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REVISED

Circular Letter

March 10, 2017

TO: **STATE EMPLOYERS**

SUBJECT: **2016-17 STATE EMPLOYER AND EMPLOYEE CONTRIBUTION RATES**

The purpose of this Circular Letter is to inform you of the following employer and employee contribution rates in respect of pension benefits that were approved by the California Public Employees' Retirement System's (CalPERS) Board of Administration on April 20, 2016. These rates become effective with the first payroll period that ends in July 2016 and is in effect for Fiscal Year (FY) 2016-17:

Member Category	Actuarially Required Employer Contribution for 2016-17	Additional Statutory Contribution to Offset Increased Member Contributions	Total Employer Contribution 2016-17
State Miscellaneous Member First Tier	26.646%	0.082%	26.728%
State Miscellaneous Member Second Tier	26.095%	0.889%	26.984%
State Industrial Member	18.365%	0.881%	19.246%
State Safety Member	18.753%	1.182%	19.935%
California Highway Patrol Member	48.719%	1.319%	50.038%
Peace Officer/Firefighter Member	40.276%	1.647%	41.923%

The employer contribution rate will continue to vary annually. The California State Legislature adopted higher contribution rates to redirect savings resulting from increases in member contribution rates for various state members that became effective July 1, 2013, July 1, 2014 and July 1, 2015. Government Code section 20683.2(c) of the Public Employees' Retirement Law specifies that the "savings realized by the state employer as a result of the employee contribution rate increases required by this section shall be allocated to any unfunded liability, subject to appropriation in the annual Budget Act." The Legislature adopted the increased rates for FY 2015-16, and for FY 2016-17.

In addition, as a result of a provision in the Public Employees' Pension Reform Act of 2013 (PEPRA), PEPRA employees working for the Legislature, California State University (CSU), or the judicial branch in the State Miscellaneous Tier 1 plan will have their contribution rate increased. The employee contribution rate for these PEPRA members will be set to **6.50** percent effective July 1, 2016. This is **0.50** percent higher than the current 6.00 percent.

Note that in the event that a state budget is not passed by July 1, 2016, the actuarially required contribution rates set by the CalPERS Board will remain in effect.

Additional information can be found in the agenda item that was presented to the CalPERS Board. This can be found at www.calpers.ca.gov. Further, the complete actuarial valuation report with additional information about how rates could change beyond the FY 2016-17 is expected to be available on the CalPERS website this summer.

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

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