



California Public Employees' Retirement System
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Actuarial Circular Letter

June 8, 2022

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Distribution: IV, V, X

To: State Employers, Agricultural Districts, and State Colleges and Universities
Subject: 2022-23 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 California Public Employees' Retirement System (CalPERS) Board of Administration on April 19, 2022.

Employer Contributions

The employer contribution rates are effective with the first payroll period that ends in July 2022 and are in effect for fiscal year (FY) 2022-23. Employer contribution rates for FY 2022-23 are shown in the table below.

Member Category	Actuarial Required Employer Contribution as a Percentage of Compensation for Fiscal Year 2022-23
State Miscellaneous	30.71%
State Industrial	19.51%
State Safety	21.13%
State Peace Officers & Firefighters	47.21%
California Highway Patrol	63.89%

Employer contribution rates will continue to vary annually. Pursuant to Government 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 as well as supplemental pension payments pursuant to Proposition 2. The additional contribution rates shown here were selected by the State Department of Finance, with assistance from the Actuarial Office, and are intended to achieve long-term savings, shorten the time until the plans achieve a 100% funded ratio, and achieve a more stable and predictable contribution rate.

For California Highway Patrol, the additional employer contribution rate includes the additional contribution rate pursuant to Government Code section 20683.2(d) and includes an adjustment to delay savings from recent supplemental pension payments until FY 2023-24 as required by the Bargaining Unit 5 Agreement. The Legislature adopted the increased rates for FY 2021-22, and it is anticipated that the Legislature will also adopt the increased rates for FY 2022-23.

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

Member Category	Actuarially Determined Employer Contribution for Fiscal Year 2022-23	Additional Employer Contribution Rate	Budget Act Total Contribution Rate for Fiscal Year 2022-23
State Miscellaneous	30.71%	1.29%	32.00%
State Industrial	19.51%	1.49%	21.00%
State Safety	21.13%	1.62%	22.75%
State Peace Officers/Firefighters	47.21%	2.79%	50.00%
California Highway Patrol	63.89%	3.65%	67.54%

PEPRA Employee (Member) Contributions

Public Employees' Pension Reform Act (PEPRA) members are required to contribute at least 50% of the total annual normal cost of their pension benefit. As per Government 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% of payroll, the member contribution rate must be adjusted to half of the new normal cost rate.

The tables below show the determination of the member contribution rates based on 50% of the total normal cost rate 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%
Peace Officers and Firefighters – CSU, Legislature and Judicial	24.09%	12.00%

Rates Effective July 1, 2022

Member Category	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous - CSU, Legislature and Judicial	16.21%	1.60%	Yes	8.00%
Peace Officers and Firefighters – CSU, Legislature and Judicial	26.44%	2.35%	Yes	13.25%

Member Contribution Rates for State Bargaining Units 5, 9, 16, and 18

Pursuant to Government Code sections 20683 pertaining to each of the above-mentioned Bargaining Units, members of state Bargaining Units 5, 9, 16, and 18 are required to contribute at least 50% 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 more than 1% from the total normal cost determined as of the basis valuation date, the new member rate shall be 50% 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 more than 1% from the basis at that time, the new member rate shall be 50% 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% of the total normal cost for each respective plan.

Basis for Current Rate

Bargaining Unit 5	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/20	16.48%	8.25%
California Highway Patrol	6/30/20	29.26%	12.50%

Bargaining Unit 9	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/18	16.88%	8.50%
State Industrial ¹	6/30/15	18.02%	9.00%
State Safety	6/30/18	23.19%	11.50%

Bargaining Unit 16	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/15	15.48%	10.00%
State Industrial ¹	6/30/15	18.02%	10.00%
State Safety	6/30/18	23.19%	11.50%

Bargaining Unit 18	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/15	15.48%	10.00%
State Industrial ¹	6/30/15	18.02%	10.00%
State Safety	6/30/20	22.91%	11.50%

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% higher than the rate shown here.

Rates Effective July 1, 2022

Bargaining Unit 5	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ¹	17.71%	1.23%	Yes	8.75%
California Highway Patrol	32.88%	3.62%	Yes	13.50%

Bargaining Unit 9²	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ¹	17.71%	0.83%	Yes	8.00%
State Industrial ¹	19.00%	0.98%	No	9.00%
State Safety	23.69%	0.50%	Yes	11.00%

Bargaining Unit 16³	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ¹	17.71%	2.23%	No	10.00%
State Industrial ¹	19.00%	0.98%	No	10.00%
State Safety	23.69%	0.50%	No	11.50%

Bargaining Unit 18³	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ¹	17.71%	2.23%	No	10.00%
State Industrial ¹	19.00%	0.98%	No	10.00%
State Safety	23.69%	0.78%	No	11.50%

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% higher than the rate shown here.

² Bargaining Unit 9's agreement for members to pay half of the normal cost ends on June 30, 2022 and member rates return to previously bargained levels on July 1, 2022.

³ Member contribution rates for Bargaining Units 16 and 18 are not changing because half of the normal cost is less than current member rates.

Additional Information

More information can be found on the CalPERS website in the Finance & Administration committee meeting [agenda item 6c \(PDF\)](#) from April 18, 2022. The complete actuarial valuation report is expected to be available on CalPERS website later this year.

Questions

If you have questions, call our CalPERS Customer Contact Center at **888 CalPERS** or (**888-225-7377**).

Scott Terando, Chief Actuary
Actuarial Office