

Assembly Bill No. 837

Passed the Assembly August 28, 2014

Chief Clerk of the Assembly

Passed the Senate August 25, 2014

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act amend Section 7522.04 of the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 837, Wieckowski. Public employees' retirement benefits.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its pension plan or plans to comply with the act, as specified. Among other things, PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement. PEPRA defines terms for those purposes, including defining "new member" to include an individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who was not a member of any other public retirement system prior to that date; an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was a member of another public retirement system prior to that date, but who was not subject to reciprocity under specified law; or an individual who was an active member in a retirement system and who, after a break in service of more than 6 months, returned to active membership in that system with a new employer.

This bill would specifically exclude from the definition of "new member" a judge, as defined in specified existing law, elected to office before January 1, 2013.

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

SECTION 1. Section 7522.04 of the Government Code is amended to read:

7522.04. For the purposes of this article:

(a) "Defined benefit formula" means a formula used by a retirement system to determine a retirement benefit based on age,

years of service, and pensionable compensation earned by an employee up to the limit defined in Section 7522.10.

(b) “Employee contributions” means the contributions to a public retirement system required to be paid by a member of the system, as fixed by law, regulation, administrative action, contract, contract amendment, or other written agreement recognized by the retirement system as establishing an employee contribution.

(c) “Federal system” means the old age, survivors, disability, and health insurance provisions of the federal Social Security Act (42 U.S.C. Sec. 301 et seq.).

(d) “Member” means a public employee who is a member of a public retirement system or plan.

(e) “New employee” means either of the following:

(1) An employee, including one who is elected or appointed, of a public employer who is employed for the first time by a public employer on or after January 1, 2013, and who was not employed by another public employer prior to that date.

(2) An employee, including one who is elected or appointed, of a public employer who is employed for the first time by a public employer on or after January 1, 2013, and who was employed by another public employer prior to that date, but who was not subject to reciprocity under subdivision (c) of Section 7522.02.

(f) (1) “New member,” except as provided in paragraph (2), means any of the following:

(A) An individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date.

(B) An individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was a member of another public retirement system prior to that date, but who was not subject to reciprocity under subdivision (c) of Section 7522.02.

(C) An individual who was an active member in a retirement system and who, after a break in service of more than six months, returned to active membership in that system with a new employer. For purposes of this subdivision, a change in employment between state entities or from one school employer to another shall not be considered as service with a new employer.

(2) Notwithstanding any other provision of this subdivision, a judge, as defined in subdivision (a) of Section 75502, elected to office before January 1, 2013, shall not be considered a new member for the purposes of this article.

(g) “Normal cost” means the portion of the present value of projected benefits under the defined benefit that is attributable to the current year of service, as determined by the public retirement system’s actuary according to the most recently completed valuation. For the purpose of determining normal cost, the system’s actuary may use a single rate of contribution or an age-based rate of contribution as is applicable to that retirement system.

(h) “Public employee” means an officer, including one who is elected or appointed, or an employee of a public employer.

(i) “Public employer” means:

(1) The state and every state entity, including, but not limited to, the Legislature, the judicial branch, including judicial officers, and the California State University.

(2) A political subdivision of the state, or agency or instrumentality of the state or subdivision of the state, including, but not limited to, a city, county, city and county, a charter city, a charter county, school district, community college district, joint powers authority, joint powers agency, and any public agency, authority, board, commission, or district.

(3) Any charter school that elects or is required to participate in a public retirement system.

(j) “Public retirement system” means a pension or retirement system of a public employer, including, but not limited to, an independent retirement plan offered by a public employer that the public employer participates in or offers to its employees for the purpose of providing retirement benefits or a system of benefits for public employees that is governed by Section 401(a) of Title 26 of the United States Code.

Approved _____, 2014

Governor