



P.O. Box 942709  
Sacramento, CA 94229-2709  
**888 CalPERS** (or **888-225-7377**)  
Telecommunications Device for the Deaf  
No Voice (916) 795-3240  
www.calpers.ca.gov

Date: March 22, 2002  
Reference No.:  
Circular Letter No.: 200-019-02  
Distribution: I, IIA, VI

Special:

# Circular Letter

TO: All Employers and Employee Representatives

SUBJECT: Public Agency Contract Amendments Affected by CalPERS' Board Resolution 01-03-BD

On June 20, 2001, the CalPERS' Board adopted a resolution concerning the value of assets to be used in determining the employer contribution rate due to benefit increases for amendments to public agency contracts. This resolution applies to all contract amendments based upon the June 30, 2000 annual actuarial valuation and, if adopted, a Resolution of Intention to amend the contract is filed with CalPERS no later than June 30, 2002.

Under the resolution, the employer has the option to receive a rate based on an increase in the actuarial value of assets equal to two times the increase in the present value of benefits. The employer can also choose to take no increase in the actuarial value of assets and allow the regular asset smoothing method to operate as it normally would. The employer may also choose to limit the actuarial value of assets used for rate setting purpose to 100% of market value if normal application of the resolution would otherwise exceed this limit. Under no circumstances will an actuarial value of assets in excess of 110% of market value be utilized.

On average, it takes approximately thirty days for CalPERS to process a cost analysis and another thirty days to process a request for Resolution of Intention documents. Therefore, in order for a public agency to elect an increase in the actuarial value of assets and to file the adopted Resolution of Intention documents by June 30, 2002, the agency should submit its request for cost analysis at least sixty days in advance of its governing body's last meeting prior to June 30, 2002. **It is highly unlikely that an agency will be able to file the adopted Resolution of Intention by June 30, 2002 if the initial request for cost analysis is received by CalPERS after May 1, 2002.**

Please be sure to share this information with interested parties in your agency. Thank you in advance for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Seeling".

Ron Seeling, Chief Actuary  
CalPERS