

Employee Cost-Sharing

Cost-sharing may provide your agency an opportunity to save money and help offset pension costs.

As a contracting agency, cost-sharing allows employees to share a portion of the employer costs through a written agreement with an employee group. Your employer contribution rate will be reduced by the agreed upon percentage of cost-sharing.

A contract amendment isn't required to change a cost-sharing agreement for public agency employers and employee groups who have previously added cost-sharing for their represented groups to their contract.

Requirements

The updated cost-sharing amount is reportable on payroll to CalPERS on the approved effective date.

Cost-sharing must be the same percentage for all, grouped by:

- All Miscellaneous or all Safety
- All Classic Members and/or all PEPRAs members
- Benefit Level Tier, such as:
 - First Tier Classic
 - PEPRAs Miscellaneous Formula
 - PEPRAs Safety Formula

Get Started

Establish Cost-Sharing

To get started, contact your Pension Contracts Analyst or through email at pensioncontracts@calpers.ca.gov. An initial contract amendment is required to establish cost-sharing.

Change an Existing Cost-Sharing Amount

Represented Groups	
Provide CalPERS a side letter for each bargaining unit with changes 90 days prior to the effective date and a cover letter to request the change.	
Side letter must contain:	<ul style="list-style-type: none">• The exact percentage of cost-sharing change must be specified.• Who it's specifically applicable to: tiers/classic/represented group name, etc.• The desired effective date. Note: must be the first day of a pay period.

Unrepresented Groups	
Step One: The Employer's Board adopts a resolution to cost-share.	
Resolution must contain:	<ul style="list-style-type: none"> • Who it's applicable to: tiers/classic/unrepresented group name, etc. • The exact percentage of cost-sharing change must be specified. • The desired effective date. Note: must be the first day of a pay period. • A simple majority of the unrepresented impacted employees need to sign in agreement.
Step Two: The employer provides CalPERS the resolution and a cover letter indicating the exact percentage of change, total cost-share percentage and who it is applicable to.	
To initiate the contract amendment:	<ul style="list-style-type: none"> • A CalPERS Pension Contract Analyst contacts the employer to establish the Anticipated Schedule of Agency Actions and sends the required documents.
	<ul style="list-style-type: none"> • Over a specified time period, the employer then: <ul style="list-style-type: none"> - Adopts the Resolution of Intention - Conducts an employee election - Approves the final reading of the ordinance or final resolution and completes certification forms.
	<ul style="list-style-type: none"> • Once the documents are received and approved, the amendment is updated with the effective date in my CalPERS.
	<ul style="list-style-type: none"> • A fully executed contract is sent to the employer.

A CalPERS Pension Contracts Analyst will provide the necessary documents for adoption by your agency's governing body. All requirements and procedures will be outlined in a cover letter sent with the documents.

We're Here to Help

This document is intended to provide an overview of cost-sharing per Government Code section 20516. To learn more about cost-sharing requirements, contact your CalPERS Pension Contracts Analyst at **888 CalPERS** (or 888-225-7377) or email pensioncontracts@calpers.ca.gov.