



California Public Employees' Retirement System  
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## Contracts

# Circular Letter

January 25, 2019

Circular Letter: 200-008-19

Distribution: VI

**To:** All Public Agency Employers  
**Subject:** Contract Amendment – Cost-Sharing Process Change

### Purpose

The purpose of this Circular Letter is to inform you that effective January 1, 2019, the Legislature amended Government Code section 20516 of the Public Employees' Retirement Law regarding the cost-sharing amendment process for public agency employers.

### Cost-Sharing – New Procedures

Cost-sharing allows a contracting agency to share normal cost contributions with its employees pursuant to a written agreement with an employee group.

Beginning January 1, 2019, contract amendments are not required to effectuate a cost-sharing change for public agency employers who have previously elected to be subject to cost-sharing when subsequent collective bargaining agreements or memorandum of understanding (MOU) are revised. A signed and ratified MOU or side letter indicating the exact cost sharing rate percentage must be provided to CalPERS at least 90 days prior to the effective date of the cost-sharing rate change. If the collective bargaining agreement or MOU specifies a methodology for calculating the cost-sharing rate, a signed and ratified side letter must indicate the exact cost-sharing rate percentage.

For public agencies that have not previously elected to be subject to cost-sharing, a contract amendment is still required.

## **Additional Information**

For additional information, please refer to the frequently asked questions at **[www.calpers.ca.gov](http://www.calpers.ca.gov)**.

## **Questions**

Contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**) with any questions regarding cost-sharing.

Arnita Paige, Chief  
Pension Contracts and Prefunding Programs Division

**Attachment:** Cost-Sharing FAQ's (Assembly Bill 2310)