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Date: July 2, 2003  
Reference No.:

Circular Letter No.: 200-104-03  
Distribution: I, IIA, III, IV

Special:

# Circular Letter

TO: ALL STATE AGENCIES

SUBJECT: State 1959 Survivor Employer Contribution for fiscal year 2002-2003.

On May 14, 2002, the CalPERS Board of Administration approved the State 5<sup>th</sup> Level Pool Employer rates for the 1959 Survivor Pre-retirement death benefit. This benefit pays a monthly amount to the survivor(s) of a member who dies while actively working for a State agency that contracts for this benefit. **The Employer contribution rate, in effect for fiscal year 2002-2003, is \$0.40 per member, per month.** The Employee contribution remains at \$2.00 per member, per month for fiscal 2002-2003.

It should be noted that the expected long-term cost for this benefit is around \$8.00 per member, per month. The actual cost of the benefit to the Employer will vary from year to year due to investment returns, and mortality gains and losses experienced by the pool. In addition, Section 21581 of the California Public Employees' Retirement Law states that when the total required premium after amortization of surplus goes above \$4.00 per member, per month, that the Employer and Employee shall split the total cost evenly. Thus, varying Employee contributions will also have an effect on future Employer costs.

For the past several years, there has been no cost to the pool. This can be directly attributed to the large amounts of surplus built up by past favorable investment returns. However, more recent investment experience will undoubtedly deplete the remaining surplus and consequently, higher costs can be expected in the future.

Ron Seeling, Chief Actuary  
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