

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

DATE: July 23, 2018

PAYROLL LETTER #18-010
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Marissa Revelino, Chief
Personnel and Payroll Services Division

RE: **OTHER POST-EMPLOYMENT BENEFITS (OPEB) PREFUNDING EFFECTIVE JULY 1, 2018**

In accordance with Bargaining Unit (BU) Memoranda of Understanding (MOU) and Government Codes 22940 through 22944.5, effective July 1, 2018, the State Controller's Office (SCO) will begin withholding Other Post-Employment Benefits (OPEB) Retiree Health contributions from eligible employees in **BU01, BU03, BU04, BU11, BU14, BU15, BU17, BU20, and BU21**. In accordance with CalHR directive and Government Codes 22940 - 22944.5, effective July 1, 2018, the State Controller's Office (SCO) will also begin withholding OPEB Retiree Health contributions from eligible employees in **Excluded or Exempt** positions not tied to a specific BU.

Effective July 1, 2018, OPEB Retiree Health contribution rates for **BU02, BU06, BU07, BU08, BU09, BU10, BU12, BU13, BU16, BU18, and BU19** will increase.

For specific information regarding eligibility and policy details, please refer to [CalHR's Policy Statement](#).

For specific information regarding contribution rates for BUs, please refer to the [Memoranda of Understanding](#).

For specific information regarding contribution rates for Excluded or Exempt positions not tied to a specific BU, please refer to the CalHR announcement dated July 17, 2018.

OPEB contributions will be calculated as a percentage of an employee's total pensionable compensation (i.e., all payments with a retirement gross) for a given pay period, with matching employee and employer contributions. 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 July 2018 pay period (withheld from the August 2018 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 Amount for the pay period:

July 2018 Payments	Subject to Retirement?	Retirement Gross Subject Amount
Regular Pay	Yes	\$5,171.00
Regular Shift Differential	Yes	\$ 264.00
Overtime Shift Differential	No	\$ 0.00
Total Retirement Gross Subject Amount		\$5,435.00

Multiply the Total Retirement Gross Subject Amount by the OPEB % for the BU to determine the OPEB deduction amounts for the pay period. In this example no BU is specified, and a 2.3% OPEB rate is used for demonstration only.

Total Retirement Gross Subject Amount for July 2018 Pay Period	OPEB %	July 2018 OPEB Employee Contribution withheld from August 2018 Pay
\$5,435.00	2.3%	\$125.01

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 OPEB deduction codes will be used effective July 1, 2018:

BU/EE Group	Pre-Tax Ded. – Org.	Post-Tax Ded. – Org.
BU01	354 – 089	354 – 090
BU02	354 – 073	354 – 074
BU03	354 – 089	354 – 090
BU04	354 – 089	354 – 090
BU06	354 – 063	354 – 064
BU07	354 – 075	354 – 076
BU08	354 – 077	354 – 078
BU09	354 – 079	354 – 080
BU10	354 – 081	354 – 082
BU11	354 – 089	354 – 090
BU12	354 – 093	354 – 094
BU13	354 – 083	354 – 084
BU14	354 – 089	354 – 090
BU15	354 – 089	354 – 090
BU16	354 – 095	354 – 096
BU17	354 – 089	354 – 090
BU18	354 – 085	354 – 086
BU19	354 – 087	354 – 088
BU20	354 – 089	354 – 090
BU21	354 – 089	354 – 090
Excluded/Exempt Not Tied to a Specific BU	354 – 091	354 – 092

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 contribution will be reflected under DEDUCTIONS as "CERBT," which represents the California Employers' Retiree Benefit Trust. The employer contribution will be included in the HLTH/FLEX amount.

When using SCO's Paycheck Calculator, please include the pre-tax OPEB deduction (*CERBT) in the "Total Other Flex Deductions" entry, and the post-tax OPEB deduction (CERBT) in the "Total Voluntary Deductions" entry. The [Paycheck Calculator](#) can be downloaded from SCO's website.

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

MR:AC:PMAB