This Technical Letter updates the premium rate for the 1959 Survivor Benefit Program, Fifth Level. Government Code (GC) Sections 21574.7 and 21581 provide survivor benefits for 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 the new rates were announced in CalPERS Circular Letter 200-038-09 (see attached). Effective July 1, 2009, the rate will decrease from $10.40 per month to $9.50 per month.

Background
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 evenly 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GC 21582 allows the premium contribution established in GC 21581 to be superseded through collective bargaining effective on or after January 1, 2006.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) will make the necessary changes to employees’ pay warrants effective with the July 2009 pay period. Please note that the total monthly contribution of $4.75 will be 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 $2.75 nonrepresented employee contribution.

<table>
<thead>
<tr>
<th>Deduction Code</th>
<th>Employee Group</th>
<th>FY 2009-10 Premium</th>
<th>FY 2008-09 Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>077</td>
<td>All Employee Groups</td>
<td>$2.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>078</td>
<td>Nonrepresented Employees</td>
<td>$2.75</td>
<td>$3.20</td>
</tr>
</tbody>
</table>

The employer’s contribution will be charged to the CSU at the end of the fiscal year.

**CMS Processing Instructions**
The new premium rate deductions are generated by the SCO; therefore, there is no impact to 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.

Questions regarding this Technical Letter may be directed to Human Resources Management at (562) 951-4411. This Technical Letter is also available on the Human Resources Management Web site at: http://www.calstate.edu/HRAdm/memos/shtml.

EN/mh
Circular Letter

TO: ALL STATE AGENCIES

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

On May 12, 2009, the CalPERS Board of Administration approved the State 5th 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 state agency that does not participate in the Federal Social Security program. The employer contribution rate will decrease from $5.20 for the current fiscal year to $4.75 per member, per month for fiscal year 2009-2010.

In addition, for fiscal year 2009-2010, there will be a decrease to the employee contribution rate, to $4.75 per member per month. The change in the employee contribution rate is in accordance with Section 21581 of the California Public Employees’ Retirement Law which states that when the total required premium goes above $4.00 per member, per month, the employer and employee shall split the total cost evenly.

Currently the funded ratio of the State 5th Level pool on a market value basis is 90.4%. The actual cost of the 1959 Survivor benefit to the employer and employee will vary from year to year due to investment returns and mortality gains and losses experienced by the pool.

The purpose of this transmittal is informational only; the State Controller’s Office will be collecting the required premiums from state agencies at a later date.

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