



California Public Employees' Retirement System  
P.O. Box 942709  
Sacramento, CA 94229-2709  
(888) CalPERS (or 888-225-7377)  
TTY: (877) 249-7442  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

Reference No.:  
Circular Letter No.: 200-041-13  
Distribution: VI, XII, XVI  
Special:

## Circular Letter

July 3, 2013

TO: **ALL CONTRACTING PUBLIC AGENCIES AND SCHOOL EMPLOYERS**

SUBJECT: **IMPLEMENTATION OF INTEREST ON DELINQUENT CONTRIBUTIONS**

The purpose of this Circular Letter is to inform employers of system changes and new procedures regarding interest on delinquent retirement contributions to be implemented effective July 1, 2013. These changes are intended to help ensure the timely payment of employer and employee retirement contributions ("total contributions" or "contributions") to the System. This Circular Letter explains how delinquent contributions will be reviewed and the method for charging interest on such amounts.

### **One-Time Review for Fiscal Year 2012/13**

An initial one-time review for fiscal year (FY) 2012/13 will be performed to identify outstanding contributions. If the employer has paid less than 90% of contributions due, CalPERS will invoice the employer for the full amount of all unpaid contributions. If the employer does not pay the invoiced amount within 30 calendar days, the employer will be assessed 10% per annum interest from the original due date of the outstanding contributions to current.

In August 2013, the FY 2012/13 contributions will also be subject to the End of Fiscal Year - Annual Process which requires payment of 99% of the total contributions due. This Annual Process is discussed on Page 2 of this Circular Letter.

### **Interest on Delinquent Contributions Within a Fiscal Year (Monthly Process)**

Employers are required to remit all contributions due to CalPERS on or before 15 calendar days from the end date of the pay period to which they refer (e.g., contributions for an April 30th pay period end date are due no later than May 15th).

If an employer pays less than 90% of the total contributions due, CalPERS will invoice the employer for the full amount of all unpaid contributions for the pay period.

If the employer does not pay the entire amount of the outstanding balance within 30 calendar days of the invoice date, interest will be assessed on 100% of the outstanding amount from the original due date of the contributions until paid. Interest will be charged at 10% per annum pursuant to Government Code Section 20572(b) of the Public Employees' Retirement Law. The 10% interest will continue to accrue until that specific account receivable is paid in full.

### **Interest on Delinquent Contributions for End of Fiscal Year (Annual Process)**

If the total contributions paid by an employer are less than 99% of the total contributions due at the end of the FY (i.e., June 30th), CalPERS will invoice the employer for the full amount of the unpaid contributions for the year. If the employer does not pay the entire amount of the outstanding balance within 30 calendar days of the invoice date, interest will be assessed on 100% of the outstanding amount from the original due date of the contributions until paid. Interest will be charged at 10% per annum. The 10% interest will continue to accrue until that specific account receivable is paid in full.

### **Employer Delinquency Notification**

Employers will generally be notified by CalPERS through the employer's preferred communication method or by mail, if no preference has been selected, when delinquent contributions are identified. Employers may also access this information through updates to the Employer's Billing and Payment Summary section of my|CalPERS.

The new procedures contained herein are intended to help ensure the timely payment of contributions necessary to help preserve the integrity and the soundness of the System. Please note, however, that in addition to the interest charges set forth above, CalPERS has other rights and remedies when contributions are not timely made. CalPERS reserves the right to collect any and all additional amounts that may be asserted under applicable law including, without limitation, costs of collection, attorneys' fees, and penalties for repeated delinquencies. Note further that any failure to provide a delinquency notice or my|CalPERS notation or any discrepancy between a delinquency notice or my|CalPERS notation and applicable law does not affect the rights of CalPERS to collect all monies, which it is entitled to be paid under applicable law.

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

KAREN DeFRANK, Chief  
Customer Account Services Division