Date: October 29, 2007

To: Human Resources Directors
    Benefits Representatives

From: Bruce Gibson
    Interim Senior Director
    Human Resources Administration

Subject: 1959 Survivor Benefit, Fifth Level, Premium Contribution Decrease

This Technical Letter updates information on the premium rate for the 1959 Survivor Benefit Program, Fifth Level, which provides survivor benefits to California Public Employees’ Retirement System (CalPERS) members who do not have Social Security coverage and die while employed by the California State University (CSU). CalPERS sets the premium rate every year and, effective July 1, 2007, the rate was decreased from $10.80 per month to $10.60 per month. CalPERS Circular Letter 200-037-07 announcing this change may be accessed at:

Background
Government Code (GC) Sections 21574.7 and 21581 provide survivor benefits to CalPERS members who do not have Social Security coverage and die while employed by the CSU. The benefit is intended to serve as a replacement for survivor benefits that would otherwise be provided by Social Security. GC 21581 details the cost sharing formula for the total monthly premium. In general, the law requires employees to pay $2.00 per month for the benefit and the employer pays the remaining premium amount as long as the monthly premium does not exceed $4.00. Once the premium exceeds $4.00, a “cost-sharing” formula takes effect and the employer and employee must split the cost of the total premium.

GC 21582 allows the premium contribution established in GC 21581 to be superseded through collective bargaining effective on or after January 1, 2006. As a result, the CSU began funding all but $2.00 of the survivor benefit for all eligible represented employees. The “cost sharing” premium still applies to all eligible nonrepresented employees.

New Premium Rates
The State Controller’s Office (SCO) made the necessary changes to employees' pay warrants effective with the July 2007 pay period. Please note that the total monthly contribution of $5.30 is shown as two deductions for nonrepresented employees. Deduction Code 077, the current 1959 Survivor Benefit contribution deduction, denotes the $2.00 monthly employee contribution for all employee groups. The SCO uses Deduction Code 078 to denote the additional $3.30 nonrepresented employee contribution.

<table>
<thead>
<tr>
<th>Deduction Code</th>
<th>Employee Group</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>077</td>
<td>All Employee Groups</td>
<td>$2.00</td>
</tr>
<tr>
<td>078</td>
<td>Nonrepresented Employees</td>
<td>$3.30</td>
</tr>
</tbody>
</table>

Distribution:
CSU Presidents
Interim Vice Chancellor, Human Resources
Vice Presidents, Administration
Payroll Managers

Accounting Officers
Budget Officers
State Controller’s Office
It is our understanding that the employer's contribution will be charged to the CSU at the end of the fiscal year.

**CMS Processing Instructions**
Because these deductions are generated by the SCO and no campus processing is required, there is no impact for CMS baseline.

**Employee Notification and Processing Update**
Campuses are responsible for notifying employees participating in this benefit of the decrease in their monthly premium contributions. Employees can be identified by Retirement Account Codes (PIMS Item 505) 00, 20, 51, 52, 53 and 54.

If you have any questions, please call systemwide Human Resources at (562) 951-4411. This Technical Letter also is available on the Human Resources Administration Web site at:

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