

DEVELOPMENT OF PEPRA MEMBER CONTRIBUTION RATES

With the enactment of PEPRA, new PEPRA members are required to contribute at least 50 percent of the total annual normal cost of their pension benefit. As per Government Code Section 7522.30, State employees are excluded from this requirement except for employees of the Legislature, California State University (CSU), and the judicial branch.

It is preferable to determine normal cost using a large active population ongoing so that this rate remains relatively stable. The total PEPRA normal cost will be calculated using all active members within a State plan (including classic members) until the number of members covered under the PEPRA formula meets or exceeds 25 percent of the active population. Once that condition is met, the total PEPRA normal cost will be based on the active PEPRA population in the plan.

Should the total normal cost of the plan change by one percent or more from the base total normal cost established for the plan, the new member rate shall be 50 percent of the new normal cost rounded to the nearest quarter percent.

The table below shows the determination of the Member contribution rates based on 50 percent of the Total Normal Cost for each respective plan on June 30, 2017.

	Basis for Current Rate		Rates Effective July 1, 2018			
	Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous – CSU, Legislature and Judicial	13.16%	6.50%	14.61%	1.45%	Yes	7.25%
POFF – CSU, Legislature and Judicial	22.04%	11.00%	22.95%	0.91%	No	11.00%