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Circular Letter

TO: ALL PUBLIC EMPLOYERS

SUBJECT: 1959 SURVIVOR PREMIUMS FOR FISCAL YEAR 2010/2011

The CalPERS Board of Administration approved required premiums for the 1st, 2nd, 3rd, 4th, and Indexed Level pools of the 1959 Survivor Benefit Program on June 16, 2010. The 1959 Survivor Benefit Program is an employer contract provision that provides monthly benefits for eligible survivors of participating members who die while actively employed.

The required employee premium for the 1st through 4th Levels of the 1959 Survivor Program is \$2.00 per member per month. For the Indexed Level the required employee premium is \$2.90 per member per month.

The required premiums for the 2010/2011 fiscal year (FY 2010/2011) for the various benefit levels are shown in the chart below:

Level/Pool	Employee Premiums	Employer Premiums
1 st	\$2.00	None
2 nd	\$2.00	None
3 rd	\$2.00	None
4 th	\$2.00	\$3.90
Indexed	\$2.90	\$2.90

It is important to note that changes to the amounts withheld from employees wages and changes to your payroll reporting will be needed if your employer contracts for the Indexed Level of 1959 Survivor Benefits. Beginning with the payroll period that includes July 1, 2010 the required employee premium for the Indexed Level of Benefits is \$2.90 per member per month (or \$1.34 per bi-weekly pay period). The required employee premium for all other benefit levels continues to be \$2.00 per member per month (or \$.93 per bi-weekly pay period).

Please be sure to share this Circular Letter with those responsible for payroll reporting.

Invoices will be mailed in January to employers who contracted for the 4th or Indexed Level of 1959 Survivor Benefits effective prior to May 15, 2005 for the lump sum amount of the required employer premiums due for FY 2010/2011.

The required premiums vary annually due to investment returns and mortality gains and losses experienced by the pools. A good indicator of the potential for changes in the required premiums is the funding status of the pools. As the funded ratio declines approaching 100%, it is more likely that the pool will require employer premiums.

Funded Ratio of the Pools Based on Market Value of Assets			
Level/Pool	6/30/2009	6/30/2008	6/30/2007
1 st	1,068.2%	1,439.6%	1,373.5%
2 nd	312.6%	453.7%	457.2%
3 rd	263.8%	377.2%	401.0%
4 th	100.2%	145.9%	157.9%
Indexed	98.8%	152.8%	174.9%

The monthly benefit payable to survivors in the Indexed Level increases by 2% each calendar year. Benefit amounts are \$609, \$1,219, and \$1,828 for 1, 2 or 3 eligible survivors respectively for calendar year 2010. Benefit amounts will increase to \$621, \$1,243, and \$1,865 for 1, 2, or 3 eligible survivors respectively for calendar year 2011.

For information about benefit payments for other benefit levels visit the CalPERS website at www.calpers.ca.gov, select "For Employers" from the tool bar, select "Benefit Programs & Contracting Services", and under shortcuts select "Optional Benefits".

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

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Actuarial & Employer Services Branch