



P.O. Box 942709  
 Sacramento, CA 94229-2709  
**888 CalPERS** (or **888-225-7377**)  
 Telecommunications Device for the Deaf  
 No Voice (916) 795-3240  
 www.calpers.ca.gov

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Special:

# Circular Letter

TO: **ALL PUBLIC AGENCIES**

SUBJECT: **1959 Survivor Employer Contribution for Fiscal Year 2009-2010**

On May 12, 2009, the CalPERS Board of Administration approved the Public Agency 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and Indexed Level pool employer rates for the 1959 Survivor Pre-retirement Death Benefit. This benefit pays a monthly amount to the survivor(s) of a member who dies while actively working for a public agency that contract for this benefit. This benefit applies only to active employees not covered by Social Security.

The **employee** contribution rate for each pool remains at \$2.00 per member, per month for fiscal year 2009-2010. THEREFORE NO CHANGES TO 1959 SURVIVOR EMPLOYEE CONTRIBUTION PAYROLL REPORTING IS NECESSARY.

The **employer** contribution rates, in effect for fiscal year 2009-2010 are as follows:

Pool Name	Per Member, Per Month Employer Contribution	Funded Ratio of the Pool Based on Market Value of Assets		
		6/30/2008	6/30/2007	6/30/2006
<b>1<sup>st</sup> Level Pool:</b>	<b>\$0.00</b>	<b>1,439.6%</b>	<b>1,373.5%</b>	<b>1,152.7%</b>
<b>2<sup>nd</sup> Level Pool:</b>	<b>\$0.00</b>	<b>453.7%</b>	<b>457.2%</b>	<b>394.7%</b>
<b>3<sup>rd</sup> Level Pool:</b>	<b>\$0.00</b>	<b>377.2%</b>	<b>401.0%</b>	<b>346.6%</b>
<b>4<sup>th</sup> Level Pool:</b>	<b>\$2.10</b>	<b>145.9%</b>	<b>157.9%</b>	<b>141.8%</b>
<b>Indexed Level Pool:</b>	<b>\$0.30</b>	<b>152.8%</b>	<b>174.9%</b>	<b>160.2%</b>

CalPERS will send invoices for **employer** contributions in January. Invoices will be sent directly to agencies that have a positive employer contribution for fiscal year 2009-2010 as a single lump-sum payment covering the entire fiscal year.

The employer contribution of \$2.10 per member per month for the Fourth Level pool and \$0.30 for the Indexed Level pool will apply only to employers that contracted for these benefits prior to May 15, 2004. Employers who amended or contracted for these

benefits on or after May 15, 2004 were required to pay the full normal cost for a period of five years. Thus, they will not be charged this year's employer contribution of \$2.10

for the Fourth Level pool or \$0.30 for the Indexed Level pool, as that would result in a double payment.

Actual employer costs for each benefit level will vary from year to year due to investment returns and mortality gains and losses experienced by the pool. An indication of when future employer contributions may be required can be obtained by examining the funded ratio of the pool. As a pool's funded ratio approaches 100%, the higher the likelihood the pool will require employer contributions.

The monthly benefit payable to survivors in the Indexed Level increases by 2% each calendar year. Benefit amounts are \$597, \$1,195, and \$1,792 for 1, 2 or 3 eligible survivors respectively for calendar year 2009. Benefit amounts will increase to \$609, \$1,219, and \$1,828 for 1, 2, or 3 eligible survivors respectively for calendar year 2010.

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

Ronald L. Seeling, Chief Actuary  
Actuarial and Employer Services Branch