



**California Public Employees' Retirement System**  
**Actuarial Office**  
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May 09, 2012

CALPERS ID: 4797218318  
Employer Name: COUNTY OF EL DORADO  
Rate Plan: MISCELLANEOUS PLAN

Re: New 2% @ 60 Full Formula with Three-Year Final Compensation Second Tier within a Non-pooled Plan (Section 20475: Different Level of Benefits Provided for New Employees)

Dear Requestor:

As requested, employer contribution rate information on your proposed second tier follows.

**If you are aware of others interested in this information (i.e. payroll staff, county court employees, port districts, etc.), please inform them.**

The information is based on the most recent annual valuation and is good until the completion of the next annual valuation, that is, the annual valuation as of June 30, 2011. If your agency has not taken action to amend its contract and we have already completed the June 30, 2011 annual valuation report, **you must contact the Retirement Contract Services Unit for an updated cost analysis.**

**If the employee contribution rate changes, that change would take place immediately.** There will be no immediate employer contribution rate impact from this amendment. Ultimately, though, your employer normal cost will decrease. If the mix of active member entry ages were the same for both the current continuing first tier employees and the new second tier employees, the decrease in the employer rate would be 1.7%.

The employer rate reduction will occur gradually, beginning on July 1, 2014, if there are second tier employees hired on or before June 30, 2012. For fiscal years 2014/2015 and beyond, the projected annual amount of rate reduction you can expect from introducing a second tier is approximately equal to the ratio of your second tier annual payroll to your total plan annual payroll two and a half years earlier. For example if 1/10 of your Miscellaneous Plan members were in second tier on June 30, 2012 and the ultimate expected normal cost decrease was 1.7%, the cumulative rate reduction you can expect by the 2014/2015 fiscal year would be  $1/10 \times 1.7\% = 0.17\%$ .

To initiate an amendment to the contract, please follow the Contract Amendment Request process on MyCalPERS with our Retirement Contract Services Unit, indicating your wish to contract for Section 20475 (Different Level of Benefits) and identifying the group(s) to which the benefit reduction applies.

In sections 20463 (b) and (c), the California Public Employees' Retirement Law requires the governing body of a public agency within five days of receipt of the contract amendment cost analysis, to provide each employee organization with a copy of the analysis. If this cost analysis was requested by an employee organization, the employee organization is also required within five days of receipt of the analysis, to provide a copy of the analysis to the public agency.

If you have questions, please call (888) CalPERS (225-7377).

A handwritten signature in black ink, appearing to read "Shelly Chu".

SHELLY CHU, ASA, MAAA  
Associate Pension Actuary, CalPERS