



California Public Employees' Retirement System
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Actuarial Circular Letter

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Distribution: IV, V, X

To: State Employers, Agricultural Districts, and State Colleges and Universities
Subject: 2018-19 State Employer and Employee Contribution Rates

Purpose

The purpose of this Circular Letter is to inform you of the following employer and employee pension contribution rates approved by the CalPERS Board of Administration on April 17, 2018. These rates become effective with the first payroll period that ends in July 2018 and are in effect for fiscal year (FY) 2018-19.

Employer Contributions

Employer contribution rates for FY 2018-19 are shown in the table below:

Member Category	Actuarial Required Employer Contribution as a Percentage of Compensation
State Miscellaneous	29.298%
State Industrial	19.550%
State Safety	20.352%
California Highway Patrol	53.805%
Peace Officer/Firefighter	43.724%

The employer contribution rate will continue to vary annually. Pursuant to Government Code section 20683.2(d) of the Public Employees' Retirement Law, the California State Legislature

may adopt higher contribution rates than the ones in the table above to redirect savings resulting from increases in member contribution rates for various state members that became effective July 1, 2013, July 1, 2014, and July 1, 2015. The Legislature adopted the increased rates for FY 2017-18, and it is anticipated that the Legislature will also adopt them for FY 2018-19.

Rates that include the additional contribution are shown in the table below:

Member Category	Actuarially Required Employer Contribution for FY 2018-19	Additional Statutory Contribution to Offset Increased Member Contributions	Total Employer Contribution for FY 2018-19
State Miscellaneous	29.298%	0.098%	29.396%
State Industrial	19.550%	0.881%	20.431%
State Safety	20.352%	1.182%	21.534%
California Highway Patrol	53.805%	1.319%	55.124%
Peace Officer/Firefighter	43.724%	1.647%	45.371%

Note: In the event that the state budget is not passed by July 1, 2018, the actuarially required contribution rates set by the CalPERS Board will remain in effect.

PEPRA Employee (Member) Contributions

With the enactment of the California Public Employees' Pension Reform Act (PEPRA), PEPRA members are required to contribute at least 50 percent of the total annual normal cost of their pension benefit. As per Government Code Section 7522.30, state employees are excluded from this requirement except for employees of the Legislature, California State University (CSU), and the judicial branch. PEPRA contains a provision that states when the total normal cost changes by more than 1 percent of payroll, the member contribution rate must be adjusted to half of the new normal cost.

For FY 2018-19, the total normal cost for PEPRA State Miscellaneous members has changed by more than 1 percent of payroll from the base total normal cost. As a result, the contribution rate for PEPRA State Miscellaneous members of the Legislature, CSU and the judicial branch will be set to 7.25 percent effective July 1, 2018. This is 0.75 percent higher than the current 6.50 percent.

Additional information can be found on the CalPERS website in the Finance and Administration Committee meeting [Agenda Item 7a](#) on April 17, 2018. The complete actuarial valuation report is expected to be available on the CalPERS website this summer.

Questions

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

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