Actuarial Circular Letter

June 30, 2020
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Distribution: XII, XVI

To: All School Employers
Subject: 2020-21 School 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 21, 2020 and modified by Assembly Bill 84/Senate Bill 111, which is anticipated to be passed by the Legislature and signed by the governor. This bill will amend Government Code section 20825.2 and reallocate the 2019 state’s contribution to the schools pool in order to capture all contribution savings over the next two fiscal years. If enacted, these rates will become effective with the first payroll period that ends in July 2020 and are in effect for fiscal year 2020-21.

Employer Contribution

If the legislation described above is enacted, the employer contribution rate for fiscal year 2020-21 will be 20.70%. This represents a reduction of 1.98% from the 22.68% adopted by the board on April 21, 2020, due to the amendment of Government Code section 20825.2.

Employee (Member) Contributions

With the enactment of the California Public Employees’ Pension Reform Act (PEPRA), PEPRA members are required to contribute at least 50% of the total annual normal cost rate of their pension benefit. PEPRA contains a provision that states when the total normal cost rate changes by more than 1% of payroll, the member contribution rate must be adjusted to half of the new normal cost rate. For fiscal year 2020-21, the total normal cost rate for PEPRA school members has not
changed by more than 1% of payroll from the base total normal cost rate. As a result, the member contribution rate for PEPRA members will remain at 7.00%. Classic members will continue to contribute 7.00% of reportable compensation.

Additional information can be found on the CalPERS website in Agenda Item 7d (PDF) from the Finance & Administration Committee meeting held on April 21, 2020. The complete actuarial valuation report is expected to be available on the CalPERS website this summer.

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

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