



California Public Employees' Retirement System  
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## Actuarial Circular Letter

June 12, 2020

Circular Letter: 200-029-20

Distribution: VI

**To: All Public Agency Employers**  
**Subject: Public Agency 1959 Survivor Monthly Premiums for Fiscal Year 2020-21**

### Purpose

The purpose of this Circular Letter is to inform you of required premiums to be collected for fiscal year (FY) 2020-21. The CalPERS Board of Administration approved normal costs and required premiums for the 1959 Survivor Benefit Program on April 22, 2020. 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 for FY 2020-21 will be posted to myCalPERS in June 2021 and will be based on the actual number of active member months.

Public agencies that contract 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, 2020, the required employee premium for the Indexed Level of benefits is \$2.40 per member, per month (or \$1.11 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). Share this information with those responsible for payroll reporting.

## Required Premiums

### FY 2020-21

The required employee and employer costs for FY 2020-21 are detailed in the chart below, by the various benefit levels. The invoices for the annual employer cost for FY 2020-21 will be posted to myCalPERS in June 2021.

Level/Pool	Employee Premiums	Employer Cost Per Member Per Month	
		Employer Premium (If Contracted on or before 7/1/15)	Employer Normal Cost (If Contracted after 7/1/15)
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	\$2.40	\$2.40	\$6.20

### FY 2019-20

Invoices for employer cost for FY 2019-20 will be posted to myCalPERS in June 2020. Included below are the FY 2019-20 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 7/1/14)	Employer Normal Cost (If Contracted after 7/1/14)
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	\$4.80	\$5.40
Indexed	\$2.90	\$2.90	\$5.80

## 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%. 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	2019	2018	2017
1 <sup>st</sup>	1,827.6%	1,793.8%	1,711.4%
2 <sup>nd</sup>	506.2%	506.7%	480.5%
3 <sup>rd</sup>	396.9%	395.7%	386.6%
4 <sup>th</sup>	105.3%	107.0%	108.3%
Indexed	134.7%	128.0%	126.4%

## Payable Monthly Benefit (Indexed Level)

The monthly benefit payable to survivors in the Indexed Level increases by 2% each calendar year. Shown below are the benefits payable for 2020 and 2021.

Indexed Level	1 Survivor	2 Survivors	3 or More Survivors
Monthly Benefit Payable 2020	\$743	\$1,486	\$2,229
Monthly Benefit Payable 2021	\$758	\$1,516	\$2,774

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

View the [1959 Survivor Benefit Program 2019 Actuarial Valuation \(PDF\)](#) on our website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

## Questions

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

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Actuarial Office