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Circular Letter

**TO: PUBLIC AGENCIES, COUNTY SUPERINTENDENT OF SCHOOLS,
SCHOOL DISTRICTS**

SUBJECT: EMPLOYER "PICK-UP" RESOLUTION UPDATE

Circular Letter 200-049-08 was sent to advise employers of Revenue Ruling 2006-43 concerning the "pick-up" of employee contributions to CalPERS and to ensure the requirements of the "pick-up" were being met. Revenue Ruling 2006-43 provides in general that an employee contribution will not be treated as "picked-up" unless: (1) the employer specifies that the contributions, although designated as employee contributions, are being paid by the employer and (2) the employer does not permit participating employees to opt out of the pick-up or to receive the contributed amounts directly instead of having them paid by the employer to the plan. The information that was provided in the previous Circular Letter on requirements for an employer "pick-up" has not changed.

Some employers "pick-up" employee contributions for employees in specified groups or classes, but not necessarily for all employees in the organization. This Circular Letter clarifies that your "pick-up" resolution should identify whether all employees of the organization or all of the employees in specific groups or classes are subject to the "pick-up". Employers who only "pick up" employee contributions for all of the employees in certain groups or classes, should specify so in their resolution.

If you need to revise your resolution, you must submit a new one to CalPERS at the address below:

CalPERS
Employer Services Division
Compensation Review Unit
P.O. Box 942709
Sacramento CA 94229-2709

You may also fax your resolution to (916) 795-3005, attention Compensation Review Unit.

The Public Agency Procedures Manual, which is located on [CalPERS On-Line](#) contains a Resolution to Tax Defer Member Paid Contributions, Sample E, for your use. If you have any questions, or if you require assistance in preparing your resolution, please call our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Lori McGartland, Chief
Employer Services Division

[Attachment](#)