



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](http://www.calpers.ca.gov)

---

## Actuarial

# Circular Letter

June 11, 2018

Circular Letter: 200-043-18

Distribution: VI

**To:** All Public Agency Employers  
**Subject:** Public Agency 1959 Survivor Monthly Premiums for Fiscal Year 2018-19

### Purpose

The purpose of this Circular Letter is to inform you that the CalPERS Board of Administration approved normal costs and required premiums for the 1959 Survivor Benefit Program on April 18, 2018. The 1959 Survivor Benefit Program is an employer contract provision that provides monthly benefits for eligible survivors of participating members who die while actively employed. This Circular Letter pertains only to those public agencies that contract for the 1959 Survivor Benefit Program.

### Billing for Employer Premiums

Employer invoices are posted to my|CalPERS in June, at the end of the fiscal year and will be based on the actual number of active member months in the fiscal year. Public agencies that contracted for the 4<sup>th</sup> or Indexed Level are required to pay the employer normal cost for the first five years in the pool. Agencies that have remained at that level for more than five years are required to pay the employer premium. The difference between the employer normal cost and the employer premium is that the employer premium includes an amortization of the pool's unfunded liability/surplus.

### Payroll Reporting for Employee Premiums

Beginning with the payroll period that includes July 1, 2018, the required employee premium for the Indexed Level of benefits is \$2.10 per member, per month (or \$0.97 per bi-weekly pay period). The required employee premium for all other benefit levels continues to be \$2.00 per

member, per month (or \$0.93 per bi-weekly pay period). Please share this information with those responsible for payroll reporting.

## Required Premiums

### Fiscal Year (FY) 2018-19

The required employee and employer costs for FY 2018-19 are detailed in the chart below, by the various benefit levels. The invoices for the annual employer cost for FY 2018-19 will be posted to my|CalPERS in June 2019.

Level/Pool	Employee Premiums	Employer Cost per member per month	
		Employer Premium (If contracted on or before 7/1/13)	Employer Normal Cost (If contracted after 7/1/13)
1 <sup>st</sup>	\$2.00	None	N/A
2 <sup>nd</sup>	\$2.00	None	N/A
3 <sup>rd</sup>	\$2.00	None	N/A
4 <sup>th</sup>	\$2.00	\$4.70	\$5.50
Indexed	\$2.10	\$2.10	\$5.10

### FY 2017-18

Invoices for employer cost for FY 2017-18 will be posted to my|CalPERS in June 2018. Therefore, we have also included FY 2017-18 required employee and employer costs by the various benefit levels.

Level/Pool	Employee Premiums	Employer Cost per member per month	
		Employer Premium (If contracted on or before 7/1/12)	Employer Normal Cost (If contracted after 7/1/12)
1 <sup>st</sup>	\$2.00	None	N/A
2 <sup>nd</sup>	\$2.00	None	N/A
3 <sup>rd</sup>	\$2.00	None	N/A
4 <sup>th</sup>	\$2.00	\$5.20	\$5.60
Indexed	\$3.50	\$3.50	\$5.10

## Funded Status

Required premiums vary annually due to investment returns and mortality gains and losses experienced by the pools. A good indicator of the potential for changes in the required premiums is the funding status of the pools. Currently all pools are funded at more than 100 percent. As the funded ratio declines it is more likely that the pool will require employer premiums.

The funded ratio of the pools based on market value of assets as of the valuation date are detailed below:

Level/Pool	2017	2016	2015
1 <sup>st</sup>	1,711.4%	1,603.0%	1,687.9%
2 <sup>nd</sup>	480.5%	421.9%	428.0%
3 <sup>rd</sup>	386.6%	366.6%	380.0%
4 <sup>th</sup>	108.3%	106.6%	113.6%
Indexed	126.4%	117.7%	127.3%

## Payable Monthly Benefit

The monthly benefit payable to survivors in the Indexed Level increases by 2 percent each calendar year. Benefit amounts are \$714, \$1,428, and \$2,142 for 1, 2, or 3 eligible survivors respectively for calendar year 2018. Benefit amounts will increase to \$728, \$1,457, and \$2,185 for 1, 2, or 3 eligible survivors respectively for calendar year 2019. For information about other benefit levels visit the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) and search for [1959 Survivor Benefit Program](#).

## Accessing Valuation Report

You can view the full 2017 1959 Survivor Actuarial [Valuation](#) for more information.

## Questions

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

Scott Terando, Chief Actuary  
Actuarial Office