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# Circular Letter

TO: MEMBERS, BOARD OF ADMINISTRATION,  
 EMPLOYEE/EMPLOYER ORGANIZATIONS,  
 MANAGEMENT, STAFF

SUBJECT: 2006 PPPA FACTORS

Our actuarial staff has developed the Purchasing Power Protection Allowance (PPPA) factors for 2006. Increases (or decreases) based on these factors will be included as part of the monthly retirement warrants to those retirees and beneficiaries who are entitled to receive the PPPA benefits.

The PPPA payments are designed to restore up to a maximum of 75% of the original purchasing power of retirement allowances for those retirees with state or school service and 80% of the original purchasing power of retirement allowances for those retirees with public agency service. Eligibility for the PPPA benefit is based on the year of retirement, cost-of-living adjustments received, payment of one-time increases, also known as Ad Hoc increases, and declining purchasing power that is measured by the United States City Average Consumer Price Index (CPI). The estimated rate of inflation used to develop the factors is 3.641%.

The table shown below provides the factors for the three largest employer groups: the State, Schools and a majority of Public Agencies providing 2% of cost-of-living adjustments. Remember, the Public Agency table does not represent all public agency employers that provide a 2% cost-of-living adjustment.

<u>Year of Retirement</u>	<u>State %</u>		<u>Schools %</u>		<u>P.A. w/ 2% COLA</u>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
1965 or before	47.929	50.905	56.904	59.915	124.719	129.226
1966	52.439	55.280	60.600	63.755	122.841	127.273
1967	54.639	57.563	61.290	64.474	120.994	125.352
1968	54.321	57.563	61.290	64.474	116.216	120.994
1969	54.321	57.233	60.944	64.114	109.424	113.904
1970	53.061	56.250	59.915	63.043	102.020	105.656
1971	52.749	55.925	59.574	62.690	97.531	101.005
1972	53.689	56.576	60.256	63.399	94.647	98.511
1973	52.130	55.280	58.898	61.987	86.916	90.931
1974	50.000	52.749	56.250	59.574	72.043	75.439
1975	42.045	44.788	50.602	53.689	60.643	63.934
1976	39.665	42.586	45.349	48.221	55.039	58.103
1977	33.929	36.612	39.147	42.045	48.423	51.515
1978	26.904	29.310	32.042	34.409	40.845	43.369
1979	16.279	18.483	20.968	23.355	29.032	31.579
1980	4.457	6.534	8.696	10.783	15.942	18.168
1981	0.402	2.319	0.402	2.319	7.095	9.141
1982					2.960	4.987
1983					1.781	3.761
1984					0.000	1.523

If you have any questions regarding these factors or the PPPA program, please contact the Benefit Services Division at P.O. Box 942716, Sacramento, California 94229-2716 or contact CalPERS at the toll free telephone number of 1-888-CalPERS (225-7377).

A handwritten signature in black ink, appearing to read "Donna Ramel Lum". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Donna Ramel Lum, Chief  
Benefit Services Division