



P.O. Box 942709  
 Sacramento, CA 94229-2709  
 888 CalPERS (or 888-225-7377)  
 TTY for Speech and Hearing Impaired:  
 (916) 795-3240  
 www.calpers.ca.gov

Date: June 3, 2011  
 Reference No.:  
 Circular Letter No.: 200-034-11  
 Distribution: VI  
 Special:

# Circular Letter

**TO: ALL PUBLIC EMPLOYERS**

**SUBJECT: 1959 SURVIVOR MONTHLY PREMIUMS FOR FISCAL YEAR 2011/2012**

The CalPERS Board of Administration approved required premiums for the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and Indexed Level pools of the 1959 Survivor Benefit Program, on May 18, 2011. The 1959 Survivor Benefit Program is an employer contract provision that provides monthly benefits for eligible survivors of participating members who die while actively employed.

The required premiums for the 2011/2012 fiscal year (FY 2011/2012) for the various benefit levels are shown in the chart below:

<b>Level/Pool</b>	<b>Employee Premiums</b>	<b>Employer Premiums</b>
1 <sup>st</sup>	\$2.00	None
2 <sup>nd</sup>	\$2.00	None
3 <sup>rd</sup>	\$2.00	None
4 <sup>th</sup>	\$2.00	\$3.90
Indexed	\$3.20	\$3.20

It is important to note that changes to the amounts withheld from employees' wages and changes to your payroll reporting will be needed if your employer contracts for the Indexed Level of 1959 Survivor Benefits.

## **Payroll Reporting for Employee Premiums**

Beginning with the payroll period that includes July 1, 2011 the required employee premium for the Indexed Level of Benefits is \$3.20 per member per month (or \$1.48 per bi-weekly pay period). The required employee premium for all other benefit levels continues to be \$2.00 per member per month (or \$ .93 per bi-weekly pay period).

Please be sure to share this Circular Letter with those responsible for payroll reporting.

## **Employer Premiums**

Invoices will be mailed in January to employers who contracted for the 4<sup>th</sup> or Indexed Level of 1959 Survivor Benefits effective prior to May 15, 2006 for the lump sum amount of the required employer premiums due for FY 2011/2012.

The required premiums vary annually due to investment returns and mortality gains and losses experienced by the pools. A good indicator of the potential for changes in the required premiums is the funding status of the pools. As the funded ratio declines, approaching 100%, it is more likely that the pool will require employer premiums.

<b>Funded Ratio of the Pools Based on Market Value of Assets</b>			
<b>Level/Pool</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>6/30/2008</b>
1 <sup>st</sup>	1,218.5%	1,068.2%	1,439.6%
2 <sup>nd</sup>	336.3%	312.6%	453.7%
3 <sup>rd</sup>	293.9%	263.8%	377.2%
4 <sup>th</sup>	103.9%	100.2%	145.9%
Indexed	98.0%	98.8%	152.8%

The monthly benefit payable to survivors in the Indexed Level increases by 2% each calendar year. Benefit amounts are \$622, \$1,243, and \$1,865 for 1, 2 or 3 eligible survivors respectively for calendar year 2011. Benefit amounts will increase to \$634, \$1,268, and \$1,902 for 1, 2, or 3 eligible survivors respectively for calendar year 2012.

For information about benefit payments for other benefit levels visit the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

- Select "For Employers" from the tool bar
- Select "Benefit Programs & Contracting Services"
- Under shortcuts select "Optional Benefits"

If you have any questions, please call the Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

ALAN MILLIGAN  
Chief Actuary