

5600 Pension

① PERS Actuarial valuation report
for each plan

FY14/15

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Retirement Contract Information

Contract Number: 10470
 Contract Effective Date: 05/01/1960

Contract Status: Active

[View Benefit Information](#)

Rate Summary

Member Category	Benefit Level	CBU	Effective Date	Rate Plan Identifier	Effective Employer Rate	Employee Rate	Employee Rate Modifier	Net Employee Rate	Total Rate
Miscellaneous	First Level		05/01/1960	440	16.601%	8%	0%	8%	24.601%
Miscellaneous	Second Level		12/30/2012	30102	11.84%	7%	0%	7%	18.84%
Miscellaneous	PEPRA New Members		01/01/2013	26335	6.7%	6.5%	0%	6.5%	13.2%
Safety - Fire	First Level		05/01/1960	441	23.948%	9%	0%	9%	32.948%
Safety - Fire	PEPRA New Members		01/01/2013	25359	12.25%	12.25%	0%	12.25%	24.50%
Safety - Police	First Level		05/01/1960	442	42.005%	9%	0%	9%	51.005%
Safety - Police	Second Level		12/30/2012	30103	21.463%	9%	0%	9%	30.463%
Safety - Police	PEPRA New Members		01/01/2013	25360	12.25%	12.25%	0%	12.25%	24.50%



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FY14/15
TIER 1 - misc

October 2013

MISCELLANEOUS PLAN OF THE CITY OF SAUSALITO
(CalPERS ID: 2616660768) Plan 440
Annual Valuation Report as of June 30, 2012

- (1) MANAGERS (EXCEPT POLICE MANAGERS)
- (2) CONFIDENTIAL EMPLOYEES
- (3) PEO + DAWN BARBOUR (Admin Aide I)
- (4) SEIU

Dear Employer,

As an attachment to this letter, you will find a copy of Section 1 of the June 30, 2012 actuarial valuation report of your pension plan. Because this plan is in a risk pool, the following valuation report has been separated into two Sections:

- Section 1 contains specific information for your plan, including the development of your pooled employer contribution rate, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to your plan, as of June 30, 2012.

Section 2 can be found on the CalPERS website at (www.calpers.ca.gov) then select in order "Employers", "Actuarial, Risk Pooling & GASB 27 Information", "Risk Pooling", "Risk Pool Annual Valuation Reports", then select the appropriate pool report.

Your 2012 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary, whose signature appears in the Actuarial Certification Section on page 1, is available to discuss your report with you.

Future Contribution Rates

The exhibit below displays the Minimum Employer Contribution Rate, before any cost sharing, for 2014-15 along with estimates of the contribution rate for 2015-16. The estimated rate for 2015-16 is based on a projection of the most recent information we have available, including an estimated 12% investment return for fiscal 2012-13, and the impact of the new smoothing methods adopted by the CalPERS Board in April 2013 that will impact employer rates for the first time in 2015-16. See Section 2 Risk Analysis, "Analysis of Future Investment Return Scenarios", for how much the Risk Pool's portion of your rate is expected to increase beyond 2015-16 under a variety of investment return scenarios. Please disregard any projections provided to you in the past.

Fiscal Year	Employer Contribution Rate
2014-15	16.601%
2015-16	17.6% (projected)

Member contributions, other than cost sharing (whether paid by the employer or the employee), are in addition to the above rates. **The employer contribution rates in this report do not reflect any cost sharing arrangements you may have with your employees.**

ER RATE 16.601
 FAC 1-M → < 0.566 >
 PERSR → 16.035



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Retirement Contract Information

Contract Number: 10470

Contract Status: Active

Rate Details

Rate Plan Identifier: 440

Member Category: Miscellaneous

Risk Pool: Yes

Superfunded: No

Normal Cost Rate: 8.896%

Unfunded Actuarial Liability Rate: 6.239%

Phase Out Rate: 0.0%

Side Fund Rate: 0.0%

Class 1 Surcharge Rate: 1.466%

Total Employer Rate: 16.601%

Pre-paid: No

0% Rate Prepayment Amount: \$677,782.00

Rate Plan Effective Date: 07/01/2014

Prepaid Rate Adjustment: 0.0%

Effective Employer Rate: 16.601%

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their result, we ask that, you wait until after November 30 to contact us with actuarial related questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (888-**225-7377**).

Sincerely,

A handwritten signature in cursive script, appearing to read "Alan Milligan".

ALAN MILLIGAN
Chief Actuary



ACTUARIAL VALUATION

as of June 30, 2012

**for the
MISCELLANEOUS PLAN
of the
CITY OF SAUSALITO
(CalPERS ID: 2616660768)**

**REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR**

July 1, 2014 - June 30, 2015

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE CITY OF SAUSALITO

Required Employer Contribution



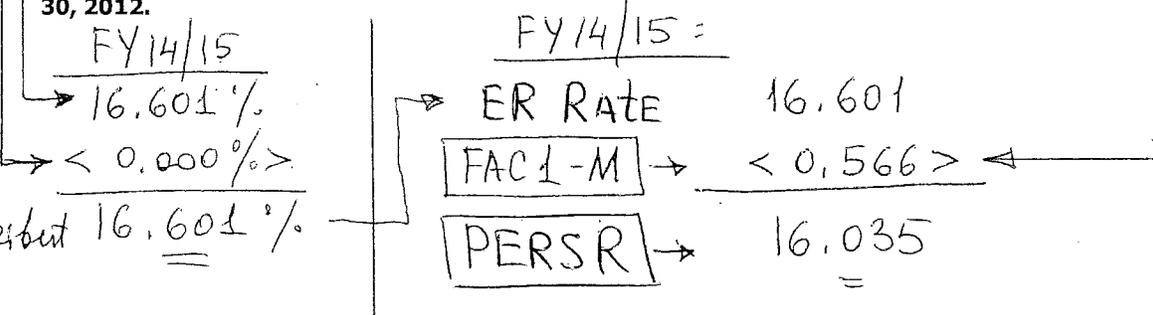
	Fiscal Year 2013-14	Fiscal Year 2014-15
Actuarially Determined Employer Contributions:		
Required Employer Contributions (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 367,567	\$ 376,578
Risk Pool's Payment on Amortization Bases	202,024	264,104
Surcharge for Class 1 Benefits		
a) FAC 1	23,337	23,959
b) PRSA	37,088	38,098
Phase out of Normal Cost Difference	0	0
Amortization of Side Fund	<u>49,440</u>	<u>0</u>
Total Employer Contribution	\$ 679,456	\$ 702,739
Projected Payroll for the Contribution Fiscal Year	4,044,533	\$ 4,233,113
	\$	
Required Employer Contributions (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	9.088%	8.896%
Risk Pool's Payment on Amortization Bases	4.995%	6.239%
Surcharge for Class 1 Benefits		
a) FAC 1	0.577%	0.566%
b) PRSA	0.917%	0.900%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	<u>1.222%</u>	<u>0.000%</u>
Total Employer Contribution	16.799%	16.601%
Minimum Employer Contribution Rate¹	16.799%	16.601%
Annual Lump Sum Prepayment Option²	\$ 655,326	\$ 677,782

Appendix C of Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Risk pooling was implemented for most plans as of June 30, 2003. The normal cost difference was scheduled to be phased out over a five year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year.

¹ The Minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate or the total employer normal cost.

² Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30. **The prepayment amount applies only to this plan. Please note that it is not possible to prepay contributions for new plans that had no reported membership prior to June 30, 2012.**



ER contribution rate 16.601%



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FY 14/15
TIER 1 - Police

- (1) Police Managers
- (2) Sworn Police

October 2013

SAFETY POLICE PLAN OF THE CITY OF SAUSALITO
(CalPERS ID: 2616660768) Plan 442
Annual Valuation Report as of June 30, 2012

Do Not include:
 1) PEO
 2) Admin Aide I (Dawn Barbour)

Dear Employer,

As an attachment to this letter, you will find a copy of Section 1 of the June 30, 2012 actuarial valuation report of your pension plan. Because this plan is in a risk pool, the following valuation report has been separated into two Sections:

- Section 1 contains specific information for your plan, including the development of your pooled employer contribution rate, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to your plan, as of June 30, 2012.

Section 2 can be found on the CalPERS website at (www.calpers.ca.gov) then select in order "Employers", "Actuarial, Risk Pooling & GASB 27 Information", "Risk Pooling", "Risk Pool Annual Valuation Reports", then select the appropriate pool report.

Your 2012 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary, whose signature appears in the Actuarial Certification Section on page 1, is available to discuss your report with you.

Future Contribution Rates

The exhibit below displays the Minimum Employer Contribution Rate, before any cost sharing, for 2014-15 along with estimates of the contribution rate for 2015-16. The estimated rate for 2015-16 is based on a projection of the most recent information we have available, including an estimated 12% investment return for fiscal 2012-13, and the impact of the new smoothing methods adopted by the CalPERS Board in April 2013 that will impact employer rates for the first time in 2015-16. See Section 2 Risk Analysis, "Analysis of Future Investment Return Scenarios", for how much the Risk Pool's portion of your rate is expected to increase beyond 2015-16 under a variety of investment return scenarios. Please disregard any projections provided to you in the past.

Fiscal Year	Employer Contribution Rate
2014-15	42.005%
2015-16	43.6% (projected)

Member contributions, other than cost sharing (whether paid by the employer or the employee), are in addition to the above rates. **The employer contribution rates in this report do not reflect any cost sharing arrangements you may have with your employees.**

ER RATE 42.005
 FACI-P → < 0.883 >
 PERSR → 41.122

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Retirement Contract Information

Contract Number: 10470

Contract Status: Active

Rate Details

Rate Plan Identifier: 442

Member Category: Safety - Police

Risk Pool: Yes

Superfunded: No

Normal Cost Rate: 15.43%

Unfunded Actuarial Liability Rate: 5.937%

Phase Out Rate: 0.0%

Side Fund Rate: 18.057%

Class 1 Surcharge Rate: 2.581%

Pre-paid: No

Total Employer Rate: 42.005%

0% Rate Prepayment Amount: \$747,461.00

Prepaid Rate Adjustment: 0.0%

Rate Plan Effective Date: 07/01/2014

Effective Employer Rate: 42.005%

The estimate for 2015-16 assumes unfunded liability payments will continue to be allocated on and amortized over payroll increasing 3% per year. However, effective January 1, 2013 the Public Employees' Pension Reform Act of 2013 (PEPRA) will result in a shift of new members away from existing pools. This is expected to reduce the payroll increases for these pools. As a result, effective with the June 30, 2013 valuation, CalPERS may need to change its method of allocating pooled plan unfunded liability. These potential changes in allocating pooled plan unfunded liability could significantly impact 2015-16 and later rates.

The estimate for 2015-16 also assumes that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.) This is a very important assumption because these gains and losses do occur and can have a significant effect on your contribution rate. Even for the largest plans or pools, such gains and losses can impact the employer's contribution rate by one or two percent of payroll or even more in some less common circumstances. These gains and losses cannot be predicted in advance so the projected employer contribution rates are just estimates. Your actual rate for 2015-16 will be provided in next year's valuation report.

Changes since the Prior Year's Valuation

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect.

The impact of most of the PEPRA changes will first show up in the rates and the benefit provision listings of the June 30, 2013 valuation which sets the contribution rates for the 2015-16 fiscal year. For more detailed information on changes due to PEPRA, please refer to the CalPERS website.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The impact of this new actuarial methodology is reflected in the "*Analysis of Future Investment Return Scenarios*" subsection of the "*Risk Analysis*" section of your Section 2 report.

A review of the preferred asset allocation mix for CalPERS investment portfolio will be performed in late 2013, which could influence future discount rates. In addition, CalPERS will review economic and demographic assumptions, including mortality rate improvements that are likely to increase employer contribution rates in future years. The "*Analysis of Future Investment Return Scenarios*" subsection does not reflect the impact of assumption changes that we expect will also impact future rates.

Besides the above noted changes, there may also be changes specific to your plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "*Highlights and Executive Summary*" section and in Appendix A, "*Statement of Actuarial Data, Methods and Assumptions*" of your Section 2 report.

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their result, we ask that, you wait until after November 30 to contact us with actuarial related questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (888-**225-7377**).

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Milligan". The signature is fluid and cursive, with a long horizontal stroke at the end.

ALAN MILLIGAN
Chief Actuary



ACTUARIAL VALUATION

as of June 30, 2012

**for the
SAFETY POLICE PLAN
of the
CITY OF SAUSALITO**

(CalPERS ID: 2616660768)

**REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR**

July 1, 2014 - June 30, 2015

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY POLICE PLAN OF THE CITY OF SAUSALITO

Required Employer Contribution

	Fiscal Year 2013-14	Fiscal Year 2014-15
Actuarially Determined Employer Contributions:		
Required Employer Contributions (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 310,154	\$ 284,684
Risk Pool's Payment on Amortization Bases	97,356	109,538
Surcharge for Class 1 Benefits		
a) FAC 1	17,557	16,291
b) PRSA	33,897	31,328
Phase out of Normal Cost Difference	0	0
Amortization of Side Fund	<u>323,439</u>	<u>333,143</u>
Total Employer Contribution	\$ 782,403	\$ 774,984
Projected Payroll for the Contribution Fiscal Year	1,961,634	\$ 1,845,000
	\$	
Required Employer Contributions (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	15.811%	15.430%
Risk Pool's Payment on Amortization Bases	4.963%	5.937%
Surcharge for Class 1 Benefits		
a) FAC 1	0.895%	0.883%
b) PRSA	1.728%	1.698%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	<u>16.488%</u>	<u>18.057%</u>
Total Employer Contribution	39.885%	42.005%
Minimum Employer Contribution Rate¹	39.885%	42.005%
Annual Lump Sum Prepayment Option²	\$ 754,616	\$ 747,461

Appendix C of Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Risk pooling was implemented for most plans as of June 30, 2003. The normal cost difference was scheduled to be phased out over a five year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year.

¹ The Minimum Employer Contribution Rate under PEPR is the greater of the required employer rate or the total employer normal cost.

² Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30. **The prepayment amount applies only to this plan. Please note that it is not possible to prepay contributions for new plans that had no reported membership prior to June 30, 2012.**

FY 14/15 =
 ER RATE 42.005
 FAC 1 - P → < 0.883 >
 PERSR → 41.122

FY14/15
TIER 2 - MISC



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December 2013

Business Partner Name: CITY OF SAUSALITO
 CalPERS ID: 2616660768
 Rate Plan Name: MISCELLANEOUS SECOND TIER PLAN
 Rate Plan ID: 30102

- (1) MANAGERS (EXCEPT Police MANAGERS)
- (2) Confidential Employees
- (3) PEO + (Admin Aide I @ the Police Department)
- (4) SEIU

Re: Fiscal Year 2014-2015 Employer Contribution Rate

Dear Business Partner:

The employer contribution rate stated in our last rate letter to you for the above named rate plan expires on June 30, 2014. The purpose of this letter is to inform you of your employer contribution rate beyond June 30, 2014.

The current employer contribution rate for the above named rate plan is **11.104%** of payroll. For the fiscal year 2014-2015, the employer contribution rate will change to **11.840%** of payroll. In fall 2014 you will receive an actuarial valuation report that will indicate your employer contribution rate for fiscal year 2015-2016.

Below is a comparison of changes to your plan's contribution rate:

	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Pool's Net Normal Cost	8.052%	7.824%
Pool's Payment on Amortization Base	2.230%	3.208%
Plan's Surcharges for Class 1 Benefits PRSA	0.822%	0.808%
Amortization of Side Fund	0.000%	0.000%
Total Employer Rate	11.104%	11.840%

ER
 EE 7.00%
PERSR2
414h22

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

Barbara J. Ware

BARBARA J. WARE, FSA, MAAA
 Enrolled Actuary
 Senior Pension Actuary, CalPERS

No FAC 1



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Retirement Contract Information

Contract Number: 10470

Contract Status: Active

Rate Details

Rate Plan Identifier: 30102

Member Category: Miscellaneous

Risk Pool: Yes

Superfunded: No

Normal Cost Rate: 7.824%

Unfunded Actuarial Liability Rate: 3.208%

Phase Out Rate: 0.0%

Side Fund Rate: 0.0%

Class 1 Surcharge Rate: 0.808%

Pre-paid: No

Total Employer Rate: 11.84%

0% Rate Prepayment Amount: \$0.00

Prepaid Rate Adjustment: 0.0%

Rate Plan Effective Date: 07/01/2014

Effective Employer Rate: 11.84%

FY14/15
TIER 2 - Police



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December 2013

Business Partner Name: CITY OF SAUSALITO
CalPERS ID: 2616660768
Rate Plan Name: SAFETY POLICE SECOND TIER PLAN
Rate Plan ID: 30103

Re: Fiscal Year 2014-2015 Employer Contribution Rate

Dear Business Partner:

The employer contribution rate stated in our last rate letter to you for the above named rate plan expires on June 30, 2014. The purpose of this letter is to inform you of your employer contribution rate beyond June 30, 2014.

The current employer contribution rate for the above named rate plan is **21.303%** of payroll. For the fiscal year 2014-2015, the employer contribution rate will change to **21.463%** of payroll. In fall 2014 you will receive an actuarial valuation report that will indicate your employer contribution rate for fiscal year 2015-2016.

Below is a comparison of changes to your plan's contribution rate:

	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Pool's Net Normal Cost	14.641%	14.593%
Pool's Payment on Amortization Base	5.259%	5.490%
Plan's Surcharges for Class 1 Benefits PRSA	1.403%	1.380%
Amortization of Side Fund	0.000%	0.000%
Total Employer Rate	21.303%	21.463%

ER
EE 9.00%
PERSR2
414K22

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

Barbara J. Ware

BARBARA J. WARE, FSA, MAAA
Enrolled Actuary
Senior Pension Actuary, CalPERS

No FAC I

- (1) Police MANAGERS
- (2) SWORN Police

Do not include:

- 1) PEO
- 2) Admin Aide I @ the Police DEPARTMENT



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Retirement Contract Information

Contract Number: 10470

Contract Status: Active

Rate Details

Rate Plan Identifier: 30103

Member Category: Safety - Police

Risk Pool: Yes

Superfunded: No

Normal Cost Rate: 14.593%

Unfunded Actuarial Liability Rate: 5.49%

Phase Out Rate: 0.0%

Side Fund Rate: 0.0%

Class 1 Surcharge Rate: 1.38%

Pre-paid: No

Total Employer Rate: 21.463%

0% Rate Prepayment Amount: \$0.00

Prepaid Rate Adjustment: 0.0%

Rate Plan Effective Date: 07/01/2014

Effective Employer Rate: 21.463%



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FY 14/15
 TIER 3 - misc
 → PEPRA

December 19, 2012

Employer Name: City of Sausalito
 CalPERS ID: 2616660768
 Employee Category: Miscellaneous
 Rate Plan Identifier: 26335

- (1) MANAGERS (EXCEPT Police MANAGERS)
- (2) Confidential Employees
- (3) PEO + (Admin Aide I @ the Police DEPARTMENT)
- (4) SEIU

Dear Employer: PEPRA

Subject: BENEFIT FORMULA AND CONTRIBUTION RATES FOR NEW MEMBERS EFFECTIVE JANUARY 1, 2013

The purpose of this letter is to inform you about the impact that the recent passage of Assembly Bill (AB) 340 pension reform will have on employee and employer contribution rates to CalPERS. AB 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member as per PEPRA. Please refer to the Pension Reform section of the CalPERS website for more information on pension reform, including information regarding when an employee will be considered a new member under PEPRA.

The table below provides information on the benefit formula, final compensation period and the employer and member contribution rates effective January 1, 2013 for any miscellaneous employees that meet the definition of a new member under PEPRA.

	Benefit Formula	Miscellaneous 2% at Age 62
	Final Compensation Period	3 Year Final Compensation
ER	Employer Contribution Rate as a percentage of payroll	<u>6.70%</u> of Reportable Compensation
EE	Member Contribution Rate as a percentage of payroll	<u>6.50%</u> of Reportable Compensation

Since you currently participate in a risk pool, your new miscellaneous members will participate in the Miscellaneous 2 percent at age 62 risk pool that was created by the CalPERS Board in November 2012 in response to the passage of PEPRA. The **employer** contribution rate listed above will be good until June 30, 2015. This rate will not be revised until the June 30, 2013 actuarial valuation of the Miscellaneous 2 percent at age 62 risk pool is completed in the fall of 2014 that will set the contribution requirement for fiscal year July 1, 2015 through June 30, 2016.

In accordance with PEPRA and CalPERS interpretation of the term similarly situated, the member contribution rate shown in the above table was set at 50% of the expected total

normal cost rate for the benefits that will apply to your new miscellaneous members on January 1, 2013 rounded to the nearest one quarter of one percent. The total normal cost rate used for this calculation is 13.2 percent of payroll. The normal cost rate was derived based on the benefit formula and final compensation period listed in the above table as well as all other optional benefit provisions you have contracted with CalPERS for your employees. Since the actual demographics of your new pool will not be known until new members are hired, and due to the limited time available for implementation of PEPRA, the normal cost rate was derived based on the demographics of a pool of CalPERS employers and the actuarial assumptions used in the Actuarial Cost Analysis of AB 340. For information on how the normal cost was derived and the actuarial assumptions used, please refer to the following link on the CalPERS website at:

<http://www.calpers.ca.gov/eip-docs/employer/program-services/member-rates-pepra.pdf>

Note that the member contribution rate may change over time if the total normal cost for new members fluctuates by more than one percent of payroll over the estimated initial normal cost rate of 13.2 percent of payroll. The total normal cost rate will be impacted over time by the actual demographics of the Miscellaneous 2 percent at age 62 risk pool and the actuarial assumptions used in the funding of the retirement benefits. The member rate will be reviewed once a year when the actuarial valuation of your plan is performed. The first review is expected to be in conjunction with the June 30, 2013 actuarial valuation that will take place in the fall of 2014. Therefore, the member contribution rate listed in the above table is expected to remain unchanged until July 1, 2015.

For more information, you may visit the CalPERS website at www.calpers.ca.gov. If you have questions, please contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,



ALAN MILLIGAN
Chief Actuary

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Retirement Contract Information
Contract Number: 10470

Contract Status: Active

Rate Details

Rate Plan Identifier: 26335
Member Category: Miscellaneous
Risk Pool: Yes
Superfunded: No

Normal Cost Rate: 6.0%
Unfunded Actuarial Liability Rate: 0.0%
Phase Out Rate: 0.0%
Side Fund Rate: 0.0%
Class 1 Surcharge Rate: 0.7%

Pre-paid: No

Total Employer Rate: 6.7%

0% Rate Prepayment Amount: \$0.00
Rate Plan Effective Date: 07/01/2014

Prepaid Rate Adjustment: 0.0%
Effective Employer Rate: 6.7%

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Build: v4.6.2.a Baseline: 140423_162011_v4.6.2_int.2371 UID: 896 Browser: IE 8.0



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 www.calpers.ca.gov

FY14/15
 TIER 3 - Police
 PEPRA

December 19, 2012

Employer Name: City of Sausalito
 CalPERS ID: 2616660768
 Employee Category: Safety Police
 Rate Plan Identifier: 25360

- (1) Police MANAGERS
 (2) Sworn Police

Dear Employer: PEPRA

Do not include:

- 1) PEO
 2) Admin Aide I @ the Police DEPARTMENT.

Subject: BENEFIT FORMULA AND CONTRIBUTION RATES FOR NEW MEMBERS EFFECTIVE JANUARY 1, 2013

The purpose of this letter is to inform you about the impact that the recent passage of Assembly Bill (AB) 340 pension reform will have on employee and employer contribution rates to CalPERS. AB 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member as per PEPRA. Please refer to the Pension Reform section of the CalPERS website for more information on pension reform, including information regarding when an employee will be considered a new member under PEPRA.

The table below provides information on the benefit formula, final compensation period and the employer and member contribution rates effective January 1, 2013 for any safety police employees that meet the definition of a new member under PEPRA.

	Benefit Formula	Safety 2.7% at Age 57
	Final Compensation Period	3 Year Final Compensation
ER	Employer Contribution Rate as a percentage of payroll	<u>12.25%</u> of Reportable Compensation
EE	Member Contribution Rate as a percentage of payroll	<u>12.25%</u> of Reportable Compensation

Since you currently participate in a risk pool, your new safety police members will participate in the Safety 2.7 percent at age 57 risk pool that was created by the CalPERS Board in November 2012 in response to the passage of PEPRA. The **employer** contribution rate listed above will be good until June 30, 2015. This rate will not be revised until the June 30, 2013 actuarial valuation of the Safety 2.7 percent at age 57 risk pool is completed in the fall of 2014 that will set the contribution requirement for fiscal year July 1, 2015 through June 30, 2016.

In accordance with PEPRA and CalPERS interpretation of the term similarly situated, the member contribution rate shown in the above table was set at 50% of the expected total

normal cost rate for the benefits that will apply to your new safety police members on January 1, 2013 rounded to the nearest one quarter of one percent. The total normal cost rate used for this calculation is 24.5 percent of payroll. The normal cost rate was derived based on the benefit formula and final compensation period listed in the above table as well as all other optional benefit provisions you have contracted with CalPERS for your employees. Since the actual demographics of your new pool will not be known until new members are hired, and due to the limited time available for implementation of PEPRA, the normal cost rate was derived based on the demographics of a pool of CalPERS employers and the actuarial assumptions used in the Actuarial Cost Analysis of AB 340. For information on how the normal cost was derived and the actuarial assumptions used, please refer to the following link on the CalPERS website at:

<http://www.calpers.ca.gov/eip-docs/employer/program-services/member-rates-pepra.pdf>

Note that the member contribution rate may change over time if the total normal cost for new members fluctuates by more than one percent of payroll over the estimated initial normal cost rate of 24.5 percent of payroll. The total normal cost rate will be impacted over time by the actual demographics of the Safety 2.7 percent at age 57 risk pool and the actuarial assumptions used in the funding of the retirement benefits. The member rate will be reviewed once a year when the actuarial valuation of your plan is performed. The first review is expected to be in conjunction with the June 30, 2013 actuarial valuation that will take place in the fall of 2014. Therefore, the member contribution rate listed in the above table is expected to remain unchanged until July 1, 2015.

For more information, you may visit the CalPERS website at www.calpers.ca.gov. If you have questions, please contact the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377).

Sincerely,



ALAN MILLIGAN
Chief Actuary



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Retirement Contract Information
Contract Number: 10470

Contract Status: Active

Rate Details

Rate Plan Identifier: 25360
Member Category: Safety - Police
Risk Pool: Yes
Superfunded: No

Normal Cost Rate: 10.75%
Unfunded Actuarial Liability Rate: 0.0%
Phase Out Rate: 0.0%
Side Fund Rate: 0.0%
Class 1 Surcharge Rate: 1.5%

Pre-paid: No

Total Employer Rate: 12.25%

0% Rate Prepayment Amount: \$0.00
Rate Plan Effective Date: 07/01/2014

Prepaid Rate Adjustment: 0.0%
Effective Employer Rate: 12.25%