



P.O. Box 942709  
Sacramento, CA 94229-2709  
**888 CalPERS** (or **888-225-7377**)  
Telecommunications Device for the Deaf  
No Voice (916) 795-3240  
www.calpers.ca.gov

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Special:

# **Circular Letter**

**TO: ALL PUBLIC AGENCY EMPLOYERS**

**SUBJECT: SUPERFUNDED RATE PLANS**

Chapter 231 (Assembly Bill 2099, Statutes of 1998) became effective January 1, 1999, and amended Government Code Section 20816. This section provides that, if the Chief Actuary determines that an employer's rate plan is superfunded (actuarial value of assets exceeds the present value of benefits) as of the most recently completed valuation, the employer may cover its employees' normal member contributions using its employer assets. This would necessitate transferring assets within the Public Employees' Retirement Fund (PERF) from the employer account to the member accumulated contribution accounts.

Attached to this circular letter is a list of rate plans that have been determined to be superfunded for the rate plan year of July 1, 2003, through June 30, 2004. This list was prepared based on the actuarial valuations as of June 30, 2001. For the employers on this list, we anticipate mailing the vouchers necessary to pay for the employees' normal member contributions for fiscal 2003-04 by March 31, 2003.

Because of the declines in stock prices and the negative investment returns experienced by the PERF over the last two fiscal years, we are concerned that some employer contribution rates will increase substantially over the next few years. In a period of rising employer contribution rates, some additional caution is advisable. **We urge you to contact your CalPERS' actuary to discuss what may happen to your rates before you decide to use the vouchers to pay normal member contributions.**

Should you have any questions, please contact your assigned actuary.

Sincerely,

Ron Seeling, Chief Actuary  
Actuarial & Employer Services Division