

**ASSEMBLY BILL**

**No. 1639**

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**Introduced by Assembly Member Hill**

February 13, 2012

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1639, as introduced, Hill. Retirement: public employees.

Existing law establishes the Public Employees' Retirement System and the State Teachers' Retirement System for the purpose of providing pension benefits to their members. Existing law also establishes the Judges' Retirement System II, which provides pension benefits to elected judges and the Legislators' Retirement System, which provides pension benefits to elective officers of the state other than judges and to legislative statutory officers. The County Employees Retirement Law of 1937 authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to county, city, and district employees.

This bill would specify that, 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, 2013, 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 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) In addition to any other benefit limitations  
4 prescribed by law, for the purposes of determining a retirement  
5 benefit paid to a person who first becomes a member of a public  
6 retirement system on or after January 1, 2013, to the extent the  
7 benefits payable under the system are subject to the compensation  
8 limits prescribed by Section 401(a)(17) of Title 26 of the United  
9 States Code, the maximum salary, compensation, or payrate taken  
10 into account under the plan for any year shall not exceed the  
11 amount permitted to be taken into account under Section 401(a)(17)  
12 of Title 26 of the United States Code, or its successor.

13 (b) A public employer shall not make employer contributions  
14 to any qualified public retirement plan or plans on behalf of an  
15 employee who first becomes a member of the retirement system  
16 on or after January 1, 2013, based on that portion of the amount  
17 of total compensation that exceeds the amount specified in Section  
18 401(a)(17) of Title 26 of the United States Code, or its successor.

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