Date: December 3, 1999

To: Human Resource Directors
    Payroll Managers

From: Cathy Robinson, Senior Director
      Human Resources Administration

Subject: Retirement Account Code (Item 505) Changes

Senate Bill 400 (SB400) was signed into law on September 29, 1999, which enhances retirement benefits for CSU employees who are members of the Public Employees’ Retirement System (CalPERS). The law will become effective January 1, 2000.

CSU State Miscellaneous members who retire on or after January 1, 2000, and Peace Officer/Firefighter members actively employed in State service (including the CSU) on or after January 1, 2000 will be covered by a new enhanced retirement formula.

New retirement account codes (Item 505) are necessary for PERS to identify Unit 8 employees covered under the new formula. The State Controller’s Office (SCO) will move these employees into the corresponding new retirement account code via 505 transaction in January 2000. A chart identifying the old retirement account codes and the corresponding new retirement account codes affecting these employees is provided below. Retirement account codes will remain unchanged for other CSU employees covered by the new enhanced retirement formula.

<table>
<thead>
<tr>
<th>OLD CODE</th>
<th>RETIREMENT ACCOUNT CODE (ITEM 505) DESCRIPTION</th>
<th>NEW CODE</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
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<tr>
<td>86</td>
<td>PERS Unit 8 Peace Officers. Those appointed to Unit 8 classifications. PERS rate 0% plus Code 77 $2.00 for Survivors Benefits.</td>
<td>51 52</td>
</tr>
</tbody>
</table>

(*) used for employees exempt from Medicare Tax because of continuous employment status since March 31, 1986.

(**) used for employees who are covered by Medicare Tax, including those appointed or rehired on or after April 1, 1986.

Distribution: Presidents
             Vice Chancellor, Human Resources
             Vice Presidents, Administration
             Benefits Officers
             Betty Longero, CSU Audits, State Controller’s Office
Revisions to the CSU PIMS manual affected by this change will be distributed by HR-ISA. Questions regarding employment history transaction processing should be directed to your SCO CSU Audits liaison. Please refer to Technical Letter HR/Benefits 99-06 regarding additional information on the new retirement benefit enhancements. If you have any other questions, please contact Theresa Hines in Human Resources Administration at (562) 951-4412. Thank you.

CR/dih