

Human Resources Memorandum

SUBJECT: Other Post-Employment Benefits (OPEB) Prefunding	NUMBER: HR 17-017
	DATE ISSUED: 8/9/2017
DISTRIBUTION: All CDFW Employees	EXPIRES: N/A

Pursuant to Government Code Section 22944.5, enacted on June 27, 2017, state employees now must contribute toward the prefunding of post-retirement health benefits, referred to as Other Post-Employee Benefits (OPEB). OPEB addresses unfunded retirement health care by prefunding future health benefits for retired members in order to support the projected increases in health care costs that will become payable post retirement. State employees will begin contributing a percentage of pensionable compensation towards their personal retirement health care costs. The effective prefunding dates for each BU and the process to administer OPEB are described below.

Bargaining Units	OPEB Effective Date	Contribution Percentage
1, 4, 11, and 14	July 1, 2018	1.2%
2 and 10	July 1, 2017	0.7%
7	July 1, 2017	1.5%
9	July 1, 2017	0.5%
12	July 1, 2013	1.5%

OPEB General Information

All employees eligible for health benefits, including Permanent Intermittent (PI) employees, must contribute towards OPEB prefunding, to offset the future financial liability of health benefits for retired members. Employees who are not CalPERS members, including Part-time, Seasonal, and Temporary (PST) retirement program members, will not contribute. Employees who are not subject to OPEB prefunding due to their tenure and time base will contribute when they attain eligibility for health benefits. New hires and state employees appointed to positions in bargaining units after the OPEB prefunding effective date will contribute towards OPEB immediately, unless they are not eligible for health benefits based on the tenure and time base of their appointment.

OPEB contributions are withheld on a pre-tax basis, except for employees receiving disability benefits that require the contributions to be withheld post-tax, as determined by the State Controller's Office (SCO).

For employees that hold an appointment that contributes towards OPEB and an additional appointment in a bargaining unit not contributing towards OPEB, the deduction will only be withheld from the appointment that contributes towards OPEB.

OPEB contributions are not recoverable under any circumstances by the employee or his/her beneficiary or survivor.

The cost of administering payroll deductions and assets management are deducted from the OPEB contributions and/or OPEB account balance.

OPEB Contributions From Pensionable Compensation (BU 1, 2, 4, 7, 9, 10, 11, 12, and 14)

OPEB contributions will be taken from the total pensionable compensation of each pay period. Pensionable compensation is any pay that is subject to retirement contributions, e.g., regular pay, Industrial Disability Leave, holiday pay, pay differentials, shift differential, and special pay.

Excluded and Exempt Employees Associated with a Bargaining Unit

Excluded and exempt employees associated with a bargaining unit will contribute the same OPEB percentage under the same schedule as the employees in the bargaining unit.

Excluded and Exempt Employees Not Associated with a Bargaining Unit

Excluded and exempt employees not associated with a bargaining unit will contribute towards OPEB beginning July 1, 2018. The contribution percentages will be determined and announced at a later date.

OPEB Deposits

OPEB contributions will be deposited in the designated state subaccount for each bargaining unit in the Annuitant's Health Care Coverage Fund.

The OPEB contribution on the employee pay warrant is indicated as "CERBT," which stands for the "California Employers' Retiree Benefit Trust."

Please direct any questions to your assigned Personnel Specialist.