



California Public Employees' Retirement System  
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# Circular Letter

June 20, 2016

**TO: ALL PUBLIC AGENCY EMPLOYERS**

**SUBJECT: PUBLIC AGENCY 1959 SURVIVOR MONTHLY PREMIUMS FOR FISCAL YEAR 2016-2017**

The purpose of this Circular Letter is to inform you that the CalPERS Board of Administration approved required premiums for the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and Indexed Level pools of the 1959 Survivor Benefit Program on April 20, 2016. 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, the circular letter does not apply to your agency.

The required monthly member premiums for Fiscal Year 2016-17 are detailed in the chart below, by the various benefit levels:

Level/Pool	Employee Premiums	Employer Premiums
1 <sup>st</sup>	\$2.00	None
2 <sup>nd</sup>	\$2.00	None
3 <sup>rd</sup>	\$2.00	None
4 <sup>th</sup>	\$2.00	\$4.30
Indexed	\$2.75	\$2.75

**Payroll Reporting for Employee Premiums**

Beginning with the payroll period that includes July 1, 2016 the required employee premium for the Indexed Level of Benefits is \$2.75 monthly per member (or \$1.27 per bi-weekly pay period). The required employee premium for all other benefit levels continues to be \$2.00 monthly per member (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 are posted on my|CalPERS in January for employers who contracted for the 4<sup>th</sup> or Indexed Level of 1959 Survivor Benefits effective prior to May 15, 2011. The invoices are for the lump sum amount of the required employer premiums due for Fiscal Year 2016-17.

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 percent, it is more likely that the pool will require employer premiums.

<b>Funded Ratio of the Pools Based on Market Value of Assets</b>			
<b>Level/Pool</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
1 <sup>st</sup>	1,687.9%	1,736.4%	1,495.8%
2 <sup>nd</sup>	428.0%	449.7%	377.1%
3 <sup>rd</sup>	380.0%	389.1%	338.4%
4 <sup>th</sup>	113.6%	119.4%	108.6%
Indexed	127.3%	129.9%	113.6%

The monthly benefit payable to survivors in the Indexed Level increases by 2 percent each calendar year. Benefit amounts are \$686, \$1,373, and \$2,059 for 1, 2 or 3 eligible survivors respectively for calendar year 2016. Benefit amounts will increase to \$700, \$1,400, and \$2,100 for 1, 2, or 3 eligible survivors respectively for calendar year 2017. For information about benefit payments for other benefit levels visit the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov), select “Employers” from the tool bar, then select “Contracts”, select “Contract Amendments”, and select “Optional Benefits Listing (PERS-CON-40)”.

To view the full valuation report visit:

<https://www.calpers.ca.gov/docs/forms-publications/1959-survivor-valuation-2015.pdf>

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

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Chief Actuary