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# Circular Letter

July 3, 2014

**TO: ALL PUBLIC AGENCY EMPLOYERS**

**SUBJECT: PUBLIC AGENCY 1959 SURVIVOR MONTHLY PREMIUMS FOR FISCAL YEAR 2014-2015**

The purpose of this Circular Letter is to inform you that the CalPERS Board of Administration approved required premiums for the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and Indexed Level pools of the 1959 Survivor Benefit Program on June 18, 2014. The 1959 Survivor Benefit Program is an employer contract provision that provides monthly benefits for eligible survivors of participating members who die while actively employed. If your contract does not provide for these benefits, the circular letter does not apply to your agency.

The required premiums per member per month for Fiscal Year 2014-15 for the various benefit levels are shown in the chart below:

Level/Pool	Employee Premiums	Employer Premiums
1 <sup>st</sup>	\$2.00	None
2 <sup>nd</sup>	\$2.00	None
3 <sup>rd</sup>	\$2.00	None
4 <sup>th</sup>	\$2.00	\$5.00
Indexed	\$3.35	\$3.35

**Payroll Reporting for Employee Premiums**

Beginning with the payroll period that includes July 1, 2014 the required employee premium for the Indexed Level of Benefits is \$3.35 per member per month (or \$1.55 per bi-weekly pay period). The required employee premium for all other benefit levels continues to be \$2.00 per member per month (or \$0.93 per bi-weekly pay period).

Please be sure to share this Circular Letter with those responsible for payroll reporting.

**Employer Premiums**

Invoices are posted in myCalPERS in January to employers who contracted for the 4<sup>th</sup> or Indexed Level of 1959 Survivor Benefits effective prior to May 15, 2009 for the lump sum amount of the required employer premiums due for Fiscal Year 2014-15.

The required premiums vary annually due to investment returns and mortality gains and losses experienced by the pools. A good indicator of the potential for changes in the required premiums is the funding status of the pools. As the funded ratio declines, approaching 100%, it is more likely that the pool will require employer premiums.

<b>Funded Ratio of the Pools Based on Market Value of Assets</b>			
<b>Level/Pool</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
1 <sup>st</sup>	1,495.8%	1,348.7%	1,375.9%
2 <sup>nd</sup>	377.1%	368.0%	397.0%
3 <sup>rd</sup>	338.4%	319.3%	342.0%
4 <sup>th</sup>	108.6%	104.2%	114.9%
Indexed	113.6%	114.5%	122.1%

The monthly benefit payable to survivors in the Indexed Level increases by 2% each calendar year. Benefit amounts are \$660, \$1,319, and \$1,979 for 1, 2 or 3 eligible survivors respectively for calendar year 2014. Benefit amounts will increase to \$673, \$1,346, and \$2,019 for 1, 2, or 3 eligible survivors respectively for calendar year 2015. For information about benefit payments for other benefit levels visit the CalPERS website at [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov), select “Employers” from the tool bar, select “Retirement Benefit Programs & Contracting Services”, and under shortcuts select “Optional Benefits.”

To view the full valuation report visit:

<http://www.calpers.ca.gov/eip-docs/about/pubs/employer/2013-59survivor.pdf>

The Public Agency and Schools Reference Guide, which is located on **CalPERS On-Line**, contains this new information. If you have any questions, please call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

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