



California Public Employees' Retirement System
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Actuarial Circular Letter

June 27, 2019

Circular Letter: 200-030-19

Distribution: IV, V, X

To: State Employers, Agricultural Districts, and State Colleges and Universities
Subject: 2019-20 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, 2019. These rates become effective with the first payroll period that ends in July 2019 and are in effect for fiscal year (FY) 2019-20.

Employer Contributions

Employer contribution rates for FY 2019-20 are shown in the table below:

| Member Category | Actuarial Required Employer Contribution as a Percentage of Compensation FY 2019-20 |
|-------------------------------------|--------------------------------------------------------------------------------------------|
| State Miscellaneous | 30.977% |
| State Industrial | 20.823% |
| State Safety | 21.526% |
| State Peace Officers & Firefighters | 47.198% |
| California Highway Patrol | 57.811% |

Employer contribution rates will continue to vary annually. Pursuant to Government (Gov.) Code section 20683.2(d) of the Public Employees' Retirement Law, the California State Legislature may adopt higher contribution rates than shown in the table above to redirect

savings resulting from increases in member contribution rates for various state members that became effective July 1, 2013 and July 1, 2014. The Legislature adopted the increased rates for FY 2018-19 and it is anticipated that the Legislature will also adopt the increased rates for FY 2019-20.

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

| Member Category | Actuarially Required Employer Contribution for FY 2019-20 | Additional Statutory Contribution to Offset Increased Member Contributions | Total Employer Contribution for FY 2019-20 |
|-----------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------|
| State Miscellaneous | 30.977% | 0.098% | 31.075% |
| State Industrial | 20.823% | 0.881% | 21.704% |
| State Safety | 21.526% | 1.182% | 22.708% |
| State Peace Officers/Firefighters | 47.198% | 1.647% | 48.845% |
| California Highway Patrol | 57.811% | 1.319% | 59.130% |

Due to an advance payment of the unfunded liability by the State under SB 90, which is anticipated to be signed by the Governor, the contribution rates for FY 2019-20 will be reduced in accordance with Gov. Code section 20825.1

Rates that reflect the advance payment are shown in the table below:

| Member Category | Total Employer Contribution for FY 2019-20 | Reduction due to Gov. Code Section 20825.1 | Remaining Employer Contribution for FY 2019-20 |
|-----------------------------------|---------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|
| State Miscellaneous | 31.075% | (0.258%) | 30.817% |
| State Industrial | 21.704% | (0.441%) | 21.263% |
| State Safety | 22.708% | (0.296%) | 22.412% |
| State Peace Officers/Firefighters | 48.845% | (1.463%) | 47.382% |
| California Highway Patrol | 59.130% | (0.000%) | 59.130% |

Note: If the state budget is not passed by July 1, 2019, the actuarially required contribution rates for FY 2019-20 set by the CalPERS Board will remain in effect.

PEPRA Employee (Member) Contributions

PEPRA members are required to contribute at least 50 percent of the total annual normal cost of their pension benefit. As per Gov. 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.

The tables below show the determination of the member contribution rates based on 50 percent of the total normal cost for each respective plan.

Basis for Current Rate

| Member Category | Total Normal Cost | Member Rate |
|-----------------------------------------------------|-------------------|-------------|
| State Miscellaneous - CSU, Legislature and Judicial | 14.61% | 7.25% |
| POFF – CSU, Legislature and Judicial | 22.04% | 11.00% |

Rates Effective July 1, 2019

| Member Category | Total Normal Cost | Change | Change Needed | Member Rate |
|-----------------------------------------------------|-------------------|--------|---------------|-------------|
| State Miscellaneous - CSU, Legislature and Judicial | 15.18% | 0.57% | No | 7.25% |
| POFF – CSU, Legislature and Judicial | 24.09% | 2.05% | Yes | 12.00% |

Member Contribution Rates for State Bargaining Units 9, 10, and 16

Pursuant to Gov. Code sections 20683.4 through 20683.72, members of State Bargaining Units 9, 10, and 16 are required to contribute at least 50 percent of the total annual normal cost of their pension benefit. The total normal cost is remeasured annually as part of the actuarial valuation. If the total normal cost of the category changes by one percent or more from the total normal cost determined as of June 30, 2015, the new member rate shall be 50 percent of

the new normal cost rounded to the nearest quarter percent, not less than the current member contribution rate. Subsequently, if the total normal cost of the category changes by one percent or more from the basis at that time, the new member rate shall be 50 percent of the new normal cost rounded to the nearest quarter percent. Provisions vary by Bargaining Units.

The tables below show the determination of the member contribution rates based on 50 percent of the total normal cost for each respective plan.

Basis for Current Rate (June 30, 2015)

| Bargaining Unit 9 and 10 | Total Normal Cost | Member Rate |
|----------------------------------|--------------------------|--------------------|
| State Miscellaneous ¹ | 15.48% | 8.0% |
| State Industrial ¹ | 18.02% | 9.0% |
| State Safety | 21.73% | 11.0% |

| Bargaining Unit 16 | Total Normal Cost | Member Rate |
|----------------------------------|--------------------------|--------------------|
| State Miscellaneous ¹ | 15.48% | 10.0% |
| State Industrial ¹ | 18.02% | 10.0% |
| State Safety | 21.73% | 11.0% |

Rates Effective July 1, 2019

| Bargaining Unit 9 and 10 | Total Normal Cost | Change | Change Needed | Member Rate |
|----------------------------------|--------------------------|---------------|----------------------|--------------------|
| State Miscellaneous ¹ | 16.88% | 1.40% | Yes | 8.5% |
| State Industrial ¹ | 18.26% | 0.24% | No | 9.0% |
| State Safety | 23.19% | 1.46% | Yes | 11.5% |

| Bargaining Unit 16 | Total Normal Cost | Change | Change Needed | Member Rate |
|----------------------------------|--------------------------|---------------|----------------------|--------------------|
| State Miscellaneous ¹ | 16.88% | 1.40% | No | 10.0% |
| State Industrial ¹ | 18.26% | 0.24% | No | 10.0% |
| State Safety | 23.19% | 1.46% | Yes | 11.5% |

(1) The member rate shown here is for a member who participates in Social Security. If there are any members of these groups who do not participate in Social Security, the member rate is currently 1 percent higher than the rate shown here.

Additional Information

More information can be found on the CalPERS website in the Finance and Administration Committee meeting, agenda [item 6c \(PDF\)](#) on April 16, 2019. 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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