

AMENDED IN ASSEMBLY MAY 9, 2011

AMENDED IN ASSEMBLY APRIL 14, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 89

Introduced by Assembly Member Hill

January 6, 2011

An act to add Section 7503.5 to the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 89, as amended, Hill. Retirement: public employees.

The Public Employees' Retirement Law creates the Public Employees' Retirement System, which provides a defined benefit to its members based on age at retirement, service credit, and final compensation, as defined. The State Teachers' Retirement Law and the retirement laws for county employees and city employees also provide for a defined benefit based on age at retirement, service credit, and final compensation.

This bill would specify that, ~~notwithstanding any other law in addition to any other benefit limitations prescribed by law~~, for the purposes of determining a retirement benefit paid to a person who first becomes a member of a public retirement system on or after January 1, 2012, ~~the total compensation upon which a defined retirement benefit shall be based shall not exceed an amount set forth in~~ *to the extent that the benefits payable under the system are subject to the compensation limits prescribed by a specified provision of the Internal Revenue Code, the maximum salary, compensation, or payrate taken into account under the plan for any year shall not exceed the amount permitted to be taken*

into account under that provision of federal law. The bill would also prohibit a public employer from making contributions to any qualified public retirement plan based on any portion of compensation that exceeds ~~that~~ *the amount specified in that federal provision.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7503.5 is added to the Government Code,
2 to read:

3 7503.5. (a) ~~Notwithstanding any other~~ *In addition to any other*
4 *benefit limitations prescribed by law, for the purposes of*
5 *determining a retirement benefit paid to a person who first becomes*
6 *a member of a public retirement system on or after January 1,*
7 *2012, the total compensation upon which a defined retirement*
8 *benefit shall be based shall not exceed the amount specified in*
9 ~~Section 401(a)(17)~~ *January 1, 2012, to the extent the benefits*
10 *payable under the system are subject to the compensation limits*
11 *prescribed by Section 401(a)(17) of Title 26 of the United States*
12 *Code, the maximum salary, compensation, or payrate taken into*
13 *account under the plan for any year shall not exceed the amount*
14 *permitted to be taken unto account under Section 401(a)(17) of*
15 *Title 26 of the United States Code, or its successor.*

16 (b) A public employer shall not make employer contributions
17 to any qualified public retirement plan or plans on behalf of an
18 employee who first becomes a member of the retirement system
19 on or after January 1, 2012, based on that portion of the amount
20 of total compensation that exceeds the amount specified in Section
21 401(a)(17) of Title 26 of the United States Code, or its successor.

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