



California Public Employees' Retirement System
 P.O. Box 942709
 Sacramento, CA 94229-2709
(888) CalPERS (or **888-225-7377**)
 TTY: (877) 249-7442
www.calpers.ca.gov

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Circular Letter

June 15, 2012

TO: ALL PUBLIC AGENCIES

SUBJECT: PUBLIC AGENCY 1959 SURVIVOR MONTHLY PREMIUMS FOR FISCAL YEAR 2012/2013

The purpose of this Circular Letter is to inform you that 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 May 16, 2012. 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. If your contract does not provide for these benefits, this Circular Letter does not apply to your agency.

The required premiums per member per month for fiscal year 2012/2013 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 | \$4.00 |
| Indexed | \$2.60 | \$2.60 |

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 agency contracts for the Indexed Level of 1959 Survivor Benefits.

Payroll Reporting for Employee Premiums

Beginning with the payroll period that includes July 1, 2012, the required employee premium for the Indexed Level of Benefits is \$2.60 per member per month (or \$1.20 per bi-weekly pay period). The required employee premium for all other benefit levels continues to be \$2.00 per member per month (or \$0.93 per bi-weekly pay period).

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

Employer Premiums

Invoices will be mailed in January to employers that contracted for the 4th or Indexed Level of 1959 Survivor Benefits effective prior to May 15, 2007 for the lump sum amount of the required employer premiums due for fiscal year 2012/2013.

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 | 6/30/2011 | 6/30/2010 | 6/30/2009 |
| 1 st | 1,375.9% | 1,218.5% | 1,068.2% |
| 2 nd | 397.0% | 336.3% | 312.6% |
| 3 rd | 342.0% | 293.9% | 263.8% |
| 4 th | 114.9% | 103.9% | 100.2% |
| Indexed | 122.1% | 98.0% | 98.8% |

The monthly benefit payable to survivors in the Indexed Level increases by 2 percent each calendar year. Benefit amounts are \$634, \$1,268, and \$1,902 for 1, 2, or 3 eligible survivors respectively for calendar year 2012. Benefit amounts will increase to \$647, \$1,294, and \$1,940 for 1, 2, or 3 eligible survivors respectively for calendar year 2013. For information about benefit payments for other benefit levels visit the CalPERS website at www.calpers.ca.gov, select "Employers" from the tool bar, select "Benefit Programs & Contracting Services", and under shortcuts select "Optional Benefits."

You may view the [full valuation report](#) online in the Forms & Publications Center under "CalPERS Reports". If you have any questions, please call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

ALAN MILLIGAN
Chief Actuary