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Circular Letter

TO: MEMBERS, BOARD OF ADMINISTRATION,
 EMPLOYEE/EMPLOYER ORGANIZATIONS,
 MANAGEMENT, STAFF

SUBJECT: 2005 PPPA FACTORS

Our actuarial staff has developed the Purchasing Power Protection Allowance (PPPA) factors for 2005. Increases (or decreases) based on these factors will be included as part of the monthly retirement warrants to those retirees and beneficiaries who are entitled to receive the PPPA benefits.

The PPPA payments are designed to restore up to a maximum of 75 percent of the original purchasing power of retirement allowances for those retirees with state or school service and 80 percent of the original purchasing power of retirement allowances for those retirees with public agency service. Eligibility for the PPPA benefit is based on the year of retirement, cost-of-living adjustments received, payment of one-time increases, also known as Ad Hoc increases, and declining purchasing power that is measured by the United States City Average Consumer Price Index (CPI). The estimated rate of inflation used to develop the factors is 2.3226 percent.

The table shown below provides the factors for the three largest employer groups: the State, Schools and a majority of Public Agencies providing 2 percent of cost-of-living adjustments. Remember, the Public Agency table does not represent all public agency employers that provide a 2 percent cost-of-living adjustment.

<u>Year of Retirement</u>	<u>State %</u>		<u>Schools %</u>		<u>P.A. w/ 2% COLA</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
1965 or before	47.300	47.929	56.300	56.904	124.100	124.719
1966	51.500	52.439	59.900	60.600	122.200	122.841
1967	53.700	54.639	60.600	61.290	120.400	120.994
1968	53.700	54.321	60.300	61.290	115.600	116.216
1969	53.400	54.321	60.300	60.944	108.300	109.424
1970	52.400	53.061	59.200	59.915	101.000	102.020
1971	52.100	52.749	58.600	59.574	96.600	97.531
1972	52.700	53.689	59.600	60.256	93.700	94.647
1973	51.500	52.130	57.900	58.898	86.000	86.916
1974	49.100	50.000	55.600	56.250	71.300	72.043
1975	41.200	42.045	50.000	50.602	60.000	60.643
1976	39.100	39.665	44.500	45.349	54.100	55.039
1977	33.200	33.929	38.600	39.147	47.900	48.423
1978	26.300	26.904	31.300	32.042	40.100	40.845
1979	15.700	16.279	20.400	20.968	28.400	29.032
1980	4.000	4.457	8.200	8.696	15.400	15.942
1981	0.000	0.402	0.000	0.402	6.700	7.095
1982					2.400	2.960
1983					1.300	1.781

If you have any questions regarding these factors or the PPPA program, please contact the Benefit Services Division at P.O. Box 942716, Sacramento, California 94229-2716 or contact CalPERS at the toll free telephone number of **888 CalPERS** (or **888-225-7377**).

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Actuarial and Employer Services Division