



California Public Employees' Retirement System
Executive Office
P.O. Box 942701
Sacramento, CA 94229-2701

March 7, 2014

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life_address1
life_address2
life_city, life_state life_zip

Dear salutation life_lname:

We appreciate and value your decision to be covered under the CalPERS Long-Term Care (LTC) Program. You should have received correspondence last year informing you that a series of premium increases are being implemented to stabilize the Program. We are sending this letter to follow up with additional information about your coverage, and to tell you about the options that the LTC Program has developed for its participants in light of the coming premium increases.

We have developed a range of options that will allow you to avoid these increases by making coverage adjustments, or by accepting the increases and keeping your coverage the same. Although no action is required on your part at this time, we are providing this information now so you will have more time to consider it before having to make any decisions.

Again, there is no action required on your part at this time. This letter provides you with information about the options you will have to choose from in the future.

Your coverage includes Lifetime Benefits and Built-in Inflation Protection. CalPERS LTC Program participants with this type of coverage purchased from 1995 to 2002 have been subject to 5 percent premium increases in 2011 to 2013, and scheduled for 2014. Beginning in 2015, participants with this type of coverage will experience a premium increase of approximately 85 percent, to be spread over 2015 and 2016.

You may avoid some or all of these premium increases by choosing a different form of coverage, as explained in the enclosed pamphlet.

In addition to this letter, you will receive a notification letter in April 2014 that will discuss your individual coverage and potential alternative coverage options. These alternative coverage options have been developed to help you maintain coverage you can count on and avoid or minimize premium increases. This notification letter will also provide information designed to assist you in making a decision that best reflects your current and future LTC coverage needs.

You may wish to consider the following in making any LTC coverage decisions once you receive your notification letter in April 2014:

- Do you wish to keep your current coverage as is? If so, you will be accepting the 2014 premium increase of 5 percent. Unless you change your coverage in 2015, you will be accepting an additional premium increase of 85 percent beginning in 2015, to be spread over two years.
- Do you wish to make changes to your coverage to avoid the 2014 premium increase of 5 percent, the 85 percent premium increase spread over 2015 and 2016, or both of these premium increases? If so:
 - You may avoid one or both premium increases through your selection of options provided in the upcoming April notification letter; or
 - You may accept the 2014 premium increase of 5 percent and *defer* your decision on the premium increase of 85 percent beginning in 2015 until next year, through your selection of options provided in the April letter. If you select this approach, you will be provided with another opportunity next year to consider options to avoid the 85 percent premium increase.

Between now and April, when you receive your notification letter, we highly recommend that you use the intervening time to review your choices:

- Read the enclosed pamphlet, ***Making Your Long-Term Care Decisions***, to become familiar with the options you have to choose from.
- Discuss those options with people whose opinion you value – your financial planner, family members or other trusted advisor – to help inform your decision.

Again, there is no action required on your part at this time. This letter is merely informational. The notification letter will be sent to you in April 2014, and it will include your individual coverage information, your available options and election forms. You will have until May 9, 2014, to make your coverage decision.

At CalPERS, we remain committed to giving our members an array of options that allow them to choose a program that is best suited to their own personal situation and long-term care needs.

If there is anything we can do to further help you, please do not hesitate to contact us. You may call our customer service center at 1-888-877-4934 (Monday through Friday, 8 a.m. to 5 p.m. PT); email the CalPERS Long-Term Care Program at calpersltc@ltcg.com; or fax the CalPERS Long-Term Care Program at 1-866-294-6966. You may also write the CalPERS Long-Term Care Program at P.O. Box 64902, St. Paul, MN 55164-0902.

Sincerely,

A handwritten signature in black ink that reads "Ann L. Boynton". The signature is written in a cursive style with a large initial "A".

Ann Boynton,
Deputy Executive Officer
Benefit Programs Policy and Planning

