

STATE CONTROLLER'S OFFICE
PERSONNEL AND PAYROLL SERVICES DIVISION
P.O. BOX 942850
SACRAMENTO, CA 94250-5878

DATE: October 25, 2016

PAYROLL LETTER #16-011
(CIVIL SERVICE ONLY)

TO: All Agencies in the Uniform State Payroll System

FROM: Debra Spellman, Chief
Personnel and Payroll Services Division (PPSD)**RE: BARGAINING UNIT 6 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PREFUNDING**

In accordance with the Bargaining Unit (BU) 6 Memorandum of Understanding (MOU), the State Controller's Office (SCO) will begin withholding Other Post-Employment Benefits (OPEB) contributions from eligible BU6 employees effective September 1st 2016, via a look back method with the first deduction withheld from October 2016 pay period, for payments issued in September 2016. Please refer to CalHR's Policy Memo (PML) [2016-027](#) for specific eligibility requirements, as well as the employee and employer contribution information.

BU6 OPEB contributions will be calculated as a percentage of an employee's total pensionable compensation (i.e., all payments subject to CalPERS) for a given pay period, with a matching employee and employer contribution. OPEB deductions for both positive and negative paid employees will be taken one month in arrears. The first deductions will be calculated based on payments issued for the September 2016 pay period, and they will be withheld from the October 2016 pay period.

The following provides an example of how an OPEB contribution will be calculated for an eligible employee. **Please note: The example represents only a sample of what could issue for a pay period, and is not inclusive of all payments subject to retirement.**

Determine Total Retirement Gross Subject for the pay period:

September 2016 Payments	Subject to Retirement?	Retirement Gross Subject
Regular Pay	Yes	\$6,870.00
Shift Differential	Yes	\$92.00
Weekend Differential	Yes	\$12.00
Overtime Shift Differential	No	\$00.00
TOTAL RETIREMENT GROSS SUBJECT		\$6,974.00

Multiply the Total Retirement Gross Subject by the OPEB % to determine the amount of the OPEB deduction:

September 2016 OPEB Contribution Taken from October 2016 Pay			
Total Retirement Gross Subject for September 2016	OPEB %	Employee Share	Employer Share
\$6,974.00	1.3 %	\$90.66	\$90.66

OPEB contributions will be deducted on a pre-tax basis, unless the employee is on a disability leave that requires the deductions to be taken on a post-tax basis. The following deduction codes will be used for BU6 OPEB deduction:

- 354-063- Pre-tax
- 354-064-Post-tax

The Payroll Procedures Manual (PPM) Section B will be updated to reflect the new deduction organization codes.

An OPEB deduction will be applied each pay period, regardless of an employee's pay frequency. Both the employee and employer contributions will be reflected on the employee's Direct Deposit Advice/Earnings Statement. The employee share will be reflected under DEDUCTIONS as "CERBT," which represents the California Employers' Retiree Benefit Trust. The employer share will be included in the HLTH/FLEX amount.

Please direct questions related to OPEB as follows:

SUBJECT AREA	CONTACT	TELEPHONE NUMBER
Program Administration (e.g., rules, regulations, benefits/pay impacts)	Personnel Services Branch CalHR	(916) 323-3343
General Payroll Procedures Disability Payroll Procedures Employment History Procedures	Customer Contact Center SCO	(916) 372-7200

DS:JB:PMAB