

# ≡ Human Resources Manual

## 1422 - Other Post-Employment Benefits (OPEB) Prefunding

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### Category

Benefits and Insurance

### Audience List

- Accounting Officers
- Chiefs of Administration
- Personnel Officers
- Personnel Transactions Staff
- Personnel Transactions Supervisors

### Synopsis

This policy

- explains the application of prefunding Other Post-Employment Benefits (OPEB).

### Introduction

OPEB addresses unfunded retirement health care by prefunding future health benefits for retired members.

### Statement

Prefunding OPEB is negotiated through the state collective bargaining process and pursuant to Government Code sections 22940 through 22944.5. The effective prefunding dates and contribution percentages for each bargaining unit (BU) are in the Memoranda of Understanding, accessible from the Bargaining Contracts link in the Authorities section of this policy. They are also outlined in the aforementioned statutes.

## Effective Dates

- Bargaining Unit 1, effective date July 1, 2018.
- Bargaining Unit 2, effective date July 1, 2017.
- Bargaining Unit 3, effective date July 1, 2018.
- Bargaining Unit 4, effective date July 1, 2018.
- Bargaining Unit 5, effective date July 1, 2009.
- Bargaining Unit 6, effective date September 1, 2016.
- Bargaining Unit 7, effective date July 1, 2017.
- Bargaining Unit 8, effective date July 1, 2017.
- Bargaining Unit 9, effective date July 1, 2017.
- Bargaining Unit 10, effective date July 1, 2017.
- Bargaining Unit 11, effective date July 1, 2018.
- Bargaining Unit 12, effective date July 1, 2013 (directly associated excluded employees, effective July 1, 2017).
- Bargaining Unit 13, effective date July 1, 2017.
- Bargaining Unit 14, effective date July 1, 2018.
- Bargaining Unit 15, effective date July 1, 2018.
- Bargaining Unit 16, effective date July 1, 2013 (directly associated excluded employees, effective July 1, 2017).
- Bargaining Unit 17, effective date July 1, 2018.
- Bargaining Unit 18, effective date July 1, 2017.
- Bargaining Unit 19, effective date July 1, 2017.
- Bargaining Unit 20, effective date July 1, 2018.
- Bargaining Unit 21, effective date July 1, 2018.

## Current OPEB Prefunding Rates from Pensionable Compensation

<b>Bargaining Unit</b>	<b>Employee Contribution</b>	<b>Employer Contribution</b>
SEIU (BU 1, 3, 4, 11, 14, 15, 17, 20 and 21)	3.5%	3.5%
2	1.4%	1.4%

5	2.6%	4.2%
6	4.0%	4.0%
7	4.0%	4.0%
8	3.4%	3.4%
9	2.0%	2.0%
10	2.1%	2.1%
12	3.6%	3.6%
13	3.0%	3.0%
16	1.4%	1.4%
18	4.0%	4.0%
19	3.0%	3.0%
Excluded and Exempt employees not directly associated with a BU	2.4%	2.4%

Excluded and exempt employees directly associated with a BU prefund the same percentage as the BU employees and receive the same employer contribution. Employees in positions with specific ties to a BU are outlined in the “Additional Exempt and Excluded Classifications Prefunding OPEB with a Bargaining Unit” document.

## OPEB General Information

All employees in positions that are eligible for health benefits, including Permanent Intermittent (PI) positions, must contribute. *If a PI employee began contributing towards retirement but is currently not eligible for health benefits, the employee will continue to contribute towards OPEB.*

Employees who are not members of a state retirement plan, including Part-Time, Seasonal, and Temporary (PST) retirement program members, will not contribute. For a list of classifications that do not prefund OPEB, please view the “Seasonal Classifications Not Subject to OPEB” document on the Benefits Administration tab of the CalHR State HR Professionals page.

New hires and state employees appointed to positions designated to a specific bargaining unit, directly associated with a specific bargaining unit, or excluded or exempt from collective bargaining, after the OPEB prefunding effective date, will prefund OPEB immediately, unless they are ineligible for health benefits based on their appointment tenure and time base. Employees who are not subject to OPEB prefunding due to their tenure and time base will contribute if they are appointed to a position that is eligible for health benefits.

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).

If an employee is in a position subject to OPEB and in an additional position not subject to OPEB, the employee will prefund only from the position that is subject to OPEB.

OPEB contributions are not recoverable under any circumstances by the employee, their beneficiary, or survivor.

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

The OPEB contributions are maintained within the California Employers' Retiree Benefit Trust (CERBT) in separate sub-accounts at the aggregated bargaining unit level, not at the individual employee level.

The following parameters pertain to withholding OPEB contributions from the base salary:

Prior to September 1, 2021, the OPEB contribution was based on the eligible earnings from the prior pay period.

Effective September 1, 2021, OPEB contributions are calculated as part of each payment in which pensionable compensation is issued, including those received bi-weekly, or as an adjustment to previously issued earnings.

B. OPEB contributions are not reduced due to fluctuations in gross salary, such as when unpaid leave is taken under the Family Medical Leave Act (FMLA).

C. For employees with a single hourly appointment, the OPEB contribution is withheld up to the amount that would have been withheld if the employee worked in a full-time appointment.

D. For employees with a full-time appointment and an additional appointment (e.g., hourly), the OPEB contribution is withheld from the full-time appointment only.

E. For employees with multiple part-time or hourly appointments, the OPEB contribution is deducted from all of the appointments, up to the amount that would have been withheld if the employee worked in a full-time appointment.

F. If an employee has multiple hourly appointments, the highest salary rate is used to compute what the OPEB contribution would be if the employee held a full-time appointment at that salary rate. This amount serves as the cut-off. For employees with a part-time and an hourly appointment, the OPEB contribution amount is calculated based on the part-time appointment salary rate.

## **OPEB Contributions from Pensionable Compensation (BUs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21)**

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OPEB contributions are deducted from the total pensionable compensation of each pay period.

Pensionable compensation is any pay that is subject to retirement contribution, e.g. regular pay, Industrial Disability Leave, holiday pay, pay differentials, shift differential, and special pay.

Please note: BUs 12 and 16 began prefunding OPEB from pensionable compensation instead of base salary effective July 1, 2017, whereas BU 5 began on July 1, 2020.

## Excluded and Exempt Employees Directly Associated with a Bargaining Unit

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Excluded and exempt employees directly associated with a bargaining unit, e.g., C01-21, E01-21, S01-21, M01-21, and M99, prefund the same OPEB percentage under the same schedule as the bargaining unit employees. Exceptions are outlined in the “Additional Exempt and Excluded Classifications Prefunding OPEB with a Bargaining Unit” document on the Benefits Administration tab of the CalHR State HR Professionals page.

## Excluded and Exempt Employees not Directly Associated with a Bargaining Unit

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Excluded and exempt employees not directly associated with a bargaining unit, e.g., E48, E50, E59, E68, E79, E97, E98, and E99, began prefunding OPEB from their pensionable compensation effective July 1, 2018.

## OPEB Deposits

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OPEB contributions are deposited in the designated state sub-account for each bargaining unit in the Annuitants' Health Care Coverage Fund.

The OPEB contribution on the employee pay warrant is indicated as “OPEB/CERBT.” CERBT stands for the “California Employers' Retiree Benefit Trust.”

Departments that process their own payroll and are not part of the SCO Uniform State Payroll System submit OPEB contributions to the California Public Employees' Retirement System (CalPERS) CERBT in the following manner:

- Timing of contributions to the CERBT may be decided upon by your entity. Options include but are not limited to: biweekly, monthly, semi-monthly, quarterly, semi-annually, or annually. There is no minimum amount required to submit a contribution.
- OPEB contributions may be transferred electronically or by check to CalPERS. CERBT accepts two forms of Electronic Fund Transfers (EFT): wire transfer and Automated Clearing House (ACH) credit

method. The appropriate contribution form must be submitted with the method of contribution. The link to the form accompanying the check submittal is in the Forms section of this policy. For EFT contributions, please email [CERBT4U@calpers.ca.gov](mailto:CERBT4U@calpers.ca.gov) to receive the EFT instructions and CERBT Contribution Form.

- For Departments that wish to contribute one payment covering multiple sub-accounts, they must submit a CERBT Sub-Account Contribution Form along with the Contribution Form. The CERBT Sub-Account Contribution Form provides CalPERS direction on the amount that should be attributed to each sub-account from one payment submission. The link to the Sub-Account Contribution Form accompanying the Contribution Form and contribution submittal is in the Forms section of this policy.

State of California Account Numbers and Corresponding Bargaining Unit Account Name:

<b>CERBT Account Number</b>	<b>State of California Sub-Account Name</b>
5402440716-001	BU 5 - California Highway Patrol
5402440716-002	BU 16 - Physicians, Dentists, and Podiatrists
5402440716-003	BU 12 - Craft and Maintenance
5402440716-004	BU 6 - California Correctional Peace Officers Association
5402440716-005	BU 9 - Professional Engineers in California Government
5402440716-006	BU 10 - Professional Scientists
5402440716-007	BU - State Employees of the Judicial Branch (Excl. Justices/Judges)
5402440716-008	BU 2 - California Attorneys, Administrative Law Judges, and Hearing Officers in State Employment
5402440716-009	BU 7 - California Statewide Law Enforcement Association
5402440716-011	BU 8 - California Department of Forestry and Fire Protection Firefighters
5402440716-012	BU 13 - International Union of Operating Engineers (IUOE)
5402440716-013	BU 18 - California Association of Psychiatric Technicians
5402440716-014	BU 19 - American Federation of State, County and Municipal Employees

CERBT Account Number	State of California Sub-Account Name
5402440716-015	BU - Service Employees International Union 1, 3, 4, 11, 14, 15, 17 ,20, & 21
5402440716-016	State of California - Excluded/Exempt

## Application

Not Applicable.

## Authorities

- [Bargaining Contracts - MOUs](#)
- [Government Code sections 22940 to 22944.5](#)
- [Government Code section 22806](#)

## Resources

### FAQs

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- [Other Post-Employment Benefits \(OPEB\) Prefunding](#): Other Post-Employment Benefits (OPEB) FAQs

### Forms

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- [CalPERS PERS01F0030 DMC - Check](#): Employer Contribution By Check Under Agreement and Election to Prefund Other Post- Employment Benefits
- [CERBT Sub-Account Contribution Form for the State of California](#): CERBT Sub-Account Contribution Form for the State of California

### Web Pages

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- [Additional Exempt and Excluded Classifications Prefunding OPEB with a Bargaining Unit](#): Additional Exempt and Excluded Classifications Prefunding OPEB with a Bargaining Unit

- [Seasonal Classifications Not Subject to OPEB](#): Seasonal Classifications Not Subject to OPEB

# Authorized By

**Benefits Division**  
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# Contact Person

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# Superseded Policies

Not Applicable.

# History

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