



California Public Employees' Retirement System
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TO: STATE AGENCIES, AGRICULTURAL DISTRICTS, STATE COLLEGE AND UNIVERSITIES, COUNTY SUPERINTENDENTS OF SCHOOLS, INDIVIDUAL SCHOOL DISTRICTS AND ALL CONTRACTING PUBLIC AGENCIES

SUBJECT: REVISED FIRST TIER ELECTION PACKAGES

Revised First Tier Election Packages will be mailed at the end of May 2001 to all members with service under the State Second Tier (1 ¼ % @ age 65) retirement formula, who have not taken advantage of the opportunity to elect the State First Tier (2 % @ age 55) retirement formula. The package will provide updated cost information and two additional payment methods to convert past State Second Tier service.

BACKGROUND

Legislation that became effective January 1, 2000 provides State Miscellaneous and Industrial First Tier members who were active in State service on or after January 1, 2000 an enhanced 2% at age 55 retirement formula. This legislation also allowed State Second Tier members who were actively employed in State service on or after January 1, 2000 the opportunity to elect the State First Tier retirement formula. Those eligible members with past State Second Tier service can also elect to convert that past service to the State First Tier retirement formula.

An employee of a Public Agency, School or California State University that was an employee of the State on or after January 1, 2000 and has State Second Tier service credit will receive this package.

COST AND NEW PAYMENT METHODS

The cost to convert past State Second Tier service is calculated based on the monthly contributions that would have been paid had the member been subject to the State First Tier, plus accrued interest (currently 6%).

Since this opportunity became available, regulations have provided additional payment methods, which includes an extended installment payment period up to 180 months and an Actuarial Equivalent Reduction to the future retirement allowance that requires no

out-of-pocket cost.

If employees should have questions regarding this package, please have them call CalPERS at 888 CalPERS (or 888-225-7377) for assistance, or visit the local CalPERS Regional Office. The offices are open Monday through Friday, 8 a.m. to 5 p.m.

Kenneth W. Marzion, Chief
Actuarial and Employer Services Division