Date: July 12, 2012

To: Human Resources Officers
    Benefits Officers

From: Evelyn Nazario
    Assistant Vice Chancellor
    Human Resources Management

Subject: Revised CSU Contribution Rates for CalPERS Retirement Coverage – Fiscal Year 2012/2013

Overview

Audience: Human Resources Officers, Benefits Officers, and/or campus designee(s) responsible for administering benefits

Action Items: None (Information only)

Affected Employee Groups/Units: All employees eligible for CalPERS retirement coverage

Summary

This technical letter announces the revised 2012/2013 CSU contribution rates for CalPERS retirement as a result of the approval of higher rates by the California State Legislature reflected in the recently signed budget by Governor Brown. The State Controller’s Office will implement the changes.

<table>
<thead>
<tr>
<th>Member Category</th>
<th>CSU Employee Group</th>
<th>Rate for FY 12/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Peace Officer/Firefighter</td>
<td>Unit 8</td>
<td>38.297%*</td>
</tr>
<tr>
<td>State Peace Officer/Firefighter</td>
<td>MPP Directors and Lieutenants of Public Safety and other Unit 9 Firefighter Classifications</td>
<td>30.297%</td>
</tr>
<tr>
<td>State Safety</td>
<td>E99 – Police Officer Intermittent, Non-represented (Class Code 8347)</td>
<td>17.503%</td>
</tr>
<tr>
<td>State Miscellaneous – Tier 1</td>
<td>All other CSU Employees</td>
<td>20.503%</td>
</tr>
</tbody>
</table>

*Includes 8% employee contribution rate currently paid by CSU.

The California Public Employees’ Retirement System (CalPERS) Board of Administration approved the employer contribution retirement rates for fiscal year 2012/2013. The rates were announced in CalPERS Circular Letter 200-019-12 dated May 21, 2012. Subsequent to this circular letter, the California State Legislature approved higher rates than those adopted by the CalPERS Board. The new rates are announced in CalPERS Circular Letter 200-035-12 (Attachment A) dated July 11, 2012, and are effective as of the July 2012 pay period, which began on July 1, 2012. The CSU retirement contribution rates for employees covered by the following CalPERS Member Categories are below:
As a reminder, the State Safety member category is applicable to the E99 Police Officer Intermittent classification (8347), as referenced in HR/Benefits 2010-18.

Please note: Payroll codes for retirement plans were updated in HR/EHDB 2011-01 and can also be found in the Personnel Information Management System (PIMS) manual at: http://www.calstate.edu/hrpims/pims/index.html.

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/rk

Attachment
Circular Letter

July 11, 2012

TO: ALL STATE EMPLOYERS

SUBJECT: REVISED 2012/2013 STATE EMPLOYER CONTRIBUTION RATES

The purpose of this Circular Letter is to inform you of a revised rate for State employers for the 2012-2013 fiscal year.

On May 6, 2012, the CalPERS Board approved the minimum required contribution rate for State employers for fiscal year 2012-2013. The rates adopted by the CalPERS Board used a phase-in approach to mitigate the impact of the change in price inflation and discount rate assumptions approved by the Board earlier this year. The CalPERS Board stated at the May meeting that the rates it approved were the minimum required rates and that the State could choose to contribute higher rates if it preferred not to phase-in the impact of the assumption changes.

In June, the Governor signed the budget approved by the California State Legislature. As part of the budget, the State legislature approved employer contribution rates to CalPERS that were higher than those adopted by the Board earlier this year. These contribution rates reflect the full cost impact of the change in actuarial assumptions instead of the two-year phase-in adopted by the Board. Below is a table comparing the minimum employer contribution rates adopted by the CalPERS Board on May 16, 2012 and the employer contribution rates approved by the Legislature in June 2012.

<table>
<thead>
<tr>
<th>Member Category</th>
<th>Minimum Contribution Rate Approved by the CalPERS Board</th>
<th>Employer Contribution Rate Adopted by the State Legislature</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Miscellaneous Member First Tier</td>
<td>19.651%</td>
<td>20.503%</td>
</tr>
<tr>
<td>State Miscellaneous Member Second Tier</td>
<td>19.605%</td>
<td>20.457%</td>
</tr>
<tr>
<td>State Industrial Member</td>
<td>15.773%</td>
<td>16.302%</td>
</tr>
<tr>
<td>State Safety Member</td>
<td>17.052%</td>
<td>17.503%</td>
</tr>
<tr>
<td>California Highway Patrol Member</td>
<td>32.474%</td>
<td>33.728%</td>
</tr>
<tr>
<td>Peace Officer/Firefighter Member</td>
<td>29.186%</td>
<td>30.297%</td>
</tr>
</tbody>
</table>
CalPERS will implement the higher rates approved by the Legislature. The employer contribution rates adopted by the Legislature become effective with the first payroll period that ends in July 2012.

The employer contribution rates will continue to vary annually. For additional information, visit CalPERS On-Line at www.calpers.ca.gov.

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

ALAN MILLIGAN
Chief Actuary