



**California Public Employees' Retirement System**  
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Dear Member,

Thank you for your interest in converting your State Second Tier Miscellaneous or Industrial credited service to the State First Tier retirement formula. It is important to understand that converting to the First Tier retirement formula is a voluntary decision that will require you to make increased monthly retirement contributions. Your decision to convert to the First Tier retirement formula is irrevocable. Therefore, please fully evaluate your retirement needs prior to making this irrevocable conversion.

Converting from the State Second Tier Miscellaneous or Industrial retirement formula to the State First Tier Miscellaneous or Industrial retirement formula is a two-step process.

**Step 1 - Elect First Tier for Future Service:**

Elect into the First Tier Retirement Formula by completing the attached *First Tier Future Election Document* and *Justification for Absence of Spouse or Registered Domestic Partner's Signature* (if applicable). When you complete this election, you are authorizing CalPERS to change your CalPERS retirement formula from the State Second Tier to the State First Tier retirement formula on a *prospective* (future) basis. When your CalPERS retirement formula has been changed to the First Tier, you will begin having First Tier retirement contributions withheld from your paycheck on a prospective basis.

**Step 2 - Convert Past Second Tier Service:**

While you remain a member of CalPERS, at any time prior to retirement and after you begin contributing under the First Tier retirement formula, you may submit the *Tier Conversion Cost Information Request* form to initiate the process to convert your past Second Tier service to the First Tier retirement formula.

In order to convert past Second Tier service, you must meet all of the following conditions:

- You are not retired;
- You were an active State member on or after January 1, 2000; and,
- You have State Second Tier service credit with CalPERS.

Upon receipt of your *Tier Conversion Cost Information Request* form, CalPERS will provide you with the cost package for converting your past Second Tier service which includes the election form(s) and available payment options.

If you are an active member and select a payment plan to pay for the conversion, the deductions for this election will be in addition to your regular, ongoing retirement contribution withholdings.

## **Comparing First and Second Tier Formula Benefits**

To compare the differences between First and Second Tier retirement formulas, please refer to the member benefit publication, *State Miscellaneous & Industrial Member Benefit Publication* (PUB 6), available on the CalPERS website.

While on the CalPERS website, CalPERS encourages you to use the Retirement Estimate Calculator, to generate the following retirement estimate scenarios:

- a) Keeping all of your service credit under the Second Tier retirement formula;
- b) Having your future service credited under the First Tier retirement formula with your past service credit remaining under the Second Tier retirement formula; and
- c) Having all of your service credit under the First Tier retirement formula.

CalPERS further encourages you to evaluate your retirement needs very carefully before making a decision to convert from the Second Tier to the First Tier retirement formula. Your election to convert to the First Tier retirement formula is **irrevocable** and will increase the monthly retirement contributions that are withheld from your paycheck.

## **Remain in the Second Tier Retirement Formula:**

No action is required on your part, if you wish to remain in the Second Tier retirement formula.

Prior to July 1, 2013, as a member of the Second Tier formula, you paid no member contributions. Effective July 1, 2013, all Second Tier members began contributing 1.5% of their monthly pensionable compensation and these contributions will increase by 1.5% annually until equal sharing has reached fifty percent (50%) of normal contributions.

## **Reinstatement from Retirement**

If you previously retired with Second Tier credited service and have reinstated from retirement, you may elect to convert your past Second Tier service to the First Tier retirement formula; however, you must earn a minimum of one year of service credit from your date of reinstatement before your next retirement can be based on the First Tier retirement formula.

If you have any questions, please visit our website, [www.calpers.ca.gov](http://www.calpers.ca.gov), or contact us toll-free at **888 CalPERS** (or **888-225-7377**).

*While reading this material, please keep in mind that CalPERS is governed by the Public Employees' Retirement Law. The Retirement Law is complex and subject to change. If there is a conflict between the law and this package, any decision will be based on the law.*

## ELECTING INTO THE FIRST TIER RETIREMENT FORMULA ON A PROSPECTIVE (FUTURE) BASIS

Your decision to elect into the First Tier retirement formula for your future service will require you to have increased monthly retirement contributions deducted from your pay for all future State Miscellaneous or Industrial service. Your past Second Tier service will remain under the Second Tier retirement formula. You have the right to convert your past Second Tier service to the First Tier retirement formula at any time prior to retirement, as long as you remain a member of CalPERS.

### Worksheet: Estimating First Tier Retirement Contributions

By electing the First Tier retirement formula on a *prospective* (future) basis, First Tier retirement contributions will be deducted from your paycheck effective the first day of the pay period following the date CalPERS receives your Election Document.

Your First Tier retirement contributions will be based on your monthly gross earnings, reduced by an exemption amount, and then multiplied by your contribution rate. The exemption amount depends upon whether or not you contribute to Social Security. These retirement contributions will be deducted from your monthly earnings on a tax-deferred basis.

<b>Examples</b>			Calculate Your Monthly First Tier Retirement Contribution Amount
<b>How to Calculate Your Monthly First Tier Retirement Contribution Amount</b>			
	Contributes to Social Security	Does not Contribute to Social Security	
1. Gross monthly earnings	\$3,000	\$3,000	\$ _____
2. Minus exemption amount (\$513 or \$317)*	- \$513	- \$317	- _____
3. Multiplied by your contribution rate*	\$2,487 <u>x .08</u>	\$2,683 <u>x .09</u>	x _____
4. Equals your monthly First Tier retirement contribution amount	<b>\$198.96</b>	<b>\$241.47</b>	\$ _____

**\*IMPORTANT:** The above chart is for illustration purposes only. The exemption amounts and contribution rates are subject to change. Please refer to your current bargaining unit agreement.



California Public Employees' Retirement System

Participant Name: \_\_\_\_\_ CalPERS ID or SSN: \_\_\_\_\_

**First Tier Future Election Document**

I have read and understand the information included in this package. This package consists of the information explaining the conversion, the worksheet, this Election Document, and *Justification for Absence of Spouse's or Registered Domestic Partner's Signature* form. Accordingly, I wish to make the election as indicated by marking the box and providing my signature below:

**Future Service Only Option:**

I authorize CalPERS to change my retirement formula from the State Second Tier to the State First Tier. I hereby elect to enroll in the First Tier retirement formula for all future qualifying State Miscellaneous or Industrial service. I understand that the election is on a *prospective* (future) basis for all qualifying State Miscellaneous or Industrial service and is **irrevocable**.

**I further understand:**

- This election will be effective the first day of the month following the date this form is received by CalPERS
- Increased First Tier retirement contributions will be deducted from my paycheck
- My past credited service will remain under the State Second Tier retirement formula unless I later formally elect to convert that past Second Tier service to the First Tier retirement formula and pay all associated costs
- At any time prior to retirement and as long as I remain a CalPERS member, I can elect to convert my past Second Tier service to the First Tier retirement formula. I also understand there is a separate cost obligation required for the conversion of my past Second Tier service credit.

Pursuant to Government Code Section 21073.7, the participant's current spouse or registered domestic partner must be made aware of this selection of benefits by the participant. The spouse or registered domestic partner of a CalPERS Participant must sign and acknowledge the submission of the Election Document to be subject to the First Tier retirement formula.

If you are not married or your spouse or registered domestic partner is unable to sign, you must complete the *Justification for Absence of Spouse's or Registered Domestic Partner's Signature* form, and submit it with this election.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse/Registered Domestic Partner's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone # (daytime)

\_\_\_\_\_  
City, State ZIP

**Justification for Absence of Spouse or Registered Domestic Partner's Signature**

**Election to the First Tier  
State Miscellaneous or Industrial Retirement Formula**

Pursuant to Government Code Section 21073.7, the participant's current spouse or registered domestic partner must be made aware of the selection of benefits by the participant. The spouse or registered domestic partner of a CalPERS Participant must acknowledge the submission of the Election Document for the First Tier retirement formula.

If the spouse's or registered domestic partner's signature does not appear on the Election Document, this form MUST be completed by the participant and submitted with the Election Document.

Participant Name: \_\_\_\_\_ CalPERS ID or SSN: \_\_\_\_\_

I am not legally married nor have a registered domestic partner (choose appropriate box):

Never Married/Registered

Divorced/marriage annulled date: \_\_\_\_\_

Widowed date: \_\_\_\_\_

I am married/registered, but my spouse/domestic partner did not sign the form because:

I do not know, and have taken all reasonable steps, to determine the whereabouts of my spouse/domestic partner.

My spouse/domestic partner has been advised of this election and has refused to sign the document(s).

My spouse/domestic partner is incapable of signing the document(s) because of an incapacitating mental or physical condition.

My spouse/domestic partner has no identifiable community property interest in the benefit.

My spouse/domestic partner and I have executed a marriage settlement agreement which makes the community property law inapplicable to the marriage

*I CERTIFY UNDER PENALTY OF PERJURY THAT THIS INFORMATION IS TRUE AND CORRECT.*

Participant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Privacy Notice

The privacy of personal information is of the utmost importance to CalPERS. The following information is provided to you in compliance with the Information Practices Act of 1977 and the Federal Privacy Act of 1974.

## Information Purpose

The information requested is collected pursuant to the Government Code (sections 20000 et seq.) and will be used for administration of Board duties under the Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to comply may result in CalPERS being unable to perform its functions regarding your status.

Please do not include information that is not requested.

## Social Security Numbers

Social Security numbers are collected on a mandatory and voluntary basis. If this is CalPERS' first request for disclosure of your Social Security number, then disclosure is mandatory. If your Social Security number has already been provided, disclosure is voluntary. Due to the use of Social Security numbers by other agencies for identification purposes, we may be unable to verify eligibility for benefits without the number.

Social Security numbers are used for the following purposes:

1. Enrollee identification
2. Payroll deduction/state contributions
3. Billing of contracting agencies for employee/ employer contributions
4. Reports to CalPERS and other state agencies
5. Coordination of benefits among carriers
6. Resolving member appeals, complaints, or grievances with health plan carriers

## Information Disclosure

Portions of this information may be transferred to other state agencies (such as your employer), physicians, and insurance carriers, but only in strict accordance with current statutes regarding confidentiality.

## Your Rights

You have the right to review your membership files maintained by the System. For questions about this notice, our Privacy Policy, or your rights, please write to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811 or call us at **888 CalPERS** (or **888-225-7377**).