Title: Adjustment of CSU Employer Contribution Rates for CalPERS Retirement Coverage for Remainder of Fiscal Year 2010/2011

Date: January 21, 2011

Code: TECHNICAL LETTER

HR/Benefits 2011-01

Reference: HR/Benefits 2010-06

To: Human Resources Officers
Benefits Representatives

From: Evelyn Nazario
Assistant Vice Chancellor
Human Resources Management

Subject: Adjustment of CSU Employer Contribution Rates for CalPERS Retirement Coverage for Remainder of Fiscal Year 2010/2011

On December 15, 2010, the California Public Employees’ Retirement System (CalPERS) Board of Administration adjusted the employer contribution retirement rates for the remainder of Fiscal Year 2010/11 due to pension reform legislation signed last year by Governor Schwarzenegger.

These new rates, which reflect a reduction, were announced in CalPERS Circular Letter 200-007-11 (Attachment A) dated January 6, 2011, and are effective as of the January 2011 pay period, which began on January 1, 2011. The CSU retirement contribution rates for employees covered by the following CalPERS Member Categories are below:

<table>
<thead>
<tr>
<th>Member Category</th>
<th>CSU Employee Group</th>
<th>Rate through June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Peace Officer/Firefighter</td>
<td>Unit 8 (Payroll Codes 51 and 52)</td>
<td>36.556%*</td>
</tr>
<tr>
<td>State Peace Officer/Firefighter</td>
<td>MPP Directors and Lieutenants of Public Safety and other Unit 9 Firefighter Classifications (Payroll Codes 53 and 54)</td>
<td>28.556%</td>
</tr>
<tr>
<td>State Safety</td>
<td>E99 – Police Officer Intermittent-Nonrepresented (class code 8347) (Payroll Codes 83 and 82)</td>
<td>15.702%</td>
</tr>
</tbody>
</table>
State Miscellaneous – Tier 1 | All other CSU Employees (Payroll Codes 00, 08, and 20) | 17.528%
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*Includes 8% employee contribution rate paid by CSU.

These changes will be implemented by the State Controller’s Office (SCO). Please note: contribution rates for employees are not impacted by the changes announced in this technical letter.

Please note that CSU will now include the State Safety member category due to the possibility of appointments to the Police Officer Intermittent - Nonrepresented classification.

**CMS Processing Instructions**
The CSU retirement contribution rates are used in the CMS Baseline Absence Management GAAP Reports. The system will be updated to include changes as appropriate. Additional information will be provided in a future CMS communication.

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

Attachment
Circular Letter

TO: STATE EMPLOYERS

SUBJECT: UPDATED STATE EMPLOYER RATES OF CONTRIBUTION

The State reached agreements with some employee unions from August to November 2010 to include lower retirement benefits for new hires and higher member contributions for the Bargaining Units ratifying those agreements.

On December 15, 2010, the CalPERS Board of Administration approved new State employer rates effective between January 1, 2011 and June 30, 2011. These new rates reflect the higher member contributions agreements made between the State and various employee unions earlier this year. The new State employer rates are as follows and will become effective with the first payroll period that ends in January 2011:

<table>
<thead>
<tr>
<th>MEMBER CATEGORY</th>
<th>EMPLOYER CONTRIBUTION AS A PERCENTAGE OF COMPENSATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Miscellaneous Member First Tier</td>
<td>17.528%</td>
</tr>
<tr>
<td>State Miscellaneous Member Second Tier</td>
<td>16.442%</td>
</tr>
<tr>
<td>State Industrial Member</td>
<td>14.683%</td>
</tr>
<tr>
<td>State Safety Member</td>
<td>15.702%</td>
</tr>
<tr>
<td>California Highway Patrol Member</td>
<td>29.956%</td>
</tr>
<tr>
<td>Peace Officer/Firefighter Member</td>
<td>28.556%</td>
</tr>
</tbody>
</table>

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

Alan Milligan, Chief Actuary
Actuarial & Employer Services Branch