



California Public Employees' Retirement System
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Actuarial Circular Letter

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To: State Employers, Agricultural Districts, and State Colleges and Universities
Subject: State Employer and Employee Contribution Rates for Fiscal Year 2021-22

Purpose

The purpose of this Circular Letter is to inform you of the following employer and employee pension contribution rates approved by the CalPERS Board of Administration on April 20, 2021 and Assembly Bill 84. This bill amended Government (Gov.) Code section 20825.1 and reallocated the state's 2019 contribution to state plans to capture all contribution savings in fiscal years (FY) 2020-21 and 2021-22.

Employer Contributions

The FY 2021-22 employer contribution rates are effective with the first payroll period that ends in July 2021 and are shown in the table below:

Member Category	Actuarial Required Employer Contribution as a Percentage of Compensation FY 2021-22
State Miscellaneous	29.18%
State Industrial	16.46%
State Safety	18.29%
State Peace Officers & Firefighters	31.19%
California Highway Patrol	62.39%

Employer contribution rates will continue to vary annually. Pursuant to Gov. Code section 20683.2(d) of the Public Employees’ Retirement Law, the California State Legislature may adopt higher contribution rates than shown in the table above to redirect savings resulting from increases in member contribution rates for various state members that became effective July 1, 2013 and July 1, 2014. The Legislature adopted the increased rates for FY 2020-21. It is anticipated that the Legislature will also adopt the increased rates for FY 2021-22.

Rates that include the additional contributions are shown in the table below:

Member Category	Actuarial Required Employer Contribution for FY 2021-22	Additional Statutory Contribution to Offset Increased Member Contributions	Total Employer Contribution for FY 2021-22
State Miscellaneous	29.18%	0.10%	29.28%
State Industrial	16.46%	0.88%	17.34%
State Safety	18.29%	1.18%	19.47%
State Peace Officers/Firefighters	31.19%	1.65%	32.84%
California Highway Patrol	62.39%	1.32%	63.71%

PEPRA Employee (Member) Contributions

Public Employees’ Pension Reform Act (PEPRA) members are required to contribute at least 50% of the total annual normal cost of their pension benefit. Per Gov. Code section 7522.30, state employees are excluded from this requirement except for employees of the Legislature, California State University (CSU), and the judicial branch. PEPRA contains a provision that states when the total normal cost changes by more than 1% of payroll, the member contribution rate must be adjusted to half of the new normal cost rate.

The tables below show the determination of the member contribution rates based on 50% of the total normal cost rate for each respective plan.

Basis for Current Rate

Member Category	Total Normal Cost	Member Rate
State Miscellaneous - CSU, Legislature, and Judicial	14.61%	7.25%
POFF – CSU, Legislature, and Judicial	24.09%	12.00%

Rates Effective July 1, 2021

Member Category	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous - CSU, Legislature, and Judicial	15.03%	0.42%	No	7.25%
POFF – CSU, Legislature, and Judicial	24.20%	0.11%	No	12.00%

Member Contribution Rates for State Bargaining Unit 16

Pursuant to Gov. Code sections 20683.4 through 20683.5, members of state Bargaining Unit 16 are required to contribute at least 50% of the total annual normal cost of their pension benefit. The total normal cost is remeasured annually as part of the actuarial valuation. If the total normal cost of the category changes by more than 1% from the total normal cost determined as of the basis valuation date, the new member rate shall be 50% of the new normal cost rounded to the nearest quarter percent and not less than the current member contribution rate. Subsequently, if the total normal cost of the category changes by more than 1% from the basis at that time, the new member rate shall be 50% of the new normal cost rounded to the nearest quarter percent. Provisions vary by bargaining units.

The tables below show the determination of the member contribution rates based on 50% of the total normal cost for each respective plan.

Basis for Current Rate

Bargaining Unit 16	Basis Valuation Date	Total Normal Cost	Member Rate
State Miscellaneous ¹	6/30/15	15.48%	10.00%
State Industrial ¹	6/30/15	18.02%	10.00%
State Safety	6/30/18	23.19%	11.50%

¹The member rate shown is for a member who participates in Social Security. If there are any members of these groups who do not participate in Social Security, the member rate is currently 1% higher than the rate shown here.

Rates Effective July 1, 2021

Bargaining Unit 16	Total Normal Cost	Change	Change Needed	Member Rate
State Miscellaneous ²	16.48%	1.00%	No	10.00%
State Industrial ²	17.99%	(0.03%)	No	10.00%
State Safety	22.91%	(0.28%)	No	11.50%

Additional Information

More information can be found on the CalPERS website in the Finance & Administration Committee [Agenda Item 6c \(PDF\)](#) from April 19, 2021. The complete actuarial valuation report is expected to be available on the CalPERS website this summer.

Questions

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

Scott Terando, Chief Actuary
Actuarial Office

² The member rate shown is for a member who participates in Social Security. If there are any members of these groups who do not participate in Social Security, the member rate is currently 1% higher than the rate shown here.