

Attachment 6
NOT recommended

Plans New to 1959 Survivor Benefit Program:
Indexed Level

The Indexed Level 1959 Survivor Benefit provides a monthly allowance for survivors of members who were covered for this benefit and who die of non-industrial causation before retirement. The benefit amounts for calendar year 2007 are \$574, \$1,149 and \$1,723 for one, two and three eligible survivors, respectively. These amounts will increase by 2% on January 1 of each following year. The increased benefit amounts compounded by 2% annually are applicable to both current and future beneficiaries. This benefit coverage is available by contract amendment for those members who are not covered by Federal Social Security with their employer. The 1959 Survivor Benefit allowance is payable in addition to any other pre-retirement death benefit paid by CalPERS, with the exception of the Special Death Benefit. If the 1959 Survivor Benefit is greater than the Special Death Benefit, then the difference is paid as the 1959 Survivor Benefit. The Indexed Level assets are pooled.

The CalPERS Board of Administration has approved the Indexed Level 1959 Survivor per member, per month normal costs for the fiscal year beginning July 1, 2006 as follows:

Employer: \$4.40
Employee: \$2.00

The **employer** cost to initially join the 1959 Survivor program is the payment of the annual employer normal cost for a period of five years. For example, if your plan has 65 members who elect the 1959 Survivor Indexed Level benefit at the time of contract, the employer cost would be \$3,432.00 (member count x normal cost x 12) for the first year. The annual employer normal cost and member counts will be recalculated each year, thus the total employer cost will vary in subsequent years, even though the formula is the same. After the first five years, agencies will be required to pay the net premium for the Indexed Level pool (the pool's normal cost after amortization of the pool's surplus of unfunded liability). The annual payments are due in full at the start of each fiscal year; in general your first full year payment is due on June 30th following the contract date. As a result, payment cycles may not necessarily correspond with contract anniversary dates.

The **employee** cost to fund the 1959 Survivor program is presently \$2.00 per covered member, per month. However, in accordance with Section 21581 of the Public Employees' Retirement Law, should the total required premium after the amortization of the pool's surplus exceed \$4.00, the employee and employer shall split the cost evenly.

CalPERS customarily approves new annual costs for the upcoming fiscal year at the May Benefits and Pension Administration Committee Meeting. Therefore, if your agency contracts with CalPERS and includes this provision after June 30, 2007, you must contact our office for updated cost information.

Additional information regarding the 1959 Survivor Benefit Program may be found at www.calpers.ca.gov.

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