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Circular Letter

October 24, 2014

TO: **ALL CALPERS EMPLOYERS**

SUBJECT: **AB 2472: LEGISLATIVE CHANGES TO GOVERNMENT CODE § 20533
RELATED TO EMPLOYER CONTRIBUTION RATES FOR PAYROLL
ADJUSTMENTS AND ARREARS**

The purpose of this Circular Letter is to update you on AB 2472 (Chapter 237, Statutes of 2014) and the resulting changes to Government Code (GC) § 20533 relating to historical employer contribution rates for adjustments.

AB 2472 was chaptered into law on August 21, 2014, and becomes effective on January 1, 2015. The amended law will read:

§ 20533. Employer Contribution Rate Applied to Compensation

The employer contribution rate adopted under this part, or because of amendments to the contract or to this part, apply to all compensation upon the basis of which member's contributions are deducted after those employer contribution rates became or become effective.

If correction of the amount of compensation reported is required, the employer contributions shall be computed using the employer contribution rate in effect at the time that the compensation requiring adjustment was earned.

GC § 20533 of the Public Employees' Retirement Law governs the employer rate to be used when processing an adjustment to a payroll record. This change will affect your payroll generated receivables and the method in which arrears contributions (per GC §§ 20163 and 20283) will be calculated.

Payroll Reporting

Beginning January 1, 2015, payroll records reported as a Prior Period Adjustment (PPA), Retro-Active Salary Adjustment (RSA) or Retro-Active Special Compensation Adjustment (RSC) will use the employer rate in effect at the time service was earned. The manner for reporting payroll through my|CalPERS will not change.

It is recommended that prior fiscal year adjustments be submitted after the scheduled January 19, 2015 system update, to ensure the appropriate contribution rate is applied. The my|CalPERS system will continue to apply 2014-15 fiscal year employer rates to calculate the employer share on adjustments until the system changes are implemented.

Arrears Calculations

Arrears calculations will also be prospectively impacted by this legislative change. Effective January 1, 2015, arrears calculations, adjustments, and billing will be placed on hold until the my|CalPERS system has been updated. Upon implementation of the my|CalPERS system changes, the arrears adjustments will be calculating the receivables using employer rates at the time the service was earned.

System Implementation

The my|CalPERS system is scheduled to be updated on January 19, 2015. Should this date be postponed, Business Partners will be notified through our normal communication channels.

If you have any questions, please call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**) or visit our website at www.calpers.ca.gov.

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