

CalPERS Health Benefits: Public Agency Vesting

Public agencies may establish health vesting criteria that employees must meet to receive an employer contribution in retirement. Here's important information to know:

Vesting for Health Benefits into Retirement

- The Public Employees' Medical and Hospital Care Act (PEMHCA) requires contracting agencies to provide an employer contribution to both active employees and retirees
- Public agencies may also adopt health vesting under PEMHCA Section 22893 to require additional service credit criteria to earn an employer contribution in retirement (vesting contribution)
- Health vesting must follow the 20-year vesting schedule outlined in PEMHCA Section 22893
- The vesting schedule may only apply to employees who are first hired on or after the effective date of the vesting resolution filed with CalPERS
- Vesting must be adopted for elected/appointed officials or managers if adopted for other employees who are in related retirement membership classifications

Service Credit Criteria

- Employees must have at least five years of service credit with the agency, and at least 10 years of total CalPERS service credit, to receive 50% of the vesting contribution
- Another 5% is earned with each additional year of CalPERS service credit
- Purchased service credit, such as Additional Retirement Service Credit, does not qualify since it is not earned service

Employer Contribution for Retirees

- The vesting contribution the employer will pay must be at least the 100/90 State Annuitant Contribution Amounts (\$1,084 single, \$2,057 two-party, \$2,638 family per month for 2026)
- If vesting does not apply, the retiree will receive the employer's standard contribution

Vesting for Disability Retirees

- Persons who are subject to vesting and retire for disability are fully vested regardless of service credit and will receive 100% of the vesting contribution

Opt-in Election





- Public agencies may allow employees first hired prior to the adoption of vesting to voluntarily opt-in and become subject to vesting requirements

Total years of CalPERS service credit	Percentage of vesting contribution	Monthly contribution paid in retirement*		
		Single	Two-Party	Family
10	50%	\$542.00	\$1,028.50	\$1,319.00
11	55%	\$596.20	\$1,131.35	\$1,450.90
12	60%	\$650.40	\$1,234.20	\$1,582.80
13	65%	\$704.60	\$1,337.05	\$1,714.70
14	70%	\$758.80	\$1,439.90	\$1,846.60
15	75%	\$813.00	\$1,542.75	\$1,978.50
16	80%	\$867.20	\$1,645.60	\$2,110.40
17	85%	\$921.40	\$1,748.45	\$2,242.30
18	90%	\$975.60	\$1,851.30	\$2,374.20
19	95%	\$1,029.80	\$1,954.15	\$2,506.10
20	100%	\$1,084.00	\$2,057.00	\$2,638.00

Example

Your Water District (YWD) provides an employer contribution of \$500 per month for active employees and retirees. YWD also adopted health vesting under Section 22893 for employees hired on or after January 1, 2015. The vesting contribution is equal to the 100/90 State Annuitant Contribution Amounts (\$1,084, \$2,057, and \$2,638* per month for single, two-party, and family enrollments, respectively). Employees subject to vesting will receive a percentage of the vesting contribution in retirement based on their total years of CalPERS service credit.

YWD 20-Year Vesting Schedule Hired on or after January 1, 2015

 Jack	Hired January 1, 2010 <i>(Not subject to vesting)</i>	N/A	YWD contribution in retirement: \$500
 Jill	Hired January 1, 2015 <i>(Subject to vesting)</i>	3 years YWD service + 17 years other CalPERS service Does not have minimum 5 years YWD service	YWD contribution in retirement: \$0
 Sam	Hired January 1, 2015 <i>(Subject to vesting)</i>	5 years YWD service + 0 years other CalPERS service Does not have minimum 10 years total CalPERS service	YWD contribution in retirement: \$0
 Sue	Hired January 1, 2015 <i>(Subject to vesting)</i>	5 years YWD service + 10 years other CalPERS service 15 years total qualifies for 75%	YWD contribution in retirement: \$813**

CalPERS Health Benefits: School Employer Vesting

School employers may establish health vesting criteria that employees must meet to receive an employer contribution in retirement. Here's important information to know:

Vesting for Health Benefits into Retirement

- The Public Employees' Medical and Hospital Care Act (PEMHCA) requires contracting agencies to provide an employer contribution to both active employees and retirees
- School employers may also adopt health vesting under PEMHCA Section 22895 to require additional service credit criteria to earn an employer contribution in retirement (vesting contribution)
- A vesting schedule and the vesting contribution post-retirement employer contribution are subject to collective bargaining and must be set forth in a Memorandum of Understanding (MOU)
- A vesting schedule may only apply to employees who retire on or after the effective date of the MOU, and may not apply to employees who retire before the effective date of an MOU
- Elected/appointed officials or managers cannot have a more advantageous vesting schedule than other employees who are in related retirement membership classifications

Establishing a Vesting Schedule

- Criteria must be based only upon credited years of service that the employee worked with the school employer and may not include age as a factor
- An employee must have at least five years of credited service with the district to receive a vesting contribution
- Purchased service credit, such as Additional Retirement Service Credit, does not qualify since it is not earned service
- An MOU must state credited years of service the employee must work with the district and the corresponding percentage of employer contribution

Employer Contribution for Retirees

- The vesting contribution is subject to the Collective Bargaining Agreement or MOU and must be at least the PEMHCA Minimum (\$162 per month for 2026)
- If vesting does not apply, the retiree will receive the employer's standard contribution

Vesting for Disability Retirees

- The MOU and vesting resolution filed with CalPERS must state whether persons subject to vesting and retire for disability must also meet the service requirement for the vesting contribution

Example

Your Unified School District (YUSD) provides an employer contribution of \$500 per month for active employees and retirees. YUSD also adopts health vesting under Section 22895 with a 25-year schedule for employees retiring on or after January 1, 2026. The vesting contribution is the PEMHCA Minimum (\$162* per month).

Jesse retired from YUSD on July 1, 2025 and is not subject to vesting. He will receive the standard contribution of \$500 per month in retirement. Jane and Jaime both retired from YUSD on July 1, 2026 and are subject to vesting. Jane worked for YUSD for 30 years and meets the service requirement. She will receive the vesting contribution of \$162* per month in retirement. However, Jaime only worked for YUSD for 15 years. He is eligible to enroll but does not qualify for the vesting contribution.

YUSD 25-Year Vesting Schedule

Retired on or after January 1, 2026



Jesse

Retired
July 1, 2025
Not subject
to vesting

YUSD contribution
in retirement:

\$500



Jane

Retired July 1, 2026
Subject to vesting
30 years
YUSD service

YUSD contribution
in retirement:

\$162*



Jaime

Retired July 1, 2026
Subject to vesting
15 years
YUSD service

YUSD contribution
in retirement:

\$0

*in 2026