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Special:

Circular Letter

TO: ALL PUBLIC AGENCIES

SUBJECT: 1959 Survivor Employer Contribution for fiscal year 2008-2009

On May 15, 2008, 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 and employee contribution rates, in effect for fiscal year 2008-2009 are as follows:

| Pool Name | Per Member, Per Month Contribution | | Funded Ratio of the Pool Based on Market Value of Assets | | |
|-----------------------------------|------------------------------------|---------------|--|-----------------|-----------------|
| | Employer | Employee | 6/30/2007 | 6/30/2006 | 6/30/2005 |
| 1st Level Pool: | \$0.00 | \$2.00 | 1,373.5% | 1,152.7% | 1,048.2% |
| 2nd Level Pool: | \$0.00 | \$2.00 | 457.2% | 394.7% | 368.1% |
| 3rd Level Pool: | \$0.00 | \$2.00 | 401.0% | 346.6% | 325.9% |
| 4th Level Pool: | \$2.50 | \$2.00 | 157.9% | 141.8% | 139.6% |
| Indexed Level Pool: | \$0.90 | \$2.00 | 174.9% | 160.2% | 157.1% |

The employee contribution rate for each pool remains at \$2.00 per member, per month for fiscal year 2008-2009.

DO NOT MAKE ANY CHANGES TO YOUR PAYROLL REPORTING OR CONTRIBUTIONS AS A RESULT OF THIS INVOICE. We are providing the above premium amounts for informational and budgeting purposes only. We are not requesting employer remittance at this time.

CalPERS will send invoices for the employer contributions at the mid-point of the fiscal year. At that time, invoices will be sent directly to agencies that have a positive employer contribution for fiscal year 2008-2009 as a single lump-sum payment covering the entire fiscal year.

The employer contribution of \$2.50 per member per month for the Fourth Level pool and \$0.90 for the Indexed Level pool will apply only to employers that contracted for these benefits prior to May 15, 2003. Employers who amended or contracted for these benefits on or after May 15, 2003 were required to pay the full normal cost for a period of five years. Thus, they will not be charged this year's cost of \$2.50 for the Fourth Level pool or \$0.90 for the Indexed Level pool, 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 \$585, \$1,172, and \$1,757 for 1, 2 or 3 eligible survivors respectively for calendar year 2008. Benefit amounts will increase to \$597, \$1,195, and \$1,792 for 1, 2, or 3 eligible survivors respectively for calendar year 2009.

If you have any questions, please call the Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Ronald L. Seeling, Chief Actuary
Actuarial and Employer Services Branch