

AMENDED IN ASSEMBLY APRIL 23, 2013

AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1380**

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**Introduced by Committee on Public Employees, Retirement and Social Security (Bonta (Chair), Jones-Sawyer, Mullin, Rendon, and Wieckowski)**

February 26, 2013

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An act to amend Sections ~~31663.25 and 31490.6~~, 31658, 31663.25, and 31672 of, and to add Section 31672.3 to, the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1380, as amended, Committee on Public Employees, Retirement and Social Security. County employees' retirement.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its pension plan or plans to comply with the act and, among other provisions, generally prohibits a public employer that offers a defined benefit plan from offering new employees defined benefit retirement formulas other than those established by the act. *PEPRA prohibits the purchase of nonqualified service credit, as defined, unless the application to purchase the credit is received by the retirement system prior to January 1, 2013, and subsequently approved.*

Under the County Employees Retirement Law of 1937, a safety member of a county retirement system who has reached the applicable compulsory retirement age, if any, has completed 10 years of continued service and reached 50 years of age, or who has completed 20 years of

service, may retire after filing a written application with the board of retirement, except as specified. The law authorizes a member of a county retirement system who has reached 70 years of age, has completed 10 years of services and has reached 55 years of age, or has completed 30 years of service, to retire after filing a written application with the board. *The law authorizes an active member of a retirement system established pursuant to its provisions to make contributions and receive up to 5 years of service credit in additional retirement credit, as defined, by making a written application and by satisfying other requirements.*

This bill would *limit provisions relating to purchase of additional retirement credit, as described above, to applications received prior to January 1, 2013, and subsequently approved. The bill would also prohibit the application of the above-described authorizations regarding time of retirement to a member who is subject to the PEPRA for that member’s membership in the county retirement system. The bill would also authorize a member who is subject to the PEPRA and has completed 5 years of service and has reached the minimum retirement age applicable to that member, or has reached 70 years of age, to retire upon filing a written application with the board, as specified.*

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

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

- 1     SECTION 1. Section 31490.6 of the Government Code is
- 2     amended to read:
- 3     31490.6. (a) An active member may elect, by written notice
- 4     filed with the board, to make contributions pursuant to this section
- 5     and to receive up to five years of service credit in the retirement
- 6     system for additional retirement credit, if the member has
- 7     completed at least five years of credited service with that retirement
- 8     system.
- 9     (b) As used in this section, “additional retirement credit” means
- 10    time that does not otherwise qualify as county service, public
- 11    service, military service, medical leave of absence, or any other
- 12    time recognized for service credit by the retirement system.
- 13    (c) Notwithstanding any other provision of this chapter, service
- 14    credit for additional retirement credit may not be counted to meet
- 15    the minimum qualifications for service retirement or for purposes
- 16    of establishing eligibility for benefits based on 30 years of service,

1 additional ad hoc cost-of-living benefits based on service credit,  
2 health care benefits, or any other benefits based upon service credit.

3 (d) A member who elects to make contributions and receive  
4 service credit for additional retirement credit shall contribute to  
5 the retirement fund, prior to the effective date of his or her  
6 retirement, by lump-sum payment or by installment payments over  
7 a period not to exceed 10 years, an amount that, at the time of  
8 commencement of purchase, in the opinion of the board and the  
9 actuary, is sufficient to not place any additional financial burden  
10 upon the retirement system.

11 (e) No member may receive service credit under this section  
12 for additional retirement credit that he or she has not completed  
13 payment pursuant to subdivision (d) before the effective date of  
14 his or her retirement or, if applicable, prior to the date provided in  
15 Section 31485.8. Subject to the limitations of United States Internal  
16 Revenue Service regulations, a member who has elected to make  
17 payment in installments may complete payment by lump sum at  
18 any time prior to the effective date of his or her retirement.

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

21 (g) This section is not operative until the board of supervisors,  
22 by resolution adopted by majority vote, makes this section  
23 operative in the county.

24 (h) *This section shall apply only to an application to purchase*  
25 *additional retirement credit that was received by the retirement*  
26 *system prior to January 1, 2013, that is subsequently approved by*  
27 *the system.*

28 *SEC. 2. Section 31658 of the Government Code is amended to*  
29 *read:*

30 31658. (a) An active member may elect, by written notice  
31 filed with the board, to make contributions pursuant to this section  
32 and to receive up to five years of service credit in the retirement  
33 system for additional retirement credit, if the member has  
34 completed at least five years of credited service with that retirement  
35 system.

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

1 (c) Notwithstanding any other provision of this chapter, service  
 2 credit for additional retirement credit may not be counted to meet  
 3 the minimum qualifications for service or disability retirement or  
 4 for purposes of establishing eligibility for any benefits based on  
 5 30 years of service, additional ad hoc cost-of-living benefits based  
 6 on service credit, health care benefits, or any other benefits based  
 7 upon service credit.

8 (d) Any member who elects to make contributions and receive  
 9 service credit for additional retirement credit shall contribute to  
 10 the retirement fund, prior to the effective date of his or her  
 11 retirement, by lump-sum payment or by installment payments over  
 12 a period not to exceed 10 years, an amount that, at the time of  
 13 commencement of purchase, in the opinion of the board and the  
 14 actuary, is sufficient to not place any additional financial burden  
 15 upon the retirement system.

16 (e) No member may receive service credit under this section  
 17 for any additional retirement credit for which he or she has not  
 18 completed payment pursuant to subdivision (d) before the effective  
 19 date of his or her retirement. Subject to the limitations of United  
 20 States Internal Revenue Service regulations, a member who has  
 21 elected to make payment in installments may complete payment  
 22 by lump sum at any time prior to the effective date of his or her  
 23 retirement.

24 (f) Any sums paid by a member pursuant to this section shall  
 25 be considered to be and administered as contributions by the  
 26 member.

27 (g) This section is not operative in any county until the board  
 28 of supervisors, by resolution adopted by majority vote, makes this  
 29 section applicable in the county.

30 (h) *This section shall apply only to an application to purchase*  
 31 *additional retirement credit that was received by the retirement*  
 32 *system prior to January 1, 2013, that is subsequently approved by*  
 33 *the system.*

34 ~~SECTION 4.~~

35 *SEC. 3.* Section 31663.25 of the Government Code is amended  
 36 to read:

37 31663.25. (a) Except as provided in Section 31663.26, a safety  
 38 member who has reached the applicable compulsory age of  
 39 retirement, if any, or a safety member who has completed 10 years  
 40 of continuous service and who has reached the age of 50, or a

1 safety member who has completed 20 years of service regardless  
2 of age, may be retired upon filing with the board a written  
3 application setting forth the date upon which the member desires  
4 his or her retirement to become effective which shall be not more  
5 than 60 days after the date of filing the application.

6 (b) This section shall not apply to any member who is subject  
7 to the provisions of the California Public Employees' Pension  
8 Reform Act of 2013 (Article 4 (commencing with Section 7522)  
9 of Chapter 21 of Division 7 of Title 1) for all or any portion of that  
10 member's membership in the county retirement system.

11 ~~SEC. 2.~~

12 *SEC. 4.* Section 31672 of the Government Code is amended  
13 to read:

14 31672. (a) A member who has reached 70 years of age or a  
15 member who has completed 10 years of service and who has  
16 reached 55 years of age, or a member who has completed 30 years  
17 of service regardless of age, may be retired upon filing with the  
18 board a written application, setting forth the date upon which he  
19 or she desires his or her retirement to become effective not earlier  
20 than the date the application is filed with the board and not more  
21 than 60 days after the date of filing the application. Fifty-five years  
22 of age in the preceding sentence may be reduced to 50 years of  
23 age in a county by resolution of the board of supervisors.

24 (b) This section shall not apply to any member who is subject  
25 to the provisions of the California Public Employees' Pension  
26 Reform Act of 2013 (Article 4 (commencing with Section 7522)  
27 of Chapter 21 of Division 7 of Title 1) for all or any portion of that  
28 member's membership in the county retirement system.

29 ~~SEC. 3.~~

30 *SEC. 5.* Section 31672.3 is added to the Government Code, to  
31 read:

32 31672.3. A member of a county retirement system who is  
33 subject to the California Public Employees' Pension Reform Act  
34 of 2013 (Article 4 (commencing with Section 7522) of Chapter  
35 21 of Division 7 of Title 1) for all or a portion of the member's  
36 membership in the county retirement system who has completed  
37 five years of service and has reached the minimum retirement age  
38 applicable to that member under the act, or has reached 70 years  
39 of age, may be retired upon filing with the board a written  
40 application, setting forth the date upon which the member desires

- 1 his or her retirement to become effective which shall be not more
- 2 than 60 days after the date of filing the application.

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