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Circular Letter

TO: AGRICULTURAL DISTRICTS

SUBJECT: ALTERNATE RETIREMENT PROGRAM AND STATE SECOND TIER
ELECTION

The Department of Personnel Administration's Savings Plus Program began administering the Alternate Retirement Program (ARP) in August 2004. According to the terms of ARP, an employee who has completed 24 months of mandatory participation must begin making contributions to CalPERS. Employers are required to submit a coverage group code change beginning with the employee's 25th month of State employment.

It is an employer's ongoing responsibility to identify when their employees were first placed in ARP, monitor the amount of time the employees have been participating, and determine on a monthly basis which employees have completed 24 months of participation and need to be changed to a CalPERS coverage group.

Employees who were mandated to participate in ARP when it first became available in August 2004 will require a coverage group code change beginning with the August 2006 pay period.

To process the change, you will need to make an Appointment change and place the employee in the State First Tier coverage group code 10006. This must be done through the Automated Communication Exchange System (ACES) or by completing and submitting the AESD-1 (Member Action Request Form) to CalPERS. Future earnings and contributions should be reported to CalPERS under coverage group code 10006 beginning with the August 2006 payroll.

Once you have made the coverage group code change, you must provide the employee with the *Retirement Benefit Election Package* publication (PERS-PUB-52). This publication informs the employee they have 180 days to elect to change their enrollment to State Second Tier. The *Retirement Benefit Election Package* is available on our website at www.calpers.ca.gov under **Employer Forms and Publications**. (Note: you must first establish your online employer view as a "State Agency Employer").

The employer and the employee must complete and sign the “Acknowledgment of Receipt of Retirement Information” on page one of the publication and forward the original completed form to CalPERS as soon as possible. If the employee chooses to elect to change to the State Second Tier, the employee should complete and mail the election document (included in the publication) to CalPERS. CalPERS will send a “Notice of Change” (MEM-155) to the employer in order to begin reporting the employee under the State Second Tier coverage group code of 10112. **The employer may not begin reporting the employee under the State Second Tier coverage group code 10112 until receipt of the notice from CalPERS.**

If you have any questions on completing the forms in the *Retirement Benefit Election Package* publication, please contact the Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Lori McGartland, Chief
Employer Services Division