in the employer contribution rate, beginning with the first of the fiscal year two years after the purchase.

For a given member purchasing service, you may estimate the increase in the employer contribution rate by taking the amount the member pays divided by 13.24 (the twenty year amortization factor) and then divided again by the total membership payroll.

Employer Cost:	Valuation may be required for non-pooled plans only. (Employee data will be needed.)
Member Cost:	For members electing to purchase the service credit pursuant to Section 21020, individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

5. Section 20516 Employees Sharing Cost of Additional Benefits

This benefit allows a contracting agency or an agency that initially contracts with CalPERS to share the cost of additional retirement benefits with the employees as a result of a written agreement with the employee group.

There are two methods of requesting an actuarial study:

a. If the agreement with the employees specifies a definite percentage increase in the employee rate, such as 1.0%, 2.0%, etc., the valuation can be done on that basis.

b. If the agreement with the employee group is indefinite, the agency may wish to request several valuations, with the employees paying 0.5%, 1.0%, 1.5%, etc.

There are several points to be emphasized:

a. This provision requires that the employer and the employees agree in writing to share the cost of the applicable benefits.

b. The increase in the member contribution rate will be effective as of the effective date of the amendment to the contract. To reduce the percentage the employees have agreed to cost share at a later date, the agency will need to request an amendment to the contract.

c. The increased member contributions will be credited to each member's account as normal contributions and will be included in the refund of accumulated contributions to members who separate from CalPERS covered employment and elect to withdraw their contributions.

d. Some of the optional benefits available, such as 1959 Survivor Benefits and Post-Retirement Survivor Allowance, may not be applicable to all employees. However, if the agency includes such benefits in conjunction with Section 20516, the contribution rate would increase for all employees in the applicable member group.

e. It is also possible to share the cost of formulas other than the minimum formulas, which are the 2% @ 60 for local miscellaneous and the 2% @ 55 for local safety members.

Section 20516 also permits an employer to make an independent agreement with its employees to share the cost of any optional benefit without requiring an amendment to the contract. Any such agreement in a memorandum of understanding, which is inconsistent with this section, shall not be a part of the contract between the agency and this system.

Employer Cost: Valuation required.
Member Cost: The amount the members agree to pay is a fixed rate increase. This rate can be decreased at a later date only by a contract amendment.

6. Section 20530.1 Credit for Local Retirement System Service for Employees of Agencies Contracted on a Prospective Basis

An agency whose contract provides for participation of its employees on a prospective basis may provide credit for service prior to the date the employees became members of this system. If the employees were or are members of a local retirement system and received service and contribution credits under that local retirement system, the system administrator must certify that the local system contributions may be transferred and two-thirds majority of the affected employees must vote in favor of the transfer.

The contributions to be credited to employees' accounts are to be transferred to CalPERS as of the effective date of the contract amendment. The Board may approve the contributions to be credited to the employer account to be transferred over an appropriate period following the effective date of the contract amendment, if the transfer is not possible without hardship to the agency.

This benefit shall apply only to members employed by the contracting agency on the effective date of the contract amendment.

Employer Cost: Valuation required for non-pooled plans only.
Member Cost: None.

7. Section 20680 Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level

Auxiliary organizations of the CSUC system may reduce the employee contribution rate for active members to the level applicable to State miscellaneous members. For members who are not covered by Social Security, the employee contribution rate would become 6% of monthly earnings in excess of $317.00 (current rate: 7% of monthly earnings). For members covered by Social Security, the employee contribution rate would become 5% of monthly earnings in excess of $513.00 (current rate: 7% of monthly earnings in excess of $133.33).

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 1.6% to 2.5% of payroll for all miscellaneous groups

Impact on Total Employer Contribution Rate:

- 1.9% to 3.0% of payroll for miscellaneous groups

Member Cost: Reduction in member contributions as discussed above.

8. Section 20692 Employer Paid Member Contributions Converted to Payrate During the Final Compensation Period

A contracting agency that has elected to pay all or a portion of the normal contributions of members of a group or class of employment pursuant to Section 20691, may, pursuant to a labor policy or agreement, stop paying those contributions <u>during the final compensation period</u> and instead increase the payrate of the members by the amount of employer paid member contributions (EPMC). This results in a higher average monthly payrate for the purpose of computing the member's retirement allowance. Government Code Section 20692 requires the following:

a. The amount of EPMC converted to payrate must be the same amount (percent) of EPMC being paid by the employer, unless there is a written labor agreement in existence and in effect on June 30, 1993, allowing the conversion of a smaller amount of EPMC than what is being paid.

b. The employer is to inform all persons hired after the effective date of the contract amendment how this benefit relates to their total compensation and benefit package.

c. The unfunded actuarial liability costs (temporary increase to the employer contribution rate) attributable to this benefit will be amortized over the agency's current funding horizon.

d. Full disclosure of the benefit, the cost implications and the funding, therefore, must be made public at <u>**two**</u> consecutive public meetings at least <u>two weeks</u> prior to adoption of the final documents. As the member payrates will be increased for all purposes, the agency will need to notice the increase in the employer contribution rate due to providing this benefit <u>and</u> any other costs resulting from the increase in the member payrates.

e. The employer contribution rate will be adjusted to include the cost of this benefit <u>commencing with the effective date of the amendment to the contract</u>.

The contract amendment must also conform with the following standards:

1. The period of final compensation must be the 12 months or 36 months immediately preceding the effective date of retirement.

2. The provision must be fully funded for the group or class of employees, based on CalPERS' actuarial assumptions with the right of review set forth in Government Code Section 20692(g).

3. The provision must conform to federal Internal Revenue Code standards for "qualified plan status" of the System in Section 401(a), including "non-discrimination testing".

4. The provision must be contained in applicable current written labor agreements, as well as in adopted resolutions.

5. The conversion of EPMC to compensation earnable is an increase in payrate for all purposes.

6. If an employee does not provide 12 months or 36 months notice of retirement, the employer shall make necessary corrections to the payrate and report adjustments to CalPERS.

7. If an employee cancels his/her retirement date, this provision shall be applied to his/her new final compensation period.

Before the agency may proceed with the contract amendment, the labor policy or agreement must be reviewed to determine whether the requirements of Section 20692 have been met. The labor policy or agreement, identified for the purpose of compensation conversion should be submitted to: CalPERS, Employer Services Division, Compensation Review Unit, P.O. Box 942709, Sacramento, CA 94229-2709.

Employer Cost: Valuation required.

Rough Estimate: Impact on Employer Normal Cost:

- 0.6% to 1.1% of payroll for miscellaneous groups
- 1.8% to 2.5% of payroll for safety groups

Impact on Total Employer Contribution Rate:

- 1.3% to 2.7% of payroll for miscellaneous groups
- 1.8% to 5.9% of payroll for safety groups

Member Cost: Increase in member payrate will increase the amount of member contributions.

9. Section 20903 Two Years Additional Service Credit

An agency may amend its contract to provide two years additional service credit to members who retire during a designated period because of impending mandatory transfers, layoffs, or demotions and the following requirements are met:

a. The member is employed in a specified job classification, department, or other organizational unit and retired within the period designated by the governing body.

The designated period must be subsequent to the effective date of the contract amendment and can not be less than 90 or more than 180 days in length. (The benefit cannot be provided on the basis of employee organization or non-represented groups).

b. The governing body must certify that it is electing to be subject to the provisions of this section due to mandatory transfers, layoffs and/or demotions that constitute at least one percent of the job classification, department, or organizational unit.

c. The governing body must certify that it is the intention at the time Section 20903 becomes operative that any vacancies created by retirements under this section or at least one vacancy in any position in any department or organizational unit shall remain permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.

d. The governing body must certify that it has complied with the provisions of Government Code Section 7507 and has disclosed the additional employer contributions and the funding of those employer contributions, at a public meeting.

To be eligible for this service credit, a member must have at least five years of service credit, be in employment status with the providing agency for at least one day during the designated period and retire during the designated period. The member's retirement date may not be the first day of the designated period.

A member cannot receive credit under this section if the member receives any unemployment insurance payments during the designated period. If the retired member subsequently reenters membership, the additional service credit is forfeited.

Employer Cost: The added cost to the retirement fund for all eligible employees who retire during the designated period will be included in the contracting agency's employer contribution rate. The governing body satisfies the requirements of Government Code Section 7507 by disclosing an estimate of the present value of the additional employer contributions. This estimate is calculated by the agency, using the worksheet and factors provided below. The actual present value of additional contributions may differ from the estimate for two reasons:

1) Some of the members who are eligible to retire and receive the two years service credit (and who are included in the estimate) may choose not to retire, and

2) There may be an additional cost to the agency (called an experience loss) if the total number of members retiring in the fiscal year exceeds the number predicted by the actuarial assumptions. An experience loss occurs very often when the two years service credit is offered because some members retire who would have otherwise waited until later years.

The cost of the two years additional service credit will be included in the contracting agency's employer contribution rate commencing with the fiscal year starting two years after the end of the designated period. The increase in the employer contribution rate may continue for as long as 20 years.

The annual valuation report for the fiscal year that begins two years after the end of the designated period will show the amount of the increase in the employer contribution rate resulting from the two years service credit.

Follow the instructions below to estimate the increase in the employer contribution rate percentage:

- Take the estimate of the present value of additional employer contributions disclosed at the public meeting, and
- First divide by 13.24 (the 20-year amortization factor), and
- Then divide by the annual payroll of the plan.

Member Cost: None.

Procedures for Calculation of "Additional Employer Contributions" and Funding Therefore to be Disclosed at the Public Meeting

The "additional employer contributions" that the agency discloses at its public meeting is an ***estimate*** of the present value of additional employer contributions which will be required in the future for providing the two years service credit. This amount is calculated based on the member's annual reportable compensation, the cost factor and whether the agency's contract provides the Post-Retirement Survivor Allowance (Survivor Continuance) and/or an increased Cost-of-Living Allowance of 3%, 4% or 5%.

The "additional employer contributions" is calculated as follows:

1. Identify all individuals who meet the minimum eligibility for retirement and who are employed in the designated classification, department or organizational unit.

2. Determine the annual pay rate for each person. "Payrate" indicates that amount of compensation a member is paid for a full unit of time. Always use the member's FULL TIME pay rate.

3. Determine the age for each person and locate the appropriate factor on the Cost Factor Chart.

4. Multiply the annual pay rate by the cost factor, (annual pay rate) X (cost factor) = estimated cost.

5. Determine whether your agency's contract provides for the Post-Retirement Survivor Allowance. If yes, proceed to step #7.

6. If your agency's contract does not provide for the Post-Retirement Survivor Allowance, multiply the value determined in step #4, above, by 0.95.

7. Determine whether your agency's contract provides for the increased Cost-of-Living Allowance of 3%, 4% or 5%. If not, no further calculations are needed.

8. If your agency's contract provides the 3%, 4%, or 5% cost-of-living allowance, multiply the value determined above by 1.09 to estimate the cost of providing the additional service credit.

The “additional employer contributions” are paid by the agency through an increase in the employer contribution rate, starting two fiscal years after the end of the designated period. The increase in the employer contribution rate may continue for as long as 20 years.

To estimate the increase in the employer contribution rate percent:

1) Take the “additional employer contributions” calculated above, and

2) First divide by 13.24 (the 20-year amortization factor), and

3) Then divide by annual payroll of the plan.

COST FACTOR CHART

MISCELLANEOUS MEMBERS

Ages	2% @ 60 formula All	2% @ 55 formula All	2.5% @ 55 formula All	2.7% @ 55 formula All	3% @ 60 formula All
50-54	0.35	0.47	0.63	0.65	0.63
55-59	0.44	0.56	0.67	0.72	0.72
60-64	0.55	0.57	0.61	0.66	0.73
65+	0.53	0.53	0.54	0.59	0.65

SAFETY MEMBERS

Ages	2% @ 55 formula All	2% @ 50 formula All	3% @ 55 formula All	3% @ 50 formula All
50-54	0.48	0.66	0.77	0.87
55-59	0.55	0.74	0.82	0.82
60-64	0.50	0.68	0.75	0.75
65+	0.45	0.61	0.68	0.68

10. Section 20936 Prior Service Credit for Employees of an Assumed Agency or Function

An agency may provide credit for service rendered with a public agency if that agency or a function of that agency is, or was, assumed by the contracting agency. The cost for prior service credit is the liability of the contracting agency. Documents of origin for the assumed agency may be required to determine whether the agency qualifies as a public agency.

Employer Cost: Valuation required.
Member Cost: None.

11. Section 20938 Limit Prior Service to Members Employed on Contract Date

A contracting agency may limit prior service credit (service rendered to the agency prior to its contract date with CalPERS) to persons in employment with the agency on the effective date of its CalPERS contract, or amendment to contract.

This benefit can be provided in the initial contract or by amendment for agencies that provide 0% prior service and now wish to provide all or a portion of prior service credit to current employees only. This option may also be applied upon the removal of an exclusion of a member group or classification.

Employer Cost: Valuation required.
Member Cost: None.

12. Section 20965 Credit for Unused Sick Leave

This benefit is mandated for pooled plans.

Unused accumulated sick leave at time of retirement may be converted to additional service credit at the rate of 0.004 year of service credit for each day of unused sick leave (i.e., 250 days of sick leave equals one additional year of service credit).

The employer must report only those days of unused sick leave that were accrued by the member during the normal course of employment. Additional days of unused sick leave reported for the purpose of increasing the member's retirement benefit are prohibited.

Most safety member formulas limit the member benefits to a maximum of 90% of final compensation. The addition of this benefit does not increase the maximum percentage allowable.

This section applies to members whose effective date of retirement is within four months of separation from employment and who retire after the effective date of the contract amendment.

Employer Cost: Valuation required for non-pooled plans only.
Rough Estimate: Impact on Employer Normal Cost:

- 0.1% to 0.2% of payroll for all groups

Impact on Total Employer Contribution Rate:

- 0.2% to 0.7% of payroll for all groups

Member Cost: None.

13. Section 20996 Military Service Credit as Prior Service

Employees who are/were on a military leave at the time the agency contracts for CalPERS coverage and return to employment with the agency within six months after discharge from active military duty, can receive service credit for the period of their absence. If the agency provides this benefit, former employees employed by other CalPERS employers would also be eligible to claim service credit. The agency would be liable for the cost.

Employer Cost: No valuation required. Actual costs will emerge in future valuations.
Member Cost: None.

14. Section 21020.5 Public Service Credit for California Senate Fellows, Assembly Fellowship, Executive Fellowship, or Judicial Administration Fellowship Programs

A member who was employed on or after October 14, 1991 under the California Senate Fellows, Assembly Fellowship, or Executive Fellowship programs may elect to receive service credit for that public service prior to retirement. A member who was employed on or after January 1, 2003 under the Judicial Administration Fellowship program may elect to receive service credit for that public service prior to retirement.

Employer Cost: No valuation required. Actual costs will emerge in future valuations.
Member Cost: Individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

15. Section 21022 Public Service Credit for Periods of Layoff

This provision is mandated for pooled plans.

A member may receive up to one year of public service credit for each period of layoff from employment on or after January 1, 1981.

To be eligible to receive the service credit, the member must meet the following conditions:

a. The member must return within 12 months of the date of layoff to full-time employment under the procedures of the employer for laid off employees returning to work. (A certification will be supplied to the employer to ensure compliance with this provision.)

b. The member must elect to purchase the credit within 3 years of returning to work or the effective date of the contract amendment to become subject to this section.

c. The member must redeposit any CalPERS contributions withdrawn during the period of layoff.

Because the amount that the member pays is only approximately one-half of the actual value of the service credit, the contracting agency will incur an additional cost every time a member purchases service under this option. The increase in employer cost will be paid through an increase in the employer contribution rate, beginning with the first of the fiscal year two years after the purchase.

For a given member purchasing service, you may estimate the increase in the employer contribution rate by taking the amount the member pays divided by 13.24 (the twenty year amortization factor) and then divided again by the total membership payroll.

Employer Cost:	No valuation required. Actual costs will emerge in future valuations.
Member Cost:	Individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

16. Section 21023.5 Public Service Credit for Peace Corps, AmeriCorps VISTA, or AmeriCorps Service

This provision is mandated for pooled plans.

A member may elect to purchase up to three years of service credit for any volunteer service in the Peace Corps, AmeriCorps VISTA (Volunteers In Service To America), or AmeriCorps.

Employer Cost:	No valuation required. Actual costs will emerge in future valuations.
Employee Cost:	Individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

17. Section 21024 Military Service Credit as Public Service

This provision is mandated for pooled plans.

A member may elect to purchase up to four years of service credit for any active military or merchant marine service prior to employment. This benefit applies only to active members while in employment with an employer providing this benefit in its contract.

Employer Cost:	No valuation required. Actual costs will emerge in future valuations.
Member Cost:	Individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

18. Section 21024.5 Public Service Credit for Permanent Career Civilian Federal Firefighter or Permanent Career State Firefighter Service

A local fire member may elect to purchase service credit for any service as a permanent career civilian federal firefighter or permanent career state firefighter prior to becoming a member of CalPERS.

The member is required to pay the normal employee contributions based on the contribution rate and compensation at date of membership plus interest until the date of completion of payments.

Because the amount that the member pays is only approximately one-half of the actual value of the service credit, the contracting agency will incur an additional cost every time a member purchases service under this option. The increase in employer cost will be paid through an increase in the employer contribution rate, beginning with the first of the fiscal year two years after the purchase.

For a given member purchasing service, you may estimate the increase in the employer contribution rate by taking the amount the member pays divided by 13.24 (the twenty year amortization factor) and then divided again by the total membership payroll.

Employer Cost:	No valuation required. Actual costs will emerge in future valuations.
Member Cost:	Individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

19. Section 21025 Public Service Credit for Employees of an Assumed Agency or Function

Employees of a contracting agency are permitted to purchase as "public service credit", service rendered as employees of a public agency, or a function of an agency, that is assumed by a contracting agency.

Documents of origin for the assumed agency may be required to determine whether the agency qualifies as a public agency.

Because the amount that the member pays is only approximately one-half of the actual value of the service credit, the contracting agency will incur an additional cost every time a member purchases service under this option. The increase in employer cost will be paid through an increase in the employer contribution rate, beginning with the first of the fiscal year two years after the purchase.

For a given member purchasing service, you may estimate the increase in the employer contribution rate by taking the amount the member pays divided by 13.24 (the twenty year amortization factor) and then divided again by the total membership payroll.

Employer Cost:	No valuation required. Actual costs will emerge in future valuations.
Member Cost:	Individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

20. Section 21026 Public Service Credit for Service Rendered to a California Nonprofit Corporation

This provision is mandated for pooled plans.

Employees of a contracting agency are permitted to purchase as "public service credit" service rendered to a California nonprofit corporation serving fire fighters employed by state and local agencies.

Because the amount that the member pays is only approximately one-half of the actual value of the service credit, the contracting agency will incur an additional cost every time a member purchases service under this option. The increase in employer cost will be paid through an increase in the employer contribution rate, beginning with the first of the fiscal year two years after the purchase.

For a given member purchasing service, you may estimate the increase in the employer contribution rate by taking the amount the member pays divided by 13.24 (the twenty year amortization factor) and then divided again by the total membership payroll.

Employer Cost:	No valuation required. Actual costs will emerge in future valuations.
Member Cost:	Individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

21. Section 21027 Military Service Credit for Retired Persons

This provision is mandated for pooled plans.

A contracting agency which is subject to Section 21024 may amend its contract to permit certain retired persons to purchase up to four years of service credit for any active military or merchant marine service prior to employment.

The former local member must have retired before the employer's contract included the provisions of Section 21024 and immediately following service with the employer providing this option. The retiree must not receive credit for the same military service with another publicly funded retirement system. The retired person's allowance would be increased only with respect to the allowance on or after the effective date of the election to purchase the service credit.

Employer Cost:	No valuation required. Actual costs will emerge in future valuations.
Member Cost:	Individual calculation required. After the contract has been amended, the retired member may obtain cost information by contacting Member Services Division.

22. Section 21031 Public Service Credit for Limited Prior Service

This option permits employees to purchase prior service (service rendered to the agency prior to its contract date with CalPERS) which was limited in the agency's contract.

The member is required to pay the normal employee contributions based on the contribution rate and compensation at date of membership plus interest until the date of completion of payments.

Because the amount that the member pays is only approximately one-half of the actual value of the service credit, the contracting agency will incur an additional cost every time a member purchases service under this option. The increase in employer cost will be paid through an increase in the employer contribution rate, beginning with the first of the fiscal year two years after the purchase.

For a given member purchasing service, you may estimate the increase in the employer contribution rate by taking the amount the member pays divided by 13.24 (the twenty year amortization factor) and then divided again by the total membership payroll.

Employer Cost: No valuation required. Actual costs will emerge in future valuations.
Member Cost: Individual calculation required. After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

23. Section 21100 1.5% @ 65 Formula for Local Miscellaneous Members

A contracting agency which has local miscellaneous members who are covered under Social Security may include in its contract the 1.5% @ 65 formula if it is agreed to in a written memorandum of understanding entered into by an employer and representatives of employees.

Members who are not covered under Social Security will be subject to the current formula applicable to miscellaneous members or, for new contracting agencies, either the 2% @ 60 formula or the 2% @ 55 formula for local miscellaneous members.

This formula provides to local miscellaneous members 1.5% of pay at age 65 for each year of service credited with that employer. For members who retire earlier, the percentage of pay is reduced to .500% at age 50, which gradually increases for each attained age to 1.5% at age 65+. Agencies amending for this formula are providing an alternate level of benefits pursuant to Government Code Sections 21091-21099. The following provisions are applicable:

a. All future hires who are first-time CalPERS members will be subject to this benefit. Eligible members employed prior to the effective date of the agency's contract amendment shall have the right to elect to be subject to this benefit for future service only.

b. A member must be at least age 55 with five years of CalPERS credited service to be eligible for a service retirement. For those members who voluntarily elected to be subject to the 1.5% @ 65 formula, the minimum requirement is age 50 with five years of CalPERS credited service.

c. In determining the benefits payable under this formula, the final compensation shall be a period of 36 consecutive months.

d. The disability retirement benefit for members with at least five years of credited service is 1.35% of final compensation. The maximum percentage for members who have between 10.000 and 24.691 years of credited service is one-third of final compensation. The disability retirement allowance cannot be more than the service retirement allowance if the member were to continue in employment and retire at age 65.

e. The annual cost-of-living allowance increase is a maximum of 2.0%.

f. The member contribution rate is 2% of reportable earnings.

g. Other optional benefits currently provided in the agency's contract will be applicable to members covered under this formula, e.g. Section 20965 (Credit for Unused Sick Leave) and Sections 21624, 21626 & 21628 (Post-Retirement Survivor Allowance).

Employer Cost: No rate change at time of amendment. Costs will emerge in future valuations.
Member Cost: As discussed above.

24. Section 21118 Partial Service Retirement

A member can reduce his/her work time by at least 20% but not more than 60%, continue working and receive a partial service retirement allowance provided the member is credited with 20 years of service and has attained the applicable normal retirement age. The partial retirement allowance is based on the reduction of work time.

For example, if the member's work time is reduced by 30% (works 70% of full time), the allowance would be 30% of what it would have been if the member had retired with a full service retirement.

Employer Cost: No valuation required. Actual costs will emerge in future valuations.
Member Cost: None.

25. Section 21131 Age 60 Mandatory Retirement for Local Safety Members

An agency may specify age 60 as the mandatory retirement age for local safety members if the agency has obtained a final determination in federal court that age is a bona fide occupational qualification for a given job or has obtained approval or certification from the Equal Employment Opportunity Commission.

Employer Cost: No valuation required.
Member Cost: None.

26. **Section 21151** **Industrial Disability Retirement for Local Miscellaneous Members**

This benefit provides that an industrially disabled member qualifies for a retirement allowance regardless of age or length of employment. The industrial disability retirement allowance is 50% of final compensation, however, if a member is qualified for service retirement, he or she will receive an IDR benefit based upon the service retirement benefit if such a benefit is greater. Outside earnings are not limited and do not affect the amount of the CalPERS allowance.

This section does not apply to local safety members in the classification of local prosecutors, local public defenders, and local public defender investigators unless this section has been made applicable to the local miscellaneous members of the contracting agency.

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 0.3% to 0.6% of payroll

Impact on Total Employer Contribution Rate:

- 0.4% to 0.7% of payroll

Member Cost: None.

27. **Section 21328** **One-Time 1% to 6% Increase for Members Who Retired or Died Prior to January 1, 1998**

As of January 1, 2000, a contracting agency may provide a one-time allowance increase with respect to members who retired or died prior to January 1, 1998. The increase ranges from 1.0% to 6.0% on a graduated scale based on the member's date of retirement or death. The increase applies to beneficiaries and survivors of such retirees as well as survivors of such members.

Period During Which Retirement Or Death Occurred	Percentage
On or before December 31, 1974	6%
120 months ending December 31, 1984	5%
60 months ending December 31, 1989	4%
60 months ending December 31, 1994	3%
24 months ending December 31, 1996	2%
12 months ending December 31, 1997	1%

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- No impact

Impact on Total Employer Contribution Rate:

- Up to 3.7% of payroll for all groups

Member Cost: None.

An operative date for this benefit is established at the time of amendment.

28. Section 21335 Annual Cost-of-Living Allowance Increase

Allowances for retired members are currently covered by an annual 2.0% maximum cost-of-living increase provided the Consumer Price Index (CPI) factor increases at least 2.0%.

Section 21335 would grant a 3.0%, 4.0% or 5.0% maximum annual cost-of-living increase in lieu of the 2.0% maximum. Should the CPI factor increase less than the percentage adopted by the agency, the individual allowances would be limited to an amount equal to the base allowance increased by 3.0%, 4.0% or 5.0% per year compounded for the number of years between the end of the base year and the beginning of the calendar year in which the adjustment is made.

Section 21335 permits contracting agencies to provide the increased cost-of-living allowance beginning on a date specified. This has the effect of permitting the agency to provide the increase retroactive to a date specified in the contract or to any future date specified.

For example, if the base year 2007 is chosen, the first cost-of-living allowance increase would be applicable to the May 1, 2009 warrant. The year specified may not be earlier than the year the agency originally contracted with CalPERS for participation in the Retirement Program.

Employer Cost: Valuation required for agencies that do not have this provision in the contract. The valuation request needs to specify the base year. If the agency has this provision in the contract, no valuation is required to increase the COLA. CalPERS currently estimates that the long term cumulative inflation will be 3%. Therefore, amending for 4% or 5% COLA is not expected to cost more than for a 3% COLA. However, if the **actual** cumulative inflation were to be higher than 3% there will be a cost for contracting for the 4% or 5% COLA and these costs will emerge in future valuations.

Rough Estimate: Impact on Employer Normal Cost:

- 3% COLA: 0.9% to 1.7% of payroll for miscellaneous groups
- 3% COLA: 2.1% to 2.7% of payroll for safety groups

Impact on Total Employer Contribution Rate:

- 3% COLA: 3.4% to 5.6% of payroll for miscellaneous groups
- 3% COLA: 5.4% to 11.0% of payroll for safety groups

Member Cost: None.

***** An agency with a large proportion of retirees and/or long service active members will have a higher cost.

29. Section 21353 2% @ 60 Full, Supplemental or Modified Formula for Local Miscellaneous Members

This formula provides to local miscellaneous members 2% of pay at age 60 for each year of service credited with that employer. For members who retire earlier, the percentage of pay is reduced to 1.092% at age 50 which gradually increases for each attained age to the maximum of 2.418% at age 63+.

This formula is mandated for local miscellaneous members unless the employer has contracted to provide the 2% @ 55 formula (Section 21354) or the 1.5% @ 65 formula (Section 21100). Local miscellaneous members subject to the 2% @ 60 Full or Supplemental formulas contribute 7% of reportable earnings. Those covered by the 2% @ 60 Modified formula (coordinated with Social Security) contribute 7% of reportable earnings in excess of $133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Employer Cost: Valuation required.
Member Cost: As discussed above.

30. Section 21354 2% @ 55 Full, Supplemental or Modified Formula for Local Miscellaneous Members

This formula provides to local miscellaneous members 2% of pay at age 55 for each year of service credited with that employer. For members who retire earlier, the percentage of pay is reduced to 1.426% at age 50 which gradually increases for each attained age to the maximum of 2.418% at age 63+. Members age 63 or older will receive the same allowance as under the 2% @ 60 formula.

Local miscellaneous members who retire <u>after</u> the effective date of the contract amendment will be subject to this formula.

Local miscellaneous members subject to the 2% @ 55 Full or Supplemental formulas contribute 7% of reportable earnings. Those covered by the 2% @ 55 Modified formula (coordinated with Social Security) contribute 7% of reportable earnings in excess of $133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:
- 1.3% to 1.9% of payroll

Impact on Total Employer Contribution Rate:
- 2.7% to 5.0% of payroll

Member Cost: As discussed above.

31. Section 21354.3 3% @ 60 Full, Supplemental or Modified Formula for Local Miscellaneous Members

This formula provides to local miscellaneous members 3% of pay at age 60 for each year of eligible service credited with that employer. The basic benefit is 3% of final compensation for each year of credited service upon retirement at age 60. If retirement is earlier than age 60, the percentage of final compensation decreases for each quarter year of attained age to 2% at age 50.

Local miscellaneous members employed on or after the effective date of the contract amendment will be subject to this formula at retirement.

Local miscellaneous members subject to the 3% @ 60 Full or Supplemental formulas contribute 8% of reportable earnings. Those covered by the 3% @ 60 Modified formula (coordinated with Social Security) contribute 8% of reportable earnings in excess of $133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 2.7% to 3.4% of payroll for 2% at 55 miscellaneous groups

Impact on Total Employer Contribution Rate:

- 6.4% to 10.5% of payroll for 2% at 55 miscellaneous groups, assuming formula applies to **active** members only

Member Cost: As discussed above.

A Potential Liability

Employers who elect to move from the 2.7% @ 55 formula to the 3% @ 60 formula may risk a subsequent claim from a retiring employee that his/her vested right to a benefit has been impaired. Depending on the age at which the member elects to retire, the benefit payments calculated using the 2.7% @ 55 benefit factors may be higher than those calculated using the 3% @ 60 benefit factors. These factors are as follows:

Age	50	51	52	53	54	55	56	57	58	59	60
2.7%@55	2.00	2.14	2.28	2.42	2.56	2.70	2.70	2.70	2.70	2.70	2.70
3% @ 60	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.80	2.90	3.00

For example, suppose a member retires at age 54 with 20 years of service with a final average monthly compensation of $5,000. Under the 2.7% @ 55 formula, the member would receive 2.56% x 20 x $5,000 = $2,560 per month. Under the 3% @ 60 formula, the same member would receive 2.40% x 20 x $5,000 = $2,400 per month, $160 per month **less**.

Employers who elect to move to formulas that may impair their employees' vested rights should advise their employees of this possibility when they amend their contracts and also when their employees retire.

Employees who retire at ages that give them lower benefit factors may claim their vested rights were violated and may be awarded retirement allowances under the formula they previously had and therefore might receive higher retirement allowances. The costs quoted in the actuarial report will **not** include any provision for future retiring employee claims in situations as illustrated in the example.

32. Section 21354.4 2.5% @ 55 Full, Supplemental or Modified Formula for Local Miscellaneous Members

This formula provides to local miscellaneous members 2.5% of pay at age 55 for each year of service credited with that employer. The basic benefit is 2.5% of final compensation for each year of credited service upon retirement at age 55. If retirement is earlier than age 55, the percentage of final compensation decreases for each quarter year of attained age to 2% at age 50.

Local miscellaneous members employed on or after the effective date of the contract amendment will be subject to this formula at retirement.

Local miscellaneous members subject to the 2.5% @ 55 Full or Supplemental formulas contribute 8% of reportable earnings. Those covered by the 2.5% @ 55 Modified formula (coordinated with Social Security) contribute 8% of reportable earnings in excess of $133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 0.8% to 1.5% of payroll for 2% at 55 miscellaneous groups

Impact on Total Employer Contribution Rate:

- 2.4% to 4.5% of payroll for 2% at 55 miscellaneous groups, assuming formula applies to **active** members only

Member Cost: As discussed above.

33. Section 21354.5 2.7% @ 55 Full, Supplemental or Modified Formula for Local Miscellaneous Members

This formula provides to local miscellaneous members 2.7% of pay at age 55 for each year of eligible service credited with that employer. The basic benefit is 2.7% of final compensation for each year of credited service upon retirement at age 55. If retirement is earlier than age 55, the percentage of final compensation decreases for each quarter year of attained age to 2% at age 50.

Local miscellaneous members employed on or after the effective date of the contract amendment will be subject to this formula at retirement.

Local miscellaneous members subject to the 2.7% @ 55 Full or Supplemental formulas contribute 8% of reportable earnings. Those covered by the 2.7% @ 55 Modified formula (coordinated with Social Security) contribute 8% of reportable earnings in excess of $133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 1.9% to 2.5% of payroll for 2% at 55 miscellaneous groups

Impact on Total Employer Contribution Rate:

- 4.5% to 7.9% of payroll for 2% at 55 miscellaneous groups, assuming formula applies to **active** members only

Member Cost: As discussed above.

34. Section 21362 2% @ 50 Full, Supplemental or Modified Formula for Local Safety Members

This formula provides to local safety members 2% of pay at age 50 for each year of service credited with that employer. The percent per year of service gradually increases for each attained age from 2% at age 50 to 2.7% at age 55+.

Local safety members subject to the 2% @ 50 Full or Supplemental formulas contribute 9% of reportable earnings. Those covered under the 2% @ 50 Modified formula (coordinated with Social Security) contribute 9% of reportable earnings in excess of $133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Local safety members who retire after the effective date of the contract amendment will be subject to this formula. The total allowance for service retirement under the 2% @ 50 formula cannot exceed 90% of final compensation.

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 2.9% to 5.3% of payroll

Impact on Total Employer Contribution Rate:

- 4.2% to 12.7% of payroll

Member Cost: As discussed above.

35. Section 21362.2 3% @ 50 Full, Supplemental or Modified Formula for Local Safety Members

This formula provides to local safety members 3% of pay at age 50 for each year of service credited with that employer.

Local safety members subject to the 3% @ 50 Full or Supplemental formulas contribute 9% of reportable earnings. Those covered under the 3% @ 50 Modified formula (coordinated with Social Security) contribute 9% of reportable earnings in excess of $133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Local safety members who retire after the effective date of the contract amendment will be subject to this formula. The total allowance for service retirement under the 3% @ 50 formula cannot exceed 90% of final compensation.

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 3.8% to 5.3% of payroll for 2% at 50 safety groups

Impact on Total Employer Contribution Rate:

- 9.6% to 16.5% of payroll for 2% at 50 safety groups

Member Cost: As discussed above.

36. Section 21363.1 3% @ 55 Full, Supplemental or Modified Formula for Local Safety Members

This formula provides to local safety members 3% of pay at age 55 for each year of service credited with that employer. For members who retire earlier, the percentage of pay is reduced to 2.400% at age 50, which gradually increases for each attained age to 3% at age 55+.

Local safety members subject to the 3% @ 55 Full or Supplemental formulas contribute 9% of reportable earnings. Those covered under the 3% @ 55 Modified formula (coordinated with Social Security) contribute 9% of reportable earnings in excess of $133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Local safety members who retire after the effective date of the contract amendment will be subject to this formula. The total allowance for service retirement under the 3% @ 55 formula cannot exceed 90% of final compensation.

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:
- 1.9% to 3.1% of payroll for 2% at 50 safety groups

Impact on Total Employer Contribution Rate:
- 4.8% to 8.9% of payroll for 2% at 50 safety groups

Member Cost: As discussed above.

37. Section 21369 2% @ 55 Full, Supplemental or Modified Formula for Local Safety Members

This formula provides to local safety members 2% of pay at age 55 for each year of service credited with that employer. For members who retire earlier, the percentage of pay is reduced to 1.426% at age 50, which gradually increases for each attained age to 2% at age 55+.

Local safety members who are covered under the 1¼% @ 60 formula and/or the ½ @ 55 formula may choose, by individual election, to remain at the old formula. All future hires will be subject to the 2% @ 55 formula.

Local safety members subject to the 2% @ 55 Full or Supplemental formulas contribute 7% of reportable earnings. Those covered under the 2% @ 55 Modified formula (coordinated with Social Security) contribute 7% of reportable earnings in excess of $133.33.

The total allowance for service retirement under the 2% @ 55 formula cannot exceed 90% of final compensation. If the member has service under both the 2% @ 55 formula and the 2.5% @ 55 formula (local safety), the combined percentage cannot exceed 90% of final compensation.

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:
- 0.5% to 1.5% of payroll

Impact on Total Employer Contribution Rate:
- 1.5 to 3.0% of payroll

Member Cost: As discussed above.

38. Section 21427 Improved Nonindustrial Disability Allowance

The disability retirement allowance of a local miscellaneous and local safety member would be raised to 30% of final compensation for the first five years of service credit, plus 1% for each additional year of service to a maximum of 50% of final compensation.

If the member is under age 60, the disability retirement allowance cannot be more than the service retirement allowance would be if the member were to continue in employment and retire at age 60. If the regular disability retirement allowance is greater than the improved disability allowance, CalPERS will pay the greater amount. This section shall apply only to members who retire for disability on and after the date the agency elects to be subject to this section.

Employer Cost: Valuation required for non-pooled plans only.
Rough Estimate: Impact on Employer Normal Cost:

- 0.2% to 0.3% of payroll for miscellaneous groups
- 0.02% to 0.04% of payroll for safety groups

Impact on Total Employer Contribution Rate:

- 0.3% to 0.5% of payroll for miscellaneous groups
- 0.04% to 0.1% of payroll for safety groups

Member Cost: None.

39. Section 21428 Increased Industrial Disability Allowance to 75% of Final Compensation

Upon the retirement of a local safety or local miscellaneous***** member for industrial disability, if the member is totally disabled, he/she would receive a disability retirement allowance equal to 75% of his/her final compensation in lieu of the disability retirement allowance otherwise provided. If the member is eligible for service retirement, the service retirement allowance is payable if greater than the industrial disability retirement allowance.

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 0.2% to 0.4% of payroll for miscellaneous groups
- 0.8% to 3.8% of payroll for safety groups

Impact on Total Employer Contribution Rate:

- 0.3% to 0.9% of payroll for miscellaneous groups
- 1.0% to 5.0% of payroll for safety groups

Member Cost: None.

***** The agency's contract must include Section 21151 for a local miscellaneous member to be eligible.

40. Section 21430 Improved Industrial Disability Allowance for Local Safety Members

If the Workers' Compensation Appeals Board permanent disability rating percentage is greater than 50%, the same percentage (up to a maximum of 90%) will be used as the percentage of final compensation to calculate the CalPERS industrial disability retirement allowance. This section shall apply only to members who retire for disability on and after the date the agency elects to be subject to this section.

Employer Cost: Valuation required.
Rough Estimate: Impact on Employer Normal Cost:

- 1.1% to 3.5% of payroll

Impact on Total Employer Contribution Rate:

- 1.8% to 5.0% of payroll

Member Cost: None.

41. Section 21536 Local System Service Credit Included in Basic Death Benefit

Local system service credit will be used in the computation of benefits payable under the basic death benefit for all local members (miscellaneous and safety) who were members of a local retirement system at the time the local system was discontinued.

Employer Cost: Minimal, no valuation required.
Member Cost: None.

42. Section 21540.5 Special Death Benefit – Violent Act

If the death of a local miscellaneous member or a local safety member in the classification of local prosecutors, local public defenders, and local public defender investigators was a direct consequence of a violent act while on the job, the special death benefit payable to an eligible surviving spouse or domestic partner is a monthly allowance equal to ½ of the member's final compensation. If there are eligible children in addition to the spouse or domestic partner, the allowance may be increased to a maximum of 75%. The Special Death Benefit – Violent Act is payable to the surviving spouse or domestic partner until death or to eligible unmarried children until age 22. To be eligible for this benefit, the spouse must have been married to or the domestic partner must have been registered as a domestic partner with the member for at least one year prior to death, or prior to sustaining the injury or disease resulting in death.

Employer Cost: Valuation required for non-pooled plans only.
Rough Estimate: Impact on Employer Normal Cost:

- 0.01% to 0.05% of payroll

Impact on Total Employer Contribution Rate:

- 0.01% to 0.06% of payroll

Member Cost: None.

43. Section 21547.7 Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service

The surviving spouse, domestic partner or eligible children of a deceased firefighter member, who is credited with 20 or more years of CalPERS covered service and whose death occurs while in the employ of a local agency contracting for this benefit, may elect to receive the Alternate Death Benefit in lieu of the lump sum Basic Death Benefit or the 1957 Survivor Benefit.

If the member had not attained minimum retirement age at the time of death, the Alternate Death Benefit is calculated based on the member's total service credit with all employers (including the service credit earned while in the employ of the agency contracting for this benefit) as though the member had retired at age 50 and elected Option 2W. Option 2W provides the highest monthly allowance to a beneficiary.

If the member had attained minimum retirement age at the time of death, the benefit is calculated as though the member retired on the date of death (from the employing agency and all previous CalPERS covered employers) and elected Option 2W.

If the deceased firefighter had not attained the minimum retirement age at death and had service credit with previous CalPERS agencies, the cost of the Alternate Death Benefit will be the liability of the employing agency, except for a partial offset of costs resulting from a transfer of the member's contributions from all previous employers to the employing agency. The increase in liability not offset by this transfer will be paid by the agency contracting for this benefit and employing the member on the date of his/her death.

If the deceased firefighter had attained minimum retirement age at death, the increased cost of the benefit (regardless of whether the member has service credit with another CalPERS employer) is the liability of the agency contracting for this benefit and employing the member on the date of his/her death.

Employer Cost: Valuation required for non-pooled plans only.
Rough Estimate: Impact on Employer Normal Cost:

- 0.02% to 0.07% of payroll

Impact on Total Employer Contribution Rate:

- 0.05% to 0.10% of payroll

Member Cost: None.

44. Section 21548 Pre-Retirement Option 2W Death Benefit

This provision is mandated for pooled plans.

The spouse or domestic partner of a deceased member, who was eligible to retire for service at the time of death, may to elect to receive the Pre-Retirement Option 2W Death Benefit in lieu of the lump sum Basic Death Benefit.

The benefit is a monthly allowance equal to the amount the member would have received if he/she had retired for service on the date of death and elected Option 2W, the highest monthly allowance a member can leave a spouse or domestic partner.

Employer Cost: Valuation required for non-pooled plans only.
Rough Estimate: Impact on Employer Normal Cost:

- 0.1% to 0.2% of payroll for miscellaneous groups
- 0.05% to 0.1% of payroll for safety groups

Impact on Total Employer Contribution Rate:

- 0.2% to 0.4% of payroll for miscellaneous groups
- 0.1% to 0.2% of payroll for safety groups

Member Cost: None.

45. Section 21574 Fourth Level of 1959 Survivor Benefits

This benefit provides a higher level of 1959 Survivor Benefits to survivors of a member who dies prior to retirement. The benefit is paid in addition to the Basic Death Benefit, the 1957 Survivor Benefit, or, if applicable, the Pre-Retirement Optional Settlement 2 Death Benefit but would be reduced by the amount of the Special Death Benefit, if payable.

Concurrent coverage under this section and Social Security is prohibited, but an agency may provide the benefit for the full formula members of a divided miscellaneous member group. For agencies first contracting for the 1959 Survivor Program, members in employment prior to the effective date of the amendment may elect not to be covered, however, participation is required for all future hires who are not covered under Social Security (Section 21577).

A spouse or domestic partner is eligible if he or she (1) has care of eligible children, or (2) is age 60 or older. Children are eligible if under age 22 and unmarried.
The monthly allowance payable to eligible survivors under this section is as follows:

Spouse or domestic partner with two or more eligible children;
or three or more eligible children only $2,280
Spouse or domestic partner with one eligible child; or two eligible children only ... $1,900
One eligible child only; or surviving spouse or domestic partner at age 60 or older;
or dependent parents $950

Employer Cost:	Valuation required. The employer normal cost is $5.40 per month per covered member for the fiscal year 2007/2008. For existing agencies that contract for this level of 1959 Survivor Benefit, employers will be required to pay the unfunded liability calculated at the Fourth Level and five years of annual normal costs. For new contracting public agencies, employers will be required to pay five years of annual normal costs.
Member Cost:	$2.00 monthly, $1.00 semi-monthly, $.93 bi-weekly (non-refundable).

The normal cost for public agencies contracting or amending to provide the Fourth Level will be calculated based on the term insurance funding method. This rate will be calculated on the pool experience rather than individual employer experience. The actual employer cost for agencies currently providing 1959 Survivor Benefits who amend to provide the Fourth Level will vary depending upon each agency's 1959 Survivor funding level.

If there is a deficit in the agency's 1959 Survivor funding (an unfunded accrued liability) based on the Fourth Level benefit, this unfunded liability and the five years of employer normal costs shall be amortized and paid for over a period of five years, the first payment billed in June and due in July following the effective date of the amendment and the remaining four payments due by July 15, of each following year. If there is a surplus in the agency's 1959 Survivor funding, the surplus shall be amortized and used to offset the five years of employer normal costs.

At the end of the first five years, employers in the Fourth Level pool will pay only the pool's net premium.

An operative date for this benefit is established at the time of amendment.

46. Section 21574.5 Indexed Level of 1959 Survivor Benefits

This provision provides 1959 Survivor Benefits to survivors of a member who dies prior to retirement and includes an automatic cost-of-living feature to avoid erosion due to inflation. The increase will be 2 percent per year for both beneficiaries already receiving the benefit and for potential beneficiaries of members who die in the future.

The benefit is paid in addition to the Basic Death Benefit, the 1957 Survivor Benefit, or if applicable, the Pre-Retirement Optional Settlement 2 Death Benefit but would be reduced by the amount of the Special Death Benefit, if payable.

Concurrent coverage under this section and Social Security is prohibited, but an agency may provide the benefit for the full formula members of a divided miscellaneous member group.

For agencies first contracting for the 1959 Survivor Program, members in employment prior to the effective date of the amendment may elect not to be covered, however, participation is required for all future hires who are not covered under Social Security (Section 21577).

A spouse or domestic partner is eligible if he or she (1) has care of eligible children, or (2) is age 60 or older. Children are eligible if under age 22 and unmarried.

The monthly allowance payable to eligible survivors for calendar year 2008 under this section is as follows:

Spouse or domestic partner with two or more eligible children;
or three or more eligible children only $1,757
Spouse or domestic partner with one eligible child; or two eligible children only.... $1,172
One eligible child only; or surviving spouse or domestic partner at age 60 or older;
or dependent parents $585

Employer Cost:	Valuation required. The employer normal cost is $4.60 per month per covered member for the fiscal year 2007/2008. For existing agencies that contract for this level of 1959 Survivor Benefit, employers will be required to pay the unfunded liability calculated at the Indexed Level and five years of annual normal costs. For new contracting public agencies, employers will be required to pay five years of annual normal costs.
Member Cost:	$2.00 monthly, $1.00 semi-monthly, $.93 bi-weekly (non-refundable).

The employer's per month per member normal cost is determined using the Entry Age Normal Method. This normal cost is calculated on the pool's experience rather than individual employer experience. The actual employer cost for agencies currently providing 1959 Survivor Benefits who amend to provide the Indexed Level will vary depending upon each agency's 1959 Survivor funding level.

If there is a deficit in the agency's 1959 Survivor funding (an unfunded accrued liability) based on the Indexed Level benefit, this unfunded liability and the five years of employer normal costs shall be amortized and paid for over a period of five years, the first payment billed in June and due in July following the effective date of the amendment and the remaining four payments due by July 15, of each following year. If there is a surplus in the agency's 1959 Survivor funding, the surplus shall be amortized and used to offset the five years of employer normal costs.

At the end of the first five years, employers in the Indexed Level pool will pay only the pool's net premium.

An operative date for this benefit is established at the time of amendment.

47. Section 21580 1959 Survivor Benefits to Surviving Spouse or Domestic Partner at Age 60

The eligibility age of a surviving spouse or domestic partner is reduced to 60 years of age for the 1959 survivor allowance, otherwise payable to a surviving spouse or domestic partner at 62 years of age. This provision is optional for agencies that provide the First, Second or Third Levels of 1959 Survivor Benefits.

Employer Cost: No valuation required. Actual costs will emerge in future valuations.
Member Cost: None.

An operative date for this benefit is established at the time of amendment.

48. Section 21583 Additional Opportunity to Elect 1959 Survivor Benefits

Members eligible to participate in the original election and who elected not to be covered by the 1959 Survivor Benefits will have the opportunity to elect to be covered by the 1959 Survivor Benefits. The effective date of coverage will be the date the member <u>first</u> became eligible for the 1959 Survivor Benefits.

Employer Cost: No valuation required. Actual costs will emerge in future valuations.
Member Cost: $2.00 monthly (non-refundable), plus $2.00 for every month from the date of original eligibility.

49. Section 21622 $600 Retired Death Benefit

The lump sum death benefit paid to beneficiaries of retired members will be $600 instead of the statutory $500. This benefit would be applicable to deaths occurring after the effective date of the contract amendment.

Employer Cost: Valuation required for non-pooled plans only.
Rough Estimate: Impact on Employer Normal Cost:

- 0.001% to 0.002% of payroll for all groups

Impact on Total Employer Contribution Rate:

- 0.001% to 0.01% of payroll for all groups

Member Cost: None.

50. Section 21623.5 $2,000, $3,000, $4,000, or $5,000 Retired Death Benefit

The lump sum death benefit paid to beneficiaries of retired members will be $2,000, $3,000, $4,000 or $5,000. This benefit would be applicable to deaths occurring after the effective date of the contract amendment.

The actuarial valuation request must specify the selected benefit amount.

Employer Cost: Valuation required for non-pooled plans only.
Rough Estimate: Impact on Employer Normal Cost:

- $2,000 - 0.01% to 0.02% of payroll for all groups
- $5,000 - 0.02% to 0.06% of payroll for all groups

Impact on Total Employer Contribution Rate:

- $2,000 - 0.04% to 0.14% of payroll for all groups
- $5,000 – 0.05% to 0.16% of payroll for all groups

Member Cost: None.

51. Sections 21624, 21626 & 21628 Post-Retirement Survivor Allowance

Upon the death of a member after retirement, an allowance shall be continued to the surviving spouse or domestic partner. A "surviving spouse or domestic partner" means for service retirements subject to this section, a husband or wife who was married to or a domestic partner who was registered as a domestic partner with the member at least one year prior to the member's retirement and continuously to the date of the retired member's death and for disability retirements subject to this section, a husband or wife who was married to or a domestic partner who was registered as a domestic partner with the member on the date of his or her retirement and continuously to the date of his or her death.

If there is no surviving spouse or domestic partner, or if the spouse or domestic partner later dies, the allowance shall be continued to the eligible unmarried children collectively until all have reached age 18. Eligible children include disabled children over age 18 if the disability begins prior to age 18. If there is no surviving spouse or domestic partner or eligible child or children, the benefit would be paid to the surviving parent or parents of the deceased member who were dependent upon the member for support. If, at effective date of retirement, the member has no surviving spouse, domestic partner, eligible children, or dependent parents and elected an optional settlement, no allowance under this section shall be paid.

The allowance payable to the survivor(s) of a member who retires after the employer includes Sections 21624, 21626 and 21628 in its contract is determined as follows:

a. One-quarter of the retired member's unmodified allowance based on service subject to the modification for Social Security; or

b. One-half of the retired member's unmodified allowance based on service not subject to the modification for Social Security.

In accordance with Section 21628, the allowance payable to a retired member who chose Option 2, 3, or 4, or the beneficiary of such retirees shall be increased by 15%. For retirees who chose the Unmodified Allowance or Option 1, there is no increase in the retirement allowance but their eligible survivor(s) would receive the post-retirement survivor allowance upon the retired member's death.

Sections 21624, 21626 and 21628, all together, are applicable, by amendment, to contracting agencies. Sections 21624 and 21626 only are available to new contracting public agencies.

Employer Cost: Valuation required.

Rough Estimate: Impact on Employer Normal Cost:

- 0.4% to 1.2% of payroll for miscellaneous groups
- 0.9% to 2.3% of payroll for safety groups

Impact on Total Employer Contribution Rate:

- 1.7% to 6.3% of payroll for miscellaneous groups
- 3.2% to 11.2% of payroll for safety groups

(These estimates are based on survivors receiving one-half of the retired member's unmodified allowance based on service not subject to the modification for Social Security. To the extent the allowances payable are based on survivors receiving one-quarter of the retired member's unmodified allowance based on service not subject to Social Security, the costs should be less.)

Member Cost: None.

An operative date for this benefit is established at the time of amendment.

E. MISCELLANEOUS MEMBER CLASSIFICATIONS OPTIONALLY RECLASSIFIED TO SAFETY BY AMENDMENT TO THE CONTRACT

Miscellaneous members in the following classifications who meet the definition of local safety members, as defined in the applicable section, may be reclassified from local miscellaneous to local safety and past "qualifying service" is converted to local safety service for those members transferred into the safety group:

1. Ocean beach lifeguards of a city as "Local Safety Members" (Section 20421). This section is only applicable by amendment to public agencies whose contract effective date is prior to September 18, 1959.

2. Employees designated as Emergency Medical Technician I, II or Emergency Medical Technician-Paramedic as "Local Safety Members" (Section 20422).

3. Harbor or Port Police Officers as "Local Safety Members" (Section 20423).

4. Park Rangers employed by a contracting agency as defined in subdivision (b) of Section 830.31 of the Penal Code, as "Local Safety Members" (Section 20423.5).

5. Local prosecutors, local public defenders, and local public defender investigators as "Local Safety Member" (Section 20423.6).[1]

6. Juvenile bureau officers or employees as "Local Police Officers" (Section 20427).

7. Any officers or employees who are Peace Officers, as defined in the Penal Code, of a public agency other than a city or a county as "Local Police Officers" (Section 20429).

8. City jail, detention or correctional facility employees as "Local Police Officers" (Section 20431).

9. Any officer or employee of a sheriff's office as "Local Sheriff" (Section 20432).

10. Any officers or employees of a fire department employed to perform duties of firefighting, fire prevention, fire training, hazardous materials, emergency medical services, or fire or arson investigation services as "Local Fire Fighters" (Section 20434).

11. Any officers or employees of a fire department employed to perform duties of hazardous materials services as "Local Fire Fighters" (Section 20434.5).

12. Any officers or employees of a contracting agency performing a fire training function as "Local Fire Fighters" (Section 20435).

[1] Please note, per Section 20423.6, local prosecutors, local public defenders, and local public defender investigators are not eligible for the 3% @ 50 formula; industrial disability retirement is not applicable unless the agency amends their contract for Section 21151; and the Special Death Benefit is not applicable unless the agency amends their contract for Section 21540.5.

13. Constables, deputy constables, marshals and deputy marshals as "County Peace Officers" (Section 20437).

14. Probation officers, deputy probation officers, assistant probation officers, juvenile hall employees and persons employed as peace officers pursuant to Section 830.5 of the Penal Code as "County Peace Officers" (Section 20438).

15. County jail, detention or correctional facility employees as "County Peace Officers" (Section 20439).

16. Bailiffs as "County Peace Officers" (Section 20440).

17. Park Rangers "employed by a county parks and recreation department as “County Peace Officers" (Section 20441).

NOTE: For agencies providing Social Security coverage for their miscellaneous group only, employees reclassified from miscellaneous to safety will continue to be covered by Social Security unless the position has been determined to be fireman/policeman for Social Security purposes.

All classifications defined in the government code will be reclassified. The agency will need to submit copies of the job descriptions for review to determine whether the positions meet the definition of local safety. Separate actuarial valuations are required to determine the affect to the employer rates for local miscellaneous members and local safety members.

Employer Cost:	Valuations required for the miscellaneous group <u>and</u> the safety group.
Rough Estimate:	Up to 3.0%***** of safety payroll. The miscellaneous payroll may be affected. ***** does not include up to 3.0% impact of added safety payroll.
Member Cost:	See cost information under the appropriate formula.

An individual member election is provided when an agency reclassifies a group of miscellaneous employees to a safety formula other than the 2% @ 50, 3% @ 55 or 3% @ 50 formulas (Section 20443). Members employed in positions affected by such reclassification may elect to remain covered by the miscellaneous service retirement formula by making an irrevocable election in writing no later than 90 days after notification by this system. Members who elect to remain subject to the miscellaneous service retirement formula will be covered by safety industrial benefits (e.g. disability and death benefits).

F. RISK POOLING

Risk pooling consists of pooling assets and liabilities across employers to produce large risk sharing pools that will dramatically reduce or eliminate the large fluctuations in the employer's contribution rate caused by unexpected demographic events. Government Code Sections 20840, 20841, and 20842 authorize the CalPERS' Board to create risk pools for public agencies and mandate participation for all plans with less than 100 active members. Article 7.5 of Title 2 of the California Code of Regulations establishes the criteria for participation in risk pools.

Beginning July 1, 2005, plans with less than 100 active members will be mandated into risk pools. Non-mandated plans will be allowed to amend their contract to voluntarily join a risk pool, unless it would be harmful to the pool. School districts will be allowed to voluntarily leave the schools' pool and join a public agency risk pool if they contract separately for either the 2.5% @ 55, 2.7% @ 55, or 3% @ 60 benefit formula. However, once a plan participates in a risk pool, there is no option to exit the risk pool.

Plans will be assigned to risk pools based on their service retirement formula. The following nine risk pools have been created:

1. Pool 1 – Miscellaneous 2% @ 60
2. Pool 2 – Miscellaneous 2% @ 55
3. Pool 3 – Miscellaneous 2.5% @ 55
4. Pool 4 – Miscellaneous 2.7% @ 55
5. Pool 5 – Miscellaneous 3% @ 60
6. Pool 6 – Safety 2% @ 55 (also includes plans with the ½ @ 55 safety formula)
7. Pool 7 – Safety 2% @ 50 (also includes plans with 2.5% @ 55 safety formula)
8. Pool 8 – Safety 3% @ 55
9. Pool 9 – Safety 3% @ 50

Mandated Benefits:

Government Code Section 20840(e) requires that each pool contain certain benefits:

- Section 20965 (Credit for Unused Sick Leave)
- Section 21022 (Public Service Credit for Periods of Layoffs)
- Section 21023.5 (Public Service Credit for Peace Corps or AmeriCorps: VISTA Service)
- Section 21024 (Military Service Credit as Public Service)
- Section 21026 (Public Service Credit for Service Rendered to a Nonprofit Corporation)
- Section 21027 (Military Service Credit for Retired Persons)
- Section 21536 (Local System Service Credit Included in Basic Death Benefit)
- Section 21548 (Pre-Retirement Option 2W Death Benefit)

Optional Benefits:

All other optional benefits will still be available to employers participating in risk pools. Each benefit will be assigned to one of three classifications based on the cost impact of the benefit. Optional benefits will be allowed to vary within the same pool, but an employer contracting for a more expensive optional class 1 benefit will be required to pay a surcharge in addition to the pool's rate. A side fund will be established for each plan as it enters a risk pool. That side fund will take into account the level of assets and liabilities of the plan at the time of joining a risk pool. These side funds will be amortized over time and will add or subtract from that employer's contribution rate.

Class 1 benefits impact the ongoing cost (either total or employer normal cost) of the risk pool by more than 0.25% of payroll or is a benefit that is not available to all plans participating in the risk pool. The following benefits shall be classified as Class 1:

- Section 20042 (One-Year Final Compensation)
- Section 20516 (Employees Sharing Cost of Additional Benefits)
- Section 20680 (Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level)
- Section 20692 (Employer Paid Member Contributions Converted to Payrate During the Final Compensation Period)
- Section 21151 (Industrial Disability Retirement for Local Miscellaneous Members)
- Section 21335 (3%, 4%, or 5% Cost of Living Adjustment)
- Section 21428 (Improved Industrial Disability Allowance to 75% of Final Compensation)
- Section 21430 (Improved Industrial Disability Allowance of Local Safety Members)
- Sections 21624, 21626, and 21628 (Post-Retirement Survivors Allowance)

The following table contains the surcharges for a sample of Class 1 benefits for fiscal year 2008-2009. Note that the surcharges will vary by risk pool and these percentages listed are only estimates.

Class 1 Benefit	Surcharges								
	Pool 1	Pool 2	Pool 3	Pool 4	Pool 5	Pool 6	Pool 7	Pool 8	Pool 9
One Year Final Compensation	0.5%	0.5%	0.6%	0.6%	0.7%	0.6%	0.7%	0.8%	0.9%
Post-Retirement Survivor Allowance	0.8%	0.9%	1.0%	1.1%	1.1%	1.3%	1.4%	1.8%	1.8%
3% COLA	1.0%	1.2%	1.3%	1.4%	1.5%	1.6%	1.9%	2.1%	2.4%
IDR for Miscellaneous Members	0.6%	0.5%	0.5%	0.5%	0.5%	N/A	N/A	N/A	N/A

Class 2 benefits have no impact on the ongoing cost (normal cost) of the risk pool and provide a one-time increase in benefit with an identifiable increase in accrued liabilities. The following benefits shall be classified as Class 2:

- Section 20530.1 (Credit for Local Retirement System Service for Employees of Agencies Contracted on a Prospective Basis)
- Section 20903 (Two Years Additional Service Credit)
- Section 20936 (Prior Service Credit for Employees of an Assumed Agency or Function)
- Section 20938 (Limit Prior Service to Members Employed on Contract Date)
- Section 20996 (Military Service Credit as Prior Service)
- Section 21025 (Public Service Credit for Employees of an Assumed Agency or Function)
- Section 21031 (Public Service Credit for Limited Prior Service)
- Section 21328 (One-Time 1% to 6% Increase for Members Who Retired or Died Prior to January 1, 1998)

Class 3 benefits impact the ongoing cost (normal cost) of the risk pool by no more than 0.25% of payroll. The following benefits shall be classified as Class 3:

- Section 20325 (Optional Membership for Part-Time Employees)
- Section 20503 (Removal of Contract Exclusions Prospectively Only)
- Section 21020.5 (Public Service Credit for California Senate Fellows, Assembly Fellowship, Executive Fellowship, or Judicial Administration Fellowship Programs)
- Section 21118 (Partial Service Retirement)
- Section 21427 (Improved Non-Industrial Disability Allowance)
- Section 21540.5 (Special Death Benefit for Local Miscellaneous Members)
- Section 21622 ($600 Retired Death Benefit)
- Section 21623.5 ($2,000, $3,000, $4,000, or $5,000 Retired Death Benefit)
- Section 21547.7 (Alternate Death Benefit for Local Fire Members Credited with 20 or more Years of Service)

Employer Normal Costs:

The following table contains the normal cost for each of the 9 risk pools for fiscal year 2008-2009.

Pool Number	Benefit Formula	Employer Normal Cost
Pool 1	2% @ 60 Miscellaneous	6.5%
Pool 2	2% @ 55 Miscellaneous	7.7%
Pool 3	2.5% @ 55 Miscellaneous	8.4%
Pool 4	2.7% @ 55 Miscellaneous	9.7%
Pool 5	3% @ 60 Miscellaneous	10.3%
Pool 6	2% @ 55 Safety	10.9%
Pool 7	2% @ 50 Safety	11.6%
Pool 8	3% @ 55 Safety	13.2%
Pool 9	3% @ 50 Safety	15.5%

An actuarial valuation is required to determine the affect of the employer rate to voluntarily participate in a risk pool. For agencies who are interested in amending their contract to participate in a risk pool, the cost for the actuarial valuation is $200. School districts interested in leaving the school pool and participating in either the 2.5% @ 55, 2.7% @ 55, or 3% @ 60 risk pool, the cost for a new agency actuarial valuation is $700.

For more information on voluntarily participating in a risk pool, please contact:

California Public Employees' Retirement System
Employer Services Division
P.O. Box 942709
Sacramento, CA 94229-2709

or

Employer Contact Center
(888) CalPERS (225-7377)

G. SPECIAL ITEM - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM HEALTH BENEFITS PROGRAM

You may be able to save significantly on your costs while continuing to provide quality health care by teaming up with CalPERS.

CalPERS has over 40 years of experience in providing its members access to quality healthcare at consistent, competitive, and affordable rates. Over 1,100 public agencies and school districts participate in the CalPERS Health Benefits program, the 3rd largest purchaser of health benefits in the U.S. There is no equivalent voice for agencies and schools to promote accountability, performance, and competition among health care providers.

Some of the many benefits and advantages of the CalPERS Health Benefits Program include:

CalPERS Health Program Features

- Lowest administrative fee in the state (less than one-half of one percent)
- Choice of health plans including Health Maintenance Organizations (HMOs) and three Preferred Provider Organizations (PPOs) that have statewide and worldwide coverage
- No utilization or actuarial review for new agencies
- No mandatory or minimum enrollment requirement
- Cutting edge wellness and disease management programs for all CalPERS' health plans
- Free automated enrollment program (free training provided)
- Dedicated toll free number for members and employers
- Annual open enrollment including the printing and mailing of enrollment materials
- Free technical assistance for employer's health benefits officers
- Agencies may join our health program any time during the year
- Rates are not based on an agency's individual experience but spread across a large risk pool

We offer the following types of coverage:

PERS Select, PERSCare and PERS Choice - CalPERS offers three self-funded Preferred Provider Organization plans. These plans offer a PPO network through Blue Cross of California. Members may choose a provider or specialist without having to coordinate services through a primary care physician. Members are responsible for annual deductibles. These PPO plans offer statewide and worldwide coverage.

***Health Maintenance Organizations (HMOs)* -** CalPERS offers HMOs serving specific geographic areas in California. HMO members receive a list of available provider networks and physicians to choose from. Members choose a primary care physician and all services and referrals are coordinated through the primary care physician with a small co-payment.

***Association Plans* - ** CalPERS offers an employee association health plan to public agency safety members through the *Peace Officers Research Association of California (PORAC) – Police and Fire Health Plan*. Public agency safety members must belong and pay dues to the PORAC Association in order to qualify for health coverage under this plan. This is a PPO plan that offers statewide and worldwide coverage.

Who can join?

Public Agencies participating in CalPERS retirement system or another qualified retirement system.

School Employers participating in CalPERS and CalSTRS retirement systems.

California Counties and Special Districts subject to the County Employees' Retirement Law of 1937.

Members of governing bodies of both CalPERS and non-CalPERS agencies may participate in the CalPERS Health Benefits Program if they meet the CalPERS definition of an elected official.

For more information on participation, or about how the CalPERS Health Program can benefit your organization, please call (916) 795-1233 to speak to a marketing representative. Or, you may contact:

California Public Employees' Retirement System
Employer and Member Health Services Division
Public Agency Information/Marketing
P. O. Box 942714
Sacramento, CA 94229-2714

or

Employer Contact Center
(888) CalPERS (225-7377)

H. SPECIAL ITEM – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM 457 DEFERRED COMPENSATION PROGRAM

As a CalPERS employer, you already participate in one of the most secure retirement systems in the world. Every day your employees go to work, they are earning service credit in a pension plan that will guarantee them a retirement allowance for the rest of their lives once they qualify. This assures your employees a secure financial base when they decide to retire from public employment with your agency. But did you know, CalPERS also offers another plan – the CalPERS 457 Program – that gives your employees the means to build even greater financial wealth for their retirement, if you choose to offer it.

Most public employers already offer one, two, or even more deferred compensation plans or tax-sheltered annuities through insurance companies and private vendors. Why choose the CalPERS 457 Program – What makes it better than the rest?

First and foremost is Trust. The CalPERS 457 Program is a public retirement trust – all assets are held in the California Public Employees' Deferred Compensation Fund. The program exists exclusively for California public employees – we are not a mutual fund company, insurance company, or private vendor. We don't turn a profit for corporate shareholders. We don't cross-sell other financial products. We don't have spin-off subsidiaries or affiliate profit centers. We don't pay trade associations or consultants to endorse our program. The CalPERS 457 Program's sole purpose is to deliver supplemental retirement benefits to public employees. Participates can trust that we will act exclusively in their interests.

Trust is more than just a good feeling. It is based on a body of law that imposes specific obligations. First is the duty to diversify the plan's investments and defray the plan's expenses at reasonable cost. Next is the duty to apply the care, skill, prudence and diligence of an expert in all matters connected with the plan. These responsibilities ordinarily fall on the public agency sponsoring a plan because private vendors won't accept this responsibility; CalPERS does. As the trustee of the CalPERS 457 Program, we take fiduciary responsibility off the employer's shoulder. Just as importantly, we do it right. CalPERS is a nationally recognized public retirement expert and a very large institutional investor with a proven track record of applying our expertise and trust responsibilities skillfully, diligently, and with great economy.

Studies consistently show that diversified investments and low cost are the two greatest factors responsible for long-term investment success. The CalPERS 457 Program provides institutional investments diversified across a range of asset classes according to principles of modern portfolio theory. Diversified investments promote long-term performance suited to retirement savings and better fidelity to the investment objectives of each fund. It is how CalPERS manages the pension plan, and it provides 457 participants a proven method for attaining consistent performance year after year according to the investment classes and broad market sectors the investments cover. Because of the economies of scale we enjoy as a large public retirement plan, we offer these investments at very low cost. Diversified institutional investments delivered at low cost are distinct advantages the CalPERS 457 Program brings to California public employees.

CalPERS 457 Program Features

- No cost to the employer
- Full trust protection under CalPERS – Relieves the employer of Responsibility
- Superior investments based on proven investment principles and CalPERS' expertise
- Deferred compensation integrated with retirement planning
- Personal service by certified CalPERS Representatives
    - Quarterly statement and newsletter
    - 24 hour/7 day a week 800 number
    - Dedicated internet site
    - Unlimited opportunity to make investment changes over telephone and internet
    - No restrictions, penalties, or extra costs
    - Group presentations and individual appointments on employer requested schedule
- Low cost to your employees – **Total** costs under 1%
- Simple and easy to understand by your employees

Who can join

The CalPERS 457 Program is available to all public employers in California. This includes all California counties, cities, special districts, and school districts, regardless of the pension plan to which their employees belong. Adoption is simple, and there is no cost to the employer. Simply call us for information at (800) 696-3907.