

AMENDED IN SENATE MARCH 22, 2011

SENATE BILL

No. 522

Introduced by Senator Walters

(Coauthors: Senators Dutton and Runner)

*(Coauthors: Assembly Members Garrick, Grove, Harkey, Jeffries,
Mansoor, and Silva)*

February 17, 2011

An act to repeal Section 22826 of the Education Code, and to amend Sections 20899.5 and 31485.7 of, and to repeal ~~Section 20909~~ of Sections 20909, 31486.35, and 31658 of, the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 522, as amended, Walters. Public employees' retirement: additional service credit.

Existing law authorizes certain members of the Public Employees' Retirement System, the State Teachers' Retirement System, and county, city, and district retirement systems that have adopted specified provisions, to make additional contributions to the retirement system and receive up to 5 years of additional retirement service credit for time that does not qualify for public service, as specified.

The bill would repeal the provisions that authorize these additional contributions and service credit, and would make related technical changes.

~~The Public Employees' Retirement Law calculates service retirement allowances, in part, based on years of credited service. Members of the Public Employees' Retirement System may receive service credit for public service not otherwise subject to credit, upon payment of specified additional contributions. Existing law authorizes specified members of~~

that system, including employees or officers of the state, the university, a school employer, or a contracting agency and certain legislative employees, to elect to make additional contributions and receive up to 5 years of additional retirement service credit, as defined, subject to specified limitations.

~~This bill would repeal that 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 *Section 22826 of the Education Code is repealed.*
2 ~~22826. (a) A member, other than a retired member, may~~
3 ~~request to purchase up to five years of nonqualified service credit~~
4 ~~provided the member is vested in the Defined Benefit Program as~~
5 ~~provided in Section 22156.~~

6 ~~(b) A member who requests to purchase nonqualified service~~
7 ~~credit as provided in this chapter shall contribute to the retirement~~
8 ~~fund the actuarial cost of the service, including interest as~~
9 ~~appropriate, as determined by the board based on the most recent~~
10 ~~valuation of the plan with respect to the Defined Benefit Program~~
11 ~~in effect on the date of the request, in accordance with subdivisions~~
12 ~~(a), (f), (g), and (h) of Section 22801.~~

13 SEC. 2. *Section 20899.5 of the Government Code is amended*
14 ~~to read:~~

15 ~~20899.5. (a) An elective officer of a contracting agency that~~
16 ~~is a city, county, or city and county shall not receive credit for~~
17 ~~service or contributions for credit for service in violation of the~~
18 ~~prohibitions provided in Section 23007.5, 34095, or 50033.~~

19 ~~(b) Nothing in this section shall prohibit an elective officer from~~
20 ~~purchasing service credit pursuant to Section 20909.~~

21 SECTION 1.

22 SEC. 3. *Section 20909 of the Government Code is repealed.*

23 SEC. 4. *Section 31485.7 of the Government Code is amended*
24 ~~to read:~~

25 ~~31485.7. (a) Notwithstanding any other provision of this~~
26 ~~chapter, a member who elects to purchase retirement service credit~~
27 ~~under Section 31486.3, 31486.35, 31499.3, 31499.13, 31641.1,~~
28 ~~31641.5, 31641.55, 31646, or 31652, or 31658, or under the~~
29 ~~regulations adopted by the board pursuant to Section 31643 or~~

1 31644 shall complete that purchase within 120 days after the
2 effective date of his or her retirement.

3 (b) This section is not operative in any county until the board
4 of supervisors, by resolution, makes this section applicable in the
5 county.

6 *SEC. 5. Section 31486.35 of the Government Code is repealed.*

7 ~~31486.35.—(a) An active member may elect, by written notice
8 filed with the board, to make contributions pursuant to this section
9 and to receive up to five years of service credit in the retirement
10 system for additional retirement credit, if the member has
11 completed at least five years of credited service with that retirement
12 system.~~

13 ~~(b) As used in this section, “additional retirement credit” means
14 time that does not otherwise qualify as county service, public
15 service, military service, medical leave of absence, or any other
16 time recognized for service credit by the retirement system.~~

17 ~~(c) Notwithstanding any other provision of this chapter, service
18 credit for additional retirement credit may not be counted to meet
19 the minimum qualifications for service retirement or for purposes
20 of establishing eligibility for benefits based on 30 years of service,
21 additional ad hoc cost-of-living benefits based on service credit,
22 health care benefits, or any other benefits based upon service credit.~~

23 ~~(d) A member who elects to make contributions and receive
24 service credit for additional retirement credit shall contribute to
25 the retirement fund, prior to the effective date of his or her
26 retirement, by lump-sum payment or by installment payments over
27 a period not to exceed 10 years, an amount that, at the time of
28 commencement of purchase, in the opinion of the board and the
29 actuary, is sufficient to not place any additional financial burden
30 upon the retirement system.~~

31 ~~(e) No member may receive service credit under this section
32 for additional retirement credit that he or she has not completed
33 payment pursuant to subdivision (d) before the effective date of
34 his or her retirement or, if applicable, prior to the date provided in
35 Section 31485.7. Subject to the limitations of United States Internal
36 Revenue Service regulations, a member who has elected to make
37 payment in installments may complete payment by lump sum at
38 any time prior to the effective date of his or her retirement.~~

39 ~~(f) Sums paid by a member pursuant to this section shall be
40 considered to be and administered as contributions by the member.~~

1 ~~(g) This section is not operative in a county until the board of~~
2 ~~supervisors, by resolution adopted by majority vote, makes this~~
3 ~~section applicable in the county.~~

4 *SEC. 6. Section 31658 of the Government Code is repealed.*

5 ~~31658. (a) An active member may elect, by written notice~~
6 ~~filed with the board, to make contributions pursuant to this section~~
7 ~~and to receive up to five years of service credit in the retirement~~
8 ~~system for additional retirement credit, if the member has~~
9 ~~completed at least five years of credited service with that retirement~~
10 ~~system.~~

11 ~~(b) As used in this section, “additional retirement credit” means~~
12 ~~time that does not otherwise qualify as county service, public~~
13 ~~service, military service, medical leave of absence, or any other~~
14 ~~time recognized for service credit by the retirement system.~~

15 ~~(c) Notwithstanding any other provision of this chapter, service~~
16 ~~credit for additional retirement credit may not be counted to meet~~
17 ~~the minimum qualifications for service or disability retirement or~~
18 ~~for purposes of establishing eligibility for any benefits based on~~
19 ~~30 years of service, additional ad hoc cost-of-living benefits based~~
20 ~~on service credit, health care benefits, or any other benefits based~~
21 ~~upon service credit.~~

22 ~~(d) Any member who elects to make contributions and receive~~
23 ~~service credit for additional retirement credit shall contribute to~~
24 ~~the retirement fund, prior to the effective date of his or her~~
25 ~~retirement, by lump-sum payment or by installment payments over~~
26 ~~a period not to exceed 10 years, an amount that, at the time of~~
27 ~~commencement of purchase, in the opinion of the board and the~~
28 ~~actuary, is sufficient to not place any additional financial burden~~
29 ~~upon the retirement system.~~

30 ~~(e) No member may receive service credit under this section~~
31 ~~for any additional retirement credit for which he or she has not~~
32 ~~completed payment pursuant to subdivision (d) before the effective~~
33 ~~date of his or her retirement. Subject to the limitations of United~~
34 ~~States Internal Revenue Service regulations, a member who has~~
35 ~~elected to make payment in installments may complete payment~~
36 ~~by lump sum at any time prior to the effective date of his or her~~
37 ~~retirement.~~

38 ~~(f) Any sums paid by a member pursuant to this section shall~~
39 ~~be considered to be and administered as contributions by the~~
40 ~~member.~~

1 ~~(g) This section is not operative in any county until the board~~
2 ~~of supervisors, by resolution adopted by majority vote, makes this~~
3 ~~section applicable in the county.~~

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