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Special:

Circular Letter

TO: ALL PUBLIC AGENCIES

SUBJECT: PUBLIC AGENCY 1959 SURVIVOR EMPLOYER CONTRIBUTION FOR FISCAL YEAR 2005-2006

On May 17, 2005, the CalPERS Board of Administration approved the Public Agency 1st, 2nd, 3rd, 4th, and Indexed 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 Public Agency that contracts for this benefit. This benefit applies only to active employees not covered by Social Security.

The employer contribution rates, in effect for fiscal year 2005-2006 are as follows:

Pool Name	Per Member, Per Month Contribution		Funded Ratio of the Pool		
	Employer	Employee	2005-2006	2004-2005	2003-2004
1st Level Pool:	\$0.00	\$2.00	872.7%	N/A	N/A
2nd Level Pool:	\$0.00	\$2.00	361.7%	N/A	N/A
3rd Level Pool:	\$0.00	\$2.00	306.2%	295.9%	324.4%
4th Level Pool:	\$2.30	\$2.00	138.5%	139.0%	170.9%
Indexed Level Pool:	\$0.00	\$2.00	160.1%	188.6%	213.9%

Employer contributions are due to CalPERS in full at the mid-point of the fiscal year. In early December, 2005, invoices will be sent to agencies that have a positive employer contribution for fiscal year 2005-2006. The single lump-sum payment covering the entire fiscal year will be due by December 31, 2005.

The employee contribution rate for each pool remains at \$2.00 per member, per month for fiscal year 2005-2006.

The Fourth Level pool has a required employer contribution of \$2.30 per member, per month for this fiscal year. The increase in this year's contribution is largely due to the lengthening of the amortization period of the pool's surplus to 30 years. The 30-year amortization is a required component of CalPERS' new rate stabilization policy as approved by the CalPERS Board of Administration.

The employer contribution of \$2.30 per member per month will apply only to employers that contracted for the Fourth Level benefit prior to May 15, 2000. Employers who amended or contracted for the Fourth Level benefit on or after May 15, 2000 were required to pay the full Fourth level normal cost for a period of five years. Thus, they will not be charged this year's pool cost of \$2.30, as that would result in a double payment.

Actual employer costs for each benefit level will vary from year to year due to investment returns and mortality gains and losses experienced by the pool. An indication of when future employer contributions may be required can be obtained by examining the funded ratio of the pool. As a pool's funded ratio approaches 100%, the higher the likelihood the pool will require employer contributions.

The monthly benefit payable to Survivors in the Indexed Level increases by 2% each calendar year. Benefit amounts are \$552, \$1,104, and \$1,656 for 1, 2 or 3 eligible survivors respectively for calendar year 2005. Benefit amounts will increase to \$563, \$1,126, and \$1,689 for 1, 2, or 3 eligible survivors respectively for calendar year 2006.

Ron Seeling, Chief Actuary
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