**California Public Employees' Retirement System**
**Actuarial Office**
P.O. Box 942704
Sacramento, CA 94229-2704
TTY: (877) 249-7442
**888 CalPERS** (or **888**-225-7377) phone • (916) 795-3005 fax
**www.calpers.ca.gov**

December 19, 2012

Employer Name: City of Mill Valley
CalPERS ID: 3204916161
Employee Category: Safety Police
Rate Plan Identifier: 25881

Dear Employer:

**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 |
| Employer Contribution Rate as a percentage of payroll | 11.50% of Reportable Compensation |
| Member Contribution Rate as a percentage of payroll | 11.50% 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 23.0 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 23.0 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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December 19, 2012

Employer Name: City of Mill Valley
CalPERS ID: 3204916161
Employee Category: Safety Fire
Rate Plan Identifier: 25880

Dear Employer:

**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 fire 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 |
| Employer Contribution Rate as a percentage of payroll | 11.50% of Reportable Compensation |
| Member Contribution Rate as a percentage of payroll | 11.50% of Reportable Compensation |

Since you currently participate in a risk pool, your new safety fire 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 fire members on January 1, 2013 rounded to the nearest one quarter of one percent. The total normal cost rate used for this calculation is 23.0 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 23.0 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