



Date: May 30, 2018 Code: TECHNICAL LETTER
HR/Benefits 2018-11

Supersedes: HR/Benefits 2017-07

To: Human Resources
Officers Benefits Officers
Campus Designee responsible for Administering Benefits

From: Evelyn Nazario  Associate Vice Chancellor
Human Resources Management

Beth Ryan  Director, Benefits & Human Resources Programs
Human Resources Management

Subject: CSU Contribution Rates for CalPERS Retirement Coverage – Fiscal Year 2018-2019

Summary:

This technical letter announces the 2018-2019 CSU Employer/Employee contribution rates for CalPERS retirement members.

Action Item(s):

This technical letter should be read in its entirety by staff personnel responsible for administering and/or explaining retirement benefits, including associated changes that impact payroll and/or changes evidenced on pay warrants.

Affected Employee Group(s)/Unit(s):

This technical letter is applicable to all employee groups who are CalPERS Retirement Members.

Details:

The California Public Employees' Retirement System (CalPERS) Board of Administration approved employer and employee contribution retirement rates for fiscal year 2018-2019. The new rates were announced in CalPERS Circular Letter [200-032-18](#) dated May 18, 2018.

Public Employees' Pension Reform Act of 2013, (PEPRA) contains a provision stating that when the total normal cost changes by more than 1 percent of payroll, the member contribution rates must be adjusted to ensure the member pays half the normal cost. For fiscal year 2018-2019, the total normal cost for State Miscellaneous PEPRA members has changed by more than 1 percent of payroll from the base total normal cost. As a result, the member contribution rate for these members effective July 1, 2018 will increase to 7.25% from 6.50%.

Distribution:

Payroll Managers
Employee Relations Designees
Vice Chancellor, Human Resources

[HR Benefits 2012-16](#) can be referenced for information regarding PEPRA membership eligibility.

Campuses are requested to notify all PEPRA members subject to this increase. To assist campuses in this process, an employee communication template has been provided as Attachment A.

CIRS report FOC0070 is currently available in the CIRS common library to assist campuses with identifying PEPRA members at their campus impacted by the contribution change.

The CSU retirement contribution rates for employers and employees covered by the CalPERS Member Categories are listed in the table on the following page. The new rates will become effective with the first payroll period that ends in July 2018.

Member Category	CSU Employee Group	Employer Contribution Rate for FY 2018-2019	Member Contribution Rate for FY 2018-2019	
			Classic Member (Prior to 1/1/2013)	New CalPERS (PEPRA) Member as of 1/1/2013
State Miscellaneous – Tier 1	All other CSU Employees (Payroll Codes: 00, 08, 20, 2N, 2U, 2Z, 4U)	29.396%	5%	7.25%
State Peace Officer/Firefighter	MPP Directors and Lieutenants of Public Safety (Payroll Codes: 53, 54, 3Q, 3R, 3W, 3Z)	45.371%	8%	11.0%
State Safety	E99 – Police Officer Intermittent, Non-represented (Class Code 8347) (Payroll Codes: 82, 83, 1M, 1U)	21.534%	6%	9%
State Peace Officer/Firefighter	Unit 8 (Payroll Codes: 51, 52, 3G, 3H, 3N, 3P)	45.371%	8%	11.0%

The employer contribution rate will continue to vary annually. The California State Legislature may adopt higher contribution rates than those in the table shown above to redirect savings from increases to various state member contribution rates from previous fiscal years. It is anticipated that the Legislature will adopt the increased rates as they have done in the past fiscal years.

Please Note: In the event that the state budget is not passed by July 1, 2018, the actuarially required contribution rates set by the CalPERS Board of Administration by member category will remain in effect.

CMS Processing Instructions

The CSU retirement contribution rates are used in the CMS Baseline Absence Management GAAP Reports. The system will be updated to include changes as appropriate. Additional information will be provided in a future CMS communication.

General Information

Questions regarding this technical letter may be directed to Human Resources Management at (562) 951-4411. This technical letter is also available on the Human Resources Management CSYou site at:
<https://csyou.calstate.edu/Policies/HRPolicies/Forms/Default.aspx>.

EN/BR/dw

Name of Employee

Re: Change in CalPERS Member Contribution Rates Effective July 1, 2018

You are receiving this communication because you became a new CalPERS member on or after January 1, 2013.

The purpose of this notice is to inform you that CalPERS employee contribution rates will increase from 6.50% to 7.25% effective with your July 2018 payroll warrant (August 1, 2018, issue date).

Pursuant to Assembly Bill 340, also known as the "Public Employees' Reform Act of 2013" (PEPRA), employees deemed new members by CalPERS on or after January 1, 2013, are required to contribute at least 50% of the total annual normal cost of their pension benefit as determined by the CalPERS' actuary. Further, the provision states that when the normal cost has changed by more than 1% of payroll, the members' contribution rate must be adjusted to ensure the member pays half the normal cost. For fiscal year 2018 - 2019, the normal cost for PEPRA members has changed by more than 1% of payroll. As a consequence, the PEPRA member's contribution rate has been increased by 0.75%.

If you have any questions regarding this contribution increase, please contact your benefits office.



California Public Employees' Retirement System
P.O. Box 942715 | Sacramento, CA 94229-2715
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442
www.calpers.ca.gov

Actuarial Circular Letter

May 18, 2018
Circular Letter: 200-032-18
Distribution: IV, V, X

To: State Employers, Agricultural Districts, and State Colleges and Universities
Subject: 2018-19 State Employer and Employee Contribution Rates

Purpose

The purpose of this Circular Letter is to inform you of the following employer and employee pension contribution rates approved by the CalPERS Board of Administration on April 17, 2018. These rates become effective with the first payroll period that ends in July 2018 and are in effect for fiscal year (FY) 2018-19.

Employer Contributions

Employer contribution rates for FY 2018-19 are shown in the table below:

Member Category	Actuarial Required Employer Contribution as a Percentage of Compensation
State Miscellaneous	29.298%
State Industrial	19.550%
State Safety	20.352%
California Highway Patrol	53.805%
Peace Officer/Firefighter	43.724%

The employer contribution rate will continue to vary annually. Pursuant to Government Code section 20683.2(d) of the Public Employees' Retirement Law, the California State Legislature

may adopt higher contribution rates than the ones in the table above to redirect savings resulting from increases in member contribution rates for various state members that became effective July 1, 2013, July 1, 2014, and July 1, 2015. The Legislature adopted the increased rates for FY 2017-18, and it is anticipated that the Legislature will also adopt them for FY 2018-19.

Rates that include the additional contribution are shown in the table below:

Member Category	Actuarially Required Employer Contribution for FY 2018-19	Additional Statutory Contribution to Offset Increased Member Contributions	Total Employer Contribution for FY 2018-19
State Miscellaneous	29.298%	0.098%	29.396%
State Industrial	19.550%	0.881%	20.431%
State Safety	20.352%	1.182%	21.534%
California Highway Patrol	53.805%	1.319%	55.124%
Peace Officer/Firefighter	43.724%	1.647%	45.371%

Note: In the event that the state budget is not passed by July 1, 2018, the actuarially required contribution rates set by the CalPERS Board will remain in effect.

PEPRA Employee (Member) Contributions

With the enactment of the California Public Employees' Pension Reform Act (PEPRA), PEPRA members are required to contribute at least 50 percent of the total annual normal cost of their pension benefit. As per Government Code Section 7522.30, state employees are excluded from this requirement except for employees of the Legislature, California State University (CSU), and the judicial branch. PEPRA contains a provision that states when the total normal cost changes by more than 1 percent of payroll, the member contribution rate must be adjusted to half of the new normal cost.

For FY 2018-19, the total normal cost for PEPRA State Miscellaneous members has changed by more than 1 percent of payroll from the base total normal cost. As a result, the contribution rate for PEPRA State Miscellaneous members of the Legislature, CSU and the judicial branch will be set to 7.25 percent effective July 1, 2018. This is 0.75 percent higher than the current 6.50 percent.

Additional information can be found on the CalPERS website in the Finance and Administration Committee meeting [Agenda Item 7a](#) on April 17, 2018. The complete actuarial valuation report is expected to be available on the CalPERS website this summer.

Questions

If you have any questions, please call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Scott Terando, Chief Actuary
Actuarial Office