

DEVELOPMENT OF STATE BARGAINING UNIT 16 MEMBER CONTRIBUTION RATES

Pursuant to Government Code Sections 20683.4 and 20683.5, Members of State Bargaining Unit 16 are required to contribute at least 50 percent of the total annual normal cost of their pension benefit. Should the total normal cost of the category increase by one percent or more from the total normal cost determined as of June 30, 2015, the new member rate shall be 50 percent of the new normal cost rounded to the nearest quarter percent. Subsequently, should the total normal cost of the category change (increase or decrease) by one percent or more from the basis at that time, 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 (June 30, 2015) | | Rates Effective July 1, 2018 | | | |
|--|---|-------------|------------------------------|---------|---------------|-------------|
| | Total Normal Cost | Member Rate | Total Normal Cost | Change | Change Needed | Member Rate |
| State Miscellaneous – BU 16 ¹ | 15.48% | 10.0% | 16.21% | 0.73% | No | 10.0% |
| State Industrial – BU 16 ¹ | 18.02% | 10.0% | 17.68% | (0.34%) | No | 10.0% |
| State Safety – BU 16 | 21.73% | 11.0% | 22.44% | 0.71% | No | 11.0% |

(1) The member rate shown here is for a member who participates in Social Security. Our understanding is that all State Miscellaneous and State Industrial members in Bargaining Unit 16 participate in Social Security. If there are any members of these groups who do not participate in Social Security, the Member Rate is currently 1 percent higher than the rate shown here.