



P.O. Box 942709
Sacramento, CA 94229-2709
888 CalPERS (or **888-225-7377**)
Telecommunications Device for the Deaf
No Voice (916) 795-3240
www.calpers.ca.gov

Date: June 4, 2007
Reference No.:
Circular Letter No.: 200-032-07
Distribution: **VI**
Special:

Circular Letter

TO: ALL CONTRACTING PUBLIC AGENCIES

SUBJECT: NEW CONTRACT AMENDMENT POLICY

CalPERS has established a policy that requires employers in receipt of an amendment cost analysis to inform CalPERS actuarial office by August 1 of each year that they intend to amend. The reason for this policy is to ensure the annual rate is based upon the proper benefits.

Contract amendments requested on a June 30, 2005 basis, will have to be "acted on" by August 1, 2007. It is preferable that a signed Resolution of Intention (ROI) is returned to CalPERS by the August 1 date. However, a signed ROI by August 1 may not be possible due to governing body meeting schedules and negotiation processes. If a signed ROI cannot be returned by August 1, the employer must inform CalPERS by August 1 that they will act on their contract amendment.

It is in everyone's best interest to base any benefit improvement decisions on the most current demographic and financial data. In the event that this data changes considerably between valuation years or actuarial methods or assumptions change during the year, the estimated cost of a benefit improvement could change considerably. If an employer misses the August 1 deadline, they should request an updated cost analysis based on June 30, 2006 data by calling the Employer Contact Center.

As always CalPERS will produce an amendment cost analysis when asked to do so. However, we urge that as we begin the annual rate setting process at the end of June each year, the requestor consider waiting until the annual rates are complete, by October 31 of each year. If the requestor cannot wait, then the amendment cost analysis, based upon the 2005 demographic and financial information will be provided on an "information only basis."

We hope you find this information is helpful. If you have any questions, please contact the Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Ronald L. Seeling, Chief Actuary
Actuarial and Employer Services Branch