

AMENDED IN SENATE JUNE 14, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1381

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

February 26, 2013

An act to amend Sections 22115, 22119.2, 22134.5, 22135, 22148, 22327, 22664, 22826, 22901, 22901.3, 22905, 22909, 23855, 24202, 24202.5, 24202.6, 24202.7, 24203, 24205, 24206, 24209, 24210, 24214, 24214.5, 24600, 26139, 26503.5, 26504, 26800, 26810, 26812, and 26813 of, to add Sections 22109.8, 22146.2, 22160.5, 24252, 26132.5, 26135.5, 26135.7, and 26139.5 to, and to repeal and add Section 22119.3 of, the Education Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1381, as amended, Committee on Public Employees, Retirement and Social Security. State ~~Teacher's~~ *Teachers'* Retirement Law: pension reform.

Existing law, the Teachers' Retirement Law, establishes the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program. The defined benefit is based on final compensation, credited service, and age at retirement, subject to certain variations. The State Teachers' Retirement System (STRS) is administered by the Teachers' Retirement Board. Existing law establishes the Defined Benefit Supplement Program, which provides supplemental retirement, disability, and other benefits, payable either in a lump-sum payment, an annuity, or both to members of the State Teachers' Retirement Plan. Existing law establishes a program

commonly referred to as the Replacement Benefits Program to provide benefit payments to members of STRS whose benefits exceed specified federal limits. Existing law establishes the Cash Balance Benefit Program, administered by the Teachers' Retirement Board, as a separate benefit program within the State Teachers' Retirement Plan in order to provide a retirement plan for persons employed to perform creditable service for less than 50% of full-time service.

The California Public Employees' Pension Reform Act of 2013 (PEPRA), on and after January 1, 2013, generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act, as specified. Among other things, PEPRA requires a public retirement system to modify its plan or plans to comply with the act and establishes new retirement formulas that a public employer offering a defined benefit pension plan may not exceed for new employees. PEPRA prohibits offering supplemental defined benefit plans for new employees. PEPRA defines pensionable compensation for the purposes of its provisions and requires new employees of specified public employers who participate in a defined benefit plan to have an initial contribution rate of at least 50% of the normal cost rate for that defined benefit plan, rounded to the nearest $\frac{1}{4}$ of 1%, or the current contribution rate of similarly situated employees, whichever is greater. PEPRA generally prohibits a retired person who retires from a public employer from serving, being employed by, or being employed through a contract directly by, a public employer in the same retirement system from which the retiree receives a pension benefit without reinstatement, subject to certain exceptions and limitations. The act prohibits reemployment of a retiree pursuant to these provisions for a period of 180 days following the date of retirement unless he or she falls within certain exceptions to the prohibition.

This bill would make various changes in the Teachers' Retirement Law to conform with the provisions of PEPRA. The bill would revise the definition of creditable compensation and salary, and specify exclusions from the definition of creditable compensation and salary, for purposes of the Defined Benefit Program and the Cash Balance Benefit Program, as specified. *The bill would define a member subject to PEPRA and would except from that definition a member who is also a member in certain other retirement systems, prior to January 1, 2013, as specified.* The bill would revise provisions prescribing the amounts that members are required to contribute to the retirement fund for the Defined Benefit Program, and that participants in the Cash Balance

Benefit Program contribute, to reflect the requirements of PEPRA. The bill would provide, consistent with provisions of PEPRA, that the normal retirement age is 62 years of age for a new member of, or a participant in, these systems, with respect to various provisions of the programs, including those related to survivors' benefits, retirement for service following reinstatement, and performance of post-retirement service. The bill would add new limitations on compensation that may be paid to a member of the Defined Benefit Program or a participant in the Cash Balance Benefit Program performing post-retirement activities, as defined. The bill would prohibit application of the Replacement Benefits Program to employees subject to PEPRA. The bill would define a participant in the Cash Balance Benefit Program who is subject to PEPRA to account for concurrent membership in that program and other public retirement systems. The bill would prescribe new requirements applicable to participants in the Cash Balance Benefit Program who perform retired participant activities, including requirements imposed on governing bodies seeking to employ these participants. The bill would make additional conforming and technical changes.

The bill would also revise provisions that permit the use of a one-year period for the calculation of final compensation for members who are not subject to PEPRA, subject to negotiation by a teacher employer and an exclusive classroom teacher representative, to require that a written agreement addressing this subject be entered into prior to January 1, 2014. The bill would prohibit an employer from paying member contributions for defined benefits for employees who are not subject to PEPRA on or after January 1, 2014, as specified. The bill would provide that compensation for postretirement activities that are not supported by state, local, or federal funds is not subject to postretirement earnings limitations. The bill would apply postretirement compensation limitations to employer payments for, among other things, deferred compensation plans, the purchase of annuities, and payments to various tax qualified retirement plans.

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.** *The Legislature finds and declares that this act,*
- 2 *as it applies to the State Teachers' Retirement Plan, clarifies the*

1 *California Public Employees' Pension Reform Act of 2013, is*
2 *declaratory of existing law, and is intended to apply concurrently*
3 *with the initial operation of that act. The amendments made by*
4 *this act shall be deemed to be operative January 1, 2013, unless*
5 *otherwise stated.*

6 **SECTION 1.**

7 *SEC. 2.* Section 22109.8 is added to the Education Code, to
8 read:

9 22109.8. "California Public Employees' Pension Reform Act
10 of 2013" means the California Public Employees' Pension Reform
11 Act of 2013 (Article 4 (commencing with Section 7522) of Chapter
12 21 of Division 7 of Title 1 of the Government Code).

13 ~~*SEC. 2.*~~

14 *SEC. 3.* Section 22115 of the Education Code is amended to
15 read:

16 22115. (a) "Compensation earnable" means the creditable
17 compensation a person could earn in a school year for creditable
18 service performed on a full-time basis, excluding service for which
19 contributions are credited by the system to the Defined Benefit
20 Supplement Program.

21 (b) The board may determine compensation earnable for persons
22 employed on a part-time basis.

23 (c) If service credit for a school year is less than 1.000,
24 compensation earnable shall be the quotient obtained when
25 creditable compensation paid in that year is divided by the service
26 credit for that year, except as provided in subdivision (d).

27 (d) If a member earns creditable compensation at multiple pay
28 rates during a school year and service credit at the highest pay rate
29 is at least 0.900 of a year, compensation earnable shall be
30 determined as if all service credit for that year had been earned at
31 the highest pay rate. This subdivision shall be applicable only for
32 purposes of determining final compensation. If a member earns
33 creditable compensation at multiple pay rates during a school year
34 and service credit at the highest pay rate is less than 0.900 of a
35 year, compensation earnable shall be determined pursuant to
36 subdivision (c).

37 (e) (1) Except as provided in subdivision ~~(g)~~ (f), for purposes
38 of determining compensation earnable for a member employed by
39 a community college prior to July 1, 1996, full time shall be defined
40 pursuant to Section 22138.5 and pursuant to Section 20521 of Title

1 5 of the California Code of Regulations, as those provisions read
2 on June 30, 1996, if application of that definition will increase the
3 compensation earnable or otherwise enhance the benefits of the
4 member.

5 (2) For purposes of administering this subdivision, the board
6 shall have the authority to do both of the following:

7 (A) Establish and implement factors and assumptions necessary
8 to calculate and compare the benefits payable under the definition
9 of compensation earnable described in this subdivision. Those
10 factors and assumptions may be based on information reported by
11 the employer, including, but not limited to, all of the following:

- 12 (i) Base hours.
- 13 (ii) Actual earnings.
- 14 (iii) Compensation earnable.

15 (B) Review member benefit calculations that were performed
16 using the factors and assumptions described in subparagraph (A).
17 If the board determines that an employer failed to identify part-time
18 service performed, the board shall consider that part-time service
19 to be performed in a part-time lecture assignment as defined by
20 the employer. If the board determines by the review of the member
21 benefit calculations that the required information reported by the
22 employer is inaccurate, incomplete, or the factors and assumptions
23 were applied incorrectly, the board may recalculate member
24 benefits using additional factors and assumptions that may include,
25 but are not limited to, all of the following:

- 26 (i) Base hours.
- 27 (ii) Actual earnings.
- 28 (iii) Compensation earnable.

29 (3) This subdivision shall apply to a member employed by a
30 community college prior to July 1, 1996, if the community college
31 subsequently acts to reduce the minimum standard for full time as
32 described in subdivision (c) of Section 22138.5 for the class of
33 employees, and that community college provides written notice
34 to the system of the act of the community college to reduce that
35 minimum standard.

36 (4) This subdivision shall not apply to a member employed by
37 a community college that has not reduced the minimum standard
38 as described in subdivision (c) of Section 22138.5.

39 (f) Subdivision (e) shall not apply to a member subject to the
40 California Public Employees' Pension Reform Act of 2013.

1 ~~SEC. 3.~~

2 SEC. 4. Section 22119.2 of the Education Code is amended to
3 read:

4 22119.2. (a) “Creditable compensation” means remuneration
5 that is paid in cash by an employer to all persons in the same class
6 of employees and is paid to an employee for performing creditable
7 service in that position. Creditable compensation shall include:

8 (1) Salary or wages paid in accordance with a salary schedule,
9 employment agreement, or any other publicly available written
10 contractual agreement that specifies compensation.

11 (2) Remuneration that is paid in addition to salary or wages,
12 provided it is paid to all persons who are in the same class of
13 employees in the same dollar amount, the same percentage of
14 salary or wages, or the same percentage of the amount being
15 distributed.

16 (3) Remuneration that is paid for the use of sick leave, vacation,
17 and other employer-approved leave, except as provided in
18 paragraph (4) of subdivision (c).

19 (4) Member contributions that are picked up by an employer
20 pursuant to Section 22903 or 22904.

21 (5) Amounts that are deducted from a member’s salary or wages,
22 including, but not limited to, deductions for participation in a
23 deferred compensation plan; deductions to purchase an annuity
24 contract, tax-deferred retirement plan, or insurance program; and
25 contributions to a plan that meets the requirements of Section 125,
26 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United
27 States Code.

28 (6) Any other payments the board determines to be “creditable
29 compensation.”

30 (b) Any creditable compensation determined by the board to
31 have been paid to enhance a member’s benefits shall not be credited
32 under the Defined Benefit Program. Contributions on that
33 compensation shall be credited to the Defined Benefit Supplement
34 Program. A presumption by the board that creditable compensation
35 was paid to enhance a member’s benefits may be rebutted by the
36 member or by the employer on behalf of the member. Upon receipt
37 of sufficient evidence to the contrary, a presumption by the board
38 that creditable compensation was paid to enhance the member’s
39 benefits may be reversed.

1 (c) “Creditable compensation” does not mean and shall not
2 include:

3 (1) Remuneration that is not paid in cash or is not paid to all
4 persons who are in the same class of employees.

5 (2) Remuneration that is paid for service that is not creditable
6 service pursuant to Section 22119.5.

7 (3) Remuneration that is paid in addition to salary or wages if
8 it is not paid to all persons in the same class of employees in the
9 same dollar amount, the same percentage of salary or wages, or
10 the same percentage of the amount being distributed pursuant to
11 paragraph (2) of subdivision (a).

12 (4) Remuneration that is paid in exchange for the forfeiture of
13 unused accumulated leave.

14 (5) Annuity contracts, tax-deferred retirement plans, or insurance
15 programs and contributions to plans that meet the requirements of
16 Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26
17 of the United States Code when the cost is covered by an employer.

18 (6) Fringe benefits provided by an employer.

19 (7) Expenses paid or reimbursed by an employer.

20 (8) Severance pay, including lump-sum and installment
21 payments, or money paid in excess of salary or wages to a member
22 as compensatory damages or as a compromise settlement.

23 (9) Any other payments the board determines not to be
24 “creditable compensation.”

25 (d) An employer or individual who knowingly or willfully
26 reports compensation in a manner inconsistent with subdivision
27 (a) or (c) may be subject to prosecution for fraud, theft, or
28 embezzlement in accordance with the Penal Code. The system
29 may establish procedures to ensure that compensation reported by
30 an employer is in compliance with this section.

31 (e) For purposes of this section, remuneration shall be considered
32 paid if it would be distributed to any person in the same class of
33 employees who meets the qualifications or requirements specified
34 in a collective bargaining agreement, an employment agreement,
35 or any other publicly available written contractual agreement that
36 specified compensation as a condition of receiving the
37 remuneration.

38 (f) This definition of “creditable compensation” reflects sound
39 principles that support the integrity of the retirement fund. Those
40 principles include, but are not limited to, consistent treatment of

1 compensation throughout a member’s career, consistent treatment
 2 of compensation among an entire class of employees, consistent
 3 treatment of compensation for a position, preventing adverse
 4 selection, and excluding from compensation earnable remuneration
 5 that is paid to enhance a member’s benefits. The board shall
 6 determine the appropriate crediting of contributions between the
 7 Defined Benefit Program and the Defined Benefit Supplement
 8 Program according to these principles, to the extent not otherwise
 9 specified pursuant to this part.

10 (g) The section shall become operative on July 1, 2002, if the
 11 revenue limit cost-of-living adjustment computed by the
 12 Superintendent of Public Instruction for the 2001–02 fiscal year
 13 is equal to or greater than 3.5 percent. Otherwise this section shall
 14 become operative on July 1, 2003.

15 (h) This section shall not apply to a member subject to the
 16 California Public Employees’ Pension Reform Act of 2013.

17 ~~SEC. 4.~~

18 *SEC. 5.* Section 22119.3 of the Education Code is repealed.

19 ~~SEC. 5.~~

20 *SEC. 6.* Section 22119.3 is added to the Education Code, to
 21 read:

22 22119.3. (a) “Creditable compensation” for members who are
 23 subject to the California Public Employees’ Pension Reform Act
 24 of 2013 means regular, recurring remuneration that is paid in cash
 25 by an employer to all persons in the same class of employees in
 26 accordance with a salary schedule, employment agreement, or any
 27 other publicly available written contractual agreement that specifies
 28 compensation and is paid to an employee for performing creditable
 29 service in that position. Creditable compensation shall include:

30 (1) Remuneration that is paid for the use of sick leave, vacation,
 31 and other employer-approved leave, except as provided in
 32 paragraph (4) of subdivision (b).

33 (2) Member contributions that are picked up by an employer
 34 pursuant to Section 22903 or 22904.

35 (3) Amounts that are deducted from a member’s salary or wages,
 36 including, but not limited to, deductions for participation in a
 37 deferred compensation plan; deductions to purchase an annuity
 38 contract, tax-deferred retirement plan, or insurance program; and
 39 contributions to a plan that meets the requirements of Section 125,

1 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United
2 States Code.

3 (4) Notwithstanding paragraph (11) of subdivision (b),
4 remuneration that is paid to achieve compensation parity between
5 part-time and full-time faculty of California Community Colleges
6 for similar work, as funded pursuant to the Budget Act.

7 (5) Notwithstanding paragraph (11) of subdivision (b),
8 remuneration that is paid based on the allocation of funds from
9 the California State Lottery Education Fund pursuant to Section
10 8880.5 of the Government Code.

11 (6) Notwithstanding paragraph (11) of subdivision (b),
12 remuneration that is paid when the number of students in the
13 classroom exceeds the contractual amount.

14 (7) Notwithstanding paragraphs (6) and (8) of subdivision (c)
15 of Section 7522.34 of the Government Code, remuneration that is
16 paid for creditable service that exceeds one year in a school year.

17 (b) “Creditable compensation” does not mean and shall not
18 include:

19 (1) Remuneration that is not paid in cash or is not paid to all
20 persons who are in the same class of employees.

21 (2) Remuneration that is paid for service that is not creditable
22 service pursuant to Section 22119.5.

23 (3) Remuneration that is paid in addition to salary or wages.

24 (4) Remuneration that is paid in exchange for the forfeiture of
25 unused accumulated leave.

26 (5) Annuity contracts, tax-deferred retirement plans, or insurance
27 programs and contributions to plans that meet the requirements of
28 Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26
29 of the United States Code when the cost is covered by an employer.

30 (6) Fringe benefits provided by an employer.

31 (7) Expenses paid or reimbursed by an employer.

32 (8) Severance pay, including lump-sum and installment
33 payments, or money paid in excess of salary or wages to a member
34 as compensatory damages or as a compromise settlement.

35 (9) Creditable compensation determined by the board to have
36 been paid to enhance a member’s benefit.

37 (10) Compensation paid to the member in lieu of benefits
38 provided to the member by the employer or paid directly by the
39 employer to a third party other than the retirement system for the
40 benefit of the member.

- 1 (11) Any one-time or ad hoc payments made to a member.
2 (12) Any employer-provided allowance, reimbursement, or
3 payment, including, but not limited to, one made for housing,
4 vehicle, or uniform.
5 (13) Any bonus paid in addition to compensation described in
6 subdivision (a).
7 (14) Any other payments the board determines not to be
8 “creditable compensation.”
9 (c) (1) Except for purposes of calculating credited service in
10 the Defined Benefit Program and for reporting compensation
11 earnable on or after January 1, 2013, creditable compensation in
12 any fiscal year shall not exceed 120 percent of the “contribution
13 and benefit base,” as determined under Section 430(b) of the Social
14 Security Act (42 U.S.C. Sec. 430(b)), on January 1, 2013.
15 (2) The board shall adjust the limit in paragraph (1) based on
16 changes to the Consumer Price Index for All Urban Consumers.
17 Notwithstanding paragraph (1) of subdivision (d) of Section
18 7522.10 of the Government Code, the adjustment shall be effective
19 annually on July 1, beginning July 1, 2014.
20 (3) The Legislature reserves the right to modify the requirements
21 of this subdivision with regard to all members subject to this
22 subdivision, except that the Legislature may not modify these
23 provisions in a manner that would result in a decrease in benefits
24 accrued prior to the effective date of the modification.
25 (4) This subdivision shall apply to compensation paid during
26 the ~~2013–14~~ 2013–14 fiscal year and each fiscal year thereafter.
27 (d) An employer or individual who knowingly or willfully
28 reports compensation in a manner inconsistent with subdivision
29 (a) or (b) may be subject to prosecution for fraud, theft, or
30 embezzlement in accordance with the Penal Code. The system
31 may establish procedures to ensure that compensation reported by
32 an employer is in compliance with this section.
33 (e) For purposes of this section, remuneration shall be considered
34 paid if it would be distributed to any person in the same class of
35 employees who meets the qualifications or requirements specified
36 in a collective bargaining agreement, an employment agreement,
37 or any other publicly available written contractual agreement that
38 specifies compensation as a condition of receiving the
39 remuneration.

1 (f) This definition of “creditable compensation” reflects sound
2 principles that support the integrity of the retirement fund. Those
3 principles include, but are not limited to, consistent treatment of
4 compensation throughout a member’s career, consistent treatment
5 of compensation among an entire class of employees, consistent
6 treatment of compensation for the position, preventing adverse
7 selection, and excluding from creditable compensation
8 remuneration that is paid to enhance a member’s benefits. The
9 board shall determine the appropriate crediting of contributions
10 according to these principles, to the extent not otherwise specified
11 pursuant to this part. A presumption by the board that creditable
12 compensation was paid to enhance the member’s benefits may be
13 rebutted by the member or by the employer on behalf of the
14 member. Upon receipt of sufficient evidence to the contrary, a
15 presumption by the board that creditable compensation was paid
16 to enhance the member’s benefits may be reversed.

17 ~~SEC. 6.~~

18 *SEC. 7.* Section 22134.5 of the Education Code is amended to
19 read:

20 22134.5. (a) Notwithstanding Section 22134, “final
21 compensation” means the highest average annual compensation
22 earnable by a member during any period of 12 consecutive months
23 while an active member of the Defined Benefit Program or time
24 during which he or she was not a member but for which the
25 member has received credit under the Defined Benefit Program,
26 except time that was so credited for service performed outside this
27 state prior to July 1, 1944.

28 (b) For purposes of this section, periods of service separated by
29 breaks in service may be aggregated to constitute a period of 12
30 consecutive months, if the periods of service are consecutive except
31 for the breaks.

32 (c) The determination of final compensation of a member who
33 has concurrent membership in any other retirement system pursuant
34 to Section 22115.2 shall take into consideration the compensation
35 earnable while a member of any other system, provided that both
36 of the following exist:

37 (1) Service under any other system was not performed during
38 the same pay period with service under the Defined Benefit
39 Program.

1 (2) Retirement under the Defined Benefit Program is concurrent
 2 with the member’s retirement under any other system.

3 (d) If a member has received service credit for part-time service
 4 performed prior to July 1, 1956, the member’s final compensation
 5 shall be adjusted for that service in excess of one year by the ratio
 6 that part-time service bears to full-time service.

7 (e) The board may specify a different final compensation with
 8 respect to disability allowances, disability retirement allowances,
 9 family allowances, and children’s portions of survivor benefit
 10 allowances payable on and after January 1, 1978. The compensation
 11 earnable for periods of part-time service shall be adjusted by the
 12 ratio that part-time service bears to full-time service.

13 (f) This section shall apply to the following:

14 (1) A member who has 25 or more years of credited service,
 15 excluding service credited pursuant to the following:

16 (A) Section 22714.

17 (B) Section 22715.

18 (C) Section 22717, except as provided in subdivision (b) of
 19 Section 22121.

20 (D) Section 22826.

21 (2) A nonmember spouse, if the member had 25 or more years
 22 of credited service, as calculated in paragraph (1), on the date the
 23 parties separated, as established in the judgment or court order
 24 pursuant to Section 22652.

25 (3) This section shall not apply to a member subject to the
 26 California Public Employees’ Pension Reform Act of 2013.

27 ~~SEC. 7.~~

28 SEC. 8. Section 22135 of the Education Code is amended to
 29 read:

30 22135. (a) Notwithstanding subdivisions (a) and (b) of Section
 31 22134, “final compensation” means the highest average annual
 32 compensation earnable by an active member who is a classroom
 33 teacher *not subject to the California Public Employees’ Pension*
 34 *Reform Act of 2013 and* who retires, becomes disabled, or dies,
 35 after June 30, 1990, during any period of 12 consecutive months
 36 during his or her membership in the plan’s Defined Benefit
 37 Program.

38 (b) Section 22134, except subdivision (a) of that section, shall
 39 apply to classroom teachers who retire after June 30, 1990, and
 40 any statutory reference to Section 22134 or “final compensation”

1 with respect to a classroom teacher who retires, becomes disabled,
2 or dies, after June 30, 1990, shall be deemed to be a reference to
3 this section.

4 (c) As used in this section, “classroom teacher” means any of
5 the following:

6 (1) All teachers and substitute teachers in positions requiring
7 certification qualifications who spend, during the last 10 years of
8 their employment with the same employer which immediately
9 precedes their retirement, 60 percent or more of their contract time
10 each year providing direct instruction. For the purpose of
11 determining continuity of employment within the meaning of this
12 subdivision, an authorized leave of absence for sabbatical or illness
13 or other collectively bargained or employer-approved leaves shall
14 not constitute a break in service.

15 (2) Other certificated personnel who spend, during the last 10
16 years of their employment with the same employer that
17 immediately precedes their retirement, 60 percent or more of their
18 contract time each year providing direct services to pupils,
19 including, but not limited to, librarians, counselors, nurses, speech
20 therapists, resource specialists, audiologists, audiometrists,
21 hygienists, optometrists, psychologists, driver safety instructors,
22 and personnel on special assignment to perform school attendance
23 and adjustment services.

24 (d) As used in this section, “classroom teacher” does not include
25 any of the following:

26 (1) Certificated employees whose job descriptions require an
27 administrative credential.

28 (2) Certificated employees whose job descriptions include
29 responsibility for supervision of certificated staff.

30 (3) Certificated employees who serve as advisers, coordinators,
31 consultants, or developers or planners of curricula, instructional
32 materials, or programs, who spend, during the last 10 years of their
33 employment with the same employer that immediately precedes
34 their retirement, less than 60 percent of their contract time in direct
35 instruction.

36 (4) Certificated employees whose job descriptions require
37 provision of direct instruction or services, but who are functioning
38 in nonteaching assignments.

39 (5) Classified employees.

1 (e) This section shall apply only to teachers employed by an
2 employer that has, pursuant to Chapter 10.7 (commencing with
3 Section 3540) of Division 4 of Title 1 of the Government Code,
4 entered into, *extended, renewed, or amended* a written agreement
5 with an exclusive representative, *prior to January 1, 2014*, that
6 makes this section applicable to all of its classroom teachers, as
7 defined in subdivision (c).

8 (f) The written agreement shall include a mechanism to pay for
9 all increases in allowances provided for by this section through
10 employer contributions or employee contributions or both, which
11 shall be collected and retained by the employer in a trust fund to
12 be used solely and exclusively to pay the system for all increases
13 in allowances provided by this section and related administrative
14 costs; and a mechanism for disposition of the employee's
15 contributions if employment is terminated before retirement, and
16 for the establishment of a trust fund board. The trust fund board
17 shall administer the trust fund and shall be composed of an equal
18 number of members representing classroom teachers chosen by
19 the bargaining agent and the employer. If the employer agrees to
20 pay the total cost of increases in allowances, the establishment of
21 a trust fund and a trust fund board shall be optional to the employer.
22 The employer, within 30 days of receiving an invoice from the
23 system, shall reimburse the retirement fund the amount determined
24 by the Teachers' Retirement Board to be the actuarial equivalent
25 of the difference between the allowance the member or beneficiary
26 receives pursuant to this section and the allowance the member or
27 beneficiary would have received if the member's final
28 compensation had been computed under Section 22134 and the
29 proportionate share of the cost to the plan's Defined Benefit
30 Program, as determined by the Teachers' Retirement Board, of
31 administering this section. The payment shall include the cost of
32 all increases in allowances provided for by this section for all years
33 of service credited to the member as of the benefit effective date.
34 Interest shall be charged at the regular interest rate for any payment
35 not received within 30 days of receipt of the invoice. Payments
36 not received within 30 days after receipt of the invoice may be
37 collected pursuant to Section 23007.

38 (g) Upon the execution of the agreement, the employer shall
39 notify all certificated employees of the agreement and any
40 certificated employee of the employer, who is a member of the

1 Public Employees' Retirement System pursuant to Section 22508,
2 that he or she may, within 60 days following the date of
3 notification, elect to terminate his or her membership in the Public
4 Employees' Retirement System and become a member of this
5 plan's Defined Benefit Program. However, only service credited
6 under the Defined Benefit Program subsequent to the date of that
7 election shall be subject to this section.

8 (h) An employer that agrees to become subject to this section,
9 shall, on a form and within the timeframes prescribed by the
10 system, certify the applicability of this section to a member
11 pursuant to the criteria set forth in this section when a retirement,
12 disability, or family allowance becomes payable.

13 (i) For a nonmember spouse, final compensation shall be
14 determined pursuant to paragraph ~~(2)~~ (5) of subdivision (c) of
15 Section 22664. The employer, within 30 days of receiving an
16 invoice from the system, shall reimburse the retirement fund
17 pursuant to subdivision (f). Interest shall be charged at the regular
18 interest rate for payments not received within the prescribed
19 timeframe. Payments not received within 30 days of invoicing
20 may be collected pursuant to Section 23007.

21 ~~(j) This section shall not apply to a member subject to the~~
22 ~~California Public Employees' Pension Reform Act of 2013.~~

23 *SEC. 9. Section 22146.2 is added to the Education Code, to*
24 *read:*

25 *22146.2. (a) Notwithstanding subdivision (f) of Section 7522.04*
26 *of the Government Code, "member subject to the California Public*
27 *Employees' Pension Reform Act of 2013" means a person who*
28 *first becomes employed to perform creditable service subject to*
29 *coverage under the Defined Benefit Program on or after January*
30 *1, 2013.*

31 *(b) A member as defined in subdivision (a) does not include a*
32 *person who was a member on or before December 31, 2012, of*
33 *the California Public Employees' Retirement System, the*
34 *Legislators' Retirement System, the University of California*
35 *Retirement System, a county retirement system established under*
36 *Chapter 3 (commencing with Section 31450) of Part 3 of Division*
37 *4 of Title 3 of the Government Code, or the San Francisco*
38 *Employees' Retirement System and the person performed service*
39 *in the other retirement system within the six months prior to the*

1 *commencement of creditable service under the Defined Benefit*
 2 *Program.*

3 *(c) This section shall be deemed to have become operative on*
 4 *January 1, 2013.*

5 ~~SEC. 8.~~

6 *SEC. 10.* Section 22148 of the Education Code is amended to
 7 read:

8 22148. “Normal retirement” and “normal retirement age” mean
 9 60 years of age, or 62 years of age for a member subject to the
 10 California Public Employees’ Pension Reform Act of 2013, which
 11 is the age upon attainment of which the member becomes eligible
 12 under the Defined Benefit Program for a service retirement
 13 allowance without reduction because of age and without special
 14 qualifications.

15 ~~SEC. 9.~~

16 *SEC. 11.* Section 22160.5 is added to the Education Code, to
 17 read:

18 22160.5. “Public employer” means a public employer as
 19 defined in subdivision (i) of Section 7522.04 of the Government
 20 Code.

21 ~~SEC. 10.~~

22 *SEC. 12.* Section 22327 of the Education Code is amended to
 23 read:

24 22327. Notwithstanding any other provision of law, the
 25 Employment Development Department shall disclose to the ~~board~~
 26 *system* information in its possession relating to the earnings of
 27 any person who is a member of the Defined Benefit Program, *if*
 28 *the member is receiving a disability benefit or performing retired*
 29 *member activities.* The earnings information shall be released to
 30 the ~~board~~ *system* only upon written request from the ~~board~~ *system*
 31 specifying that the person is a member of the Defined Benefit
 32 Program *and is receiving a disability benefit or performing retired*
 33 *member activities. The system shall use the information obtained*
 34 *pursuant to this section only for purposes of Chapter 25*
 35 *(commencing with Section 24001), Chapter 26 (commencing with*
 36 *the Section 24100), Section 24214, or Section 24214.5.* The request
 37 may be made by the chief executive officer of the system or by an
 38 employee of the system so authorized and identified by name and
 39 title by the chief executive officer in writing. The ~~board~~ *system*
 40 shall notify members *receiving a disability benefit or performing*

1 *retired member activities* that earnings information shall be
2 obtained from the Employment Development Department upon
3 request by the ~~board system~~. The ~~board system~~ shall not release
4 any earnings information received from the Employment
5 Development Department to any person, agency, or other entity.
6 The system shall reimburse the Employment Development
7 Department for all reasonable administrative expenses incurred
8 pursuant to this section.

9 ~~SEC. 11.~~

10 *SEC. 13.* Section 22664 of the Education Code is amended to
11 read:

12 22664. The nonmember spouse who is awarded a separate
13 account shall have the right to a service retirement allowance and,
14 if applicable, a retirement benefit under this part.

15 (a) The nonmember spouse shall be eligible to retire for service
16 under this part if the following conditions are satisfied:

17 (1) The member had at least five years of credited service during
18 the period of marriage, at least one year of which had been
19 performed subsequent to the most recent refund to the member of
20 accumulated retirement contributions. The credited service may
21 include service credited to the account of the member as of the
22 date of the dissolution or legal separation, previously refunded
23 service, out-of-state service, and permissive service credit that the
24 member is eligible to purchase at the time of the dissolution or
25 legal separation.

26 (2) The nonmember spouse has at least 2½ years of credited
27 service in his or her separate account.

28 (3) The nonmember spouse has attained 55 years of age or more.

29 (b) A service retirement allowance of a nonmember spouse
30 under this part shall become effective upon a date designated by
31 the nonmember spouse, provided:

32 (1) The requirements of subdivision (a) are satisfied.

33 (2) The nonmember spouse has filed an application for service
34 retirement on a properly executed form provided by the system,
35 that is executed no earlier than six months before the effective date
36 of the retirement allowance.

37 (3) The effective date is no earlier than the first day of the month
38 that the application is received at the system's headquarters office
39 as described in Section 22375, and the effective date is after the

1 date the judgment or court order pursuant to Section 22652 was
2 entered.

3 (c) (1) Upon service retirement at normal retirement age under
4 this part, the nonmember spouse shall receive a retirement
5 allowance that shall consist of an annual allowance payable in
6 monthly installments equal to 2 percent of final compensation for
7 each year of credited service.

8 (2) If the nonmember spouse’s retirement is effective at less
9 than normal retirement age and between early retirement age under
10 this part and normal retirement age, the retirement allowance shall
11 be reduced by one-half of 1 percent for each full month, or fraction
12 of a month, that will elapse until the nonmember spouse would
13 have reached normal retirement age.

14 (3) If the nonmember spouse’s service retirement is effective
15 at an age greater than normal retirement age and is effective on or
16 after January 1, 1999, the percentage of final compensation for
17 each year of credited service shall be determined pursuant to the
18 following table:

19	Age at Retirement	Percentage
20	60¼	2.033
21	60½	2.067
22	60¾	2.10
23	61	2.133
24	61¼	2.167
25	61½	2.20
26	61¾	2.233
27	62	2.267
28	62¼	2.30
29	62½	2.333
30	62¾	2.367
31	63 and over	2.40
32		

33
34 (4) In computing the retirement allowance of the nonmember
35 spouse, the age of the nonmember spouse on the last day of the
36 month that the retirement allowance begins to accrue shall be used.

37 (5) Final compensation, for purposes of calculating the service
38 retirement allowance of the nonmember spouse under this
39 subdivision, shall be calculated according to the definition of final
40 compensation in Section 22134, 22134.5, 22135, or 22136,

1 whichever is applicable, and shall be based on the member's
2 compensation earnable up to the date the parties separated, as
3 established in the judgment or court order pursuant to Section
4 22652. The nonmember spouse shall not be entitled to use any
5 other calculation of final compensation.

6 (d) Upon service retirement under this part, the nonmember
7 spouse shall receive a retirement benefit based on an amount equal
8 to the balance of credits in the nonmember spouse's Defined
9 Benefit Supplement account on the date the retirement benefit
10 becomes payable.

11 (1) A retirement benefit shall be a lump-sum payment, or an
12 annuity payable in monthly installments, or a combination of both
13 a lump-sum payment and an annuity, as elected by the nonmember
14 spouse on the application for a retirement benefit. A retirement
15 benefit paid as an annuity under this chapter shall be subject to
16 Sections 22660, 25011, and 25011.1.

17 (2) Upon distribution of the entire retirement benefit in a
18 lump-sum payment, no other benefit shall be payable to the
19 nonmember spouse or the nonmember spouse's beneficiary under
20 the Defined Benefit Supplement Program.

21 (e) If the member is or was receiving a disability allowance
22 under this part with an effective date before or on the date the
23 parties separated as established in the judgment or court order
24 pursuant to Section 22652, or at any time applies for and receives
25 a disability allowance with an effective date that is before or
26 coincides with the date the parties separated as established in the
27 judgment or court order pursuant to Section 22652, the nonmember
28 spouse shall not be eligible to retire until after the disability
29 allowance of the member terminates. If the member who is or was
30 receiving a disability allowance returns to employment to perform
31 creditable service subject to coverage under the Defined Benefit
32 Program or has his or her allowance terminated under Section
33 24015, the nonmember spouse may not be paid a retirement
34 allowance until at least six months after termination of the disability
35 allowance and the return of the member to employment to perform
36 creditable service subject to coverage under the Defined Benefit
37 Program, or the termination of the disability allowance and the
38 employment or self-employment of the member in any capacity,
39 notwithstanding Section 22132. If at the end of the six-month
40 period, the member has not had a recurrence of the original

1 disability or has not had his or her earnings fall below the amounts
2 described in Section 24015, the nonmember spouse may be paid
3 a retirement allowance if all other eligibility requirements are met.

4 (1) The retirement allowance of the nonmember spouse under
5 this subdivision shall be calculated as follows: the disability
6 allowance the member was receiving, exclusive of the portion for
7 dependent children, shall be divided between the share of the
8 member and the share of the nonmember spouse. The share of the
9 nonmember spouse shall be the amount obtained by multiplying
10 the disability allowance, exclusive of the portion for dependent
11 children, by the years of service credited to the separate account
12 of the nonmember spouse, including service projected to the date
13 of separation, and dividing by the projected service of the member.
14 The nonmember spouse's retirement allowance shall be the lesser
15 of the share of the nonmember spouse under this subdivision or
16 the retirement allowance under subdivision (c).

17 (2) The share of the member shall be the total disability
18 allowance reduced by the share of the nonmember spouse. The
19 share of the member shall be considered the disability allowance
20 of the member for purposes of Section 24213.

21 (f) The nonmember spouse who receives a retirement allowance
22 is not a retired member under this part. However, the allowance
23 of the nonmember spouse shall be increased by application of the
24 improvement factor and shall be eligible for the application of
25 supplemental increases and other benefit maintenance provisions
26 under this part, including, but not limited to, Sections 24412 and
27 24415 based on the same criteria used for the application of these
28 benefit maintenance increases to the service retirement allowances
29 of members.

30 (g) Paragraphs (1) through (3), inclusive, of subdivision (c) shall
31 not apply to a nonmember spouse of a member subject to the
32 California Public Employees' Pension Reform Act of 2013. For a
33 person who is a nonmember spouse of a member subject to the
34 California Public Employees' Pension Reform Act of 2013 and is
35 awarded a separate account, the retirement allowance shall equal
36 the percentage of final compensation for each year of credited
37 service that is equal to the percentage specified in Section 24202.6
38 based on the age of the nonmember spouse on the effective date
39 of the allowance.

1 ~~SEC. 12.~~

2 *SEC. 14.* Section 22826 of the Education Code is amended to
3 read:

4 22826. (a) A member, other than a retired member, may
5 request to purchase up to five years of nonqualified service credit
6 provided the member is vested in the Defined Benefit Program as
7 provided in Section 22156.

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

15 (c) This section shall apply only to an application to purchase
16 nonqualified service credit on a properly executed form provided
17 by the system and received at the system's headquarters office, as
18 established pursuant to Section 22375, prior to January 1, 2013,
19 that is subsequently approved by the system.

20 ~~SEC. 13.~~

21 *SEC. 15.* Section 22901 of the Education Code is amended to
22 read:

23 22901. (a) Each member of the Defined Benefit Program shall
24 contribute to the retirement fund an amount equivalent to 8 percent
25 of the member's creditable compensation, unless he or she is a
26 member subject to the California Public Employees' Pension
27 Reform Act of 2013.

28 (b) Each member subject to the California Public Employees'
29 Pension Reform Act of 2013 shall contribute to the retirement fund
30 an amount equivalent to the percentage of the member's creditable
31 compensation calculated as follows:

32 (1) An initial percentage equal to 50 percent of the normal cost
33 rate of benefits applicable to members subject to the California
34 Public Employees' Pension Reform Act of 2013, rounded to the
35 nearest quarter of 1 percent.

36 (2) Notwithstanding paragraph (1), once established, the
37 percentage described in paragraph (1) shall not be adjusted on
38 account of a change to the normal cost rate unless the normal cost
39 rate increases or decreases by more than 1 percent of payroll above
40 or below the normal cost rate in effect at the time the percentage

1 is first established or, if later, the normal cost rate in effect at the
 2 time of the last adjustment.

3 (c) Notwithstanding Section 22905, any member contributions
 4 for service performed during the 2010–11 school year with a
 5 service period ending after December 31, 2010, shall be credited
 6 pursuant to subdivision (a).

7 ~~SEC. 14.~~

8 *SEC. 16.* Section 22901.3 of the Education Code is amended
 9 to read:

10 22901.3. (a) Notwithstanding Section 22901, *except as*
 11 *provided in subdivision (c), the normal rate of contribution rate*
 12 for a “state employee,” as defined in subdivision (c) of Section
 13 3513 of the Government Code, who is a member of the Defined
 14 Benefit Program, may be established by a memorandum of
 15 understanding reached pursuant to Section 3517.5 of the
 16 Government Code. The memorandum of understanding shall be
 17 controlling without further legislative action, except that if the
 18 provisions of the memorandum of understanding require the
 19 expenditure of funds, the provisions may not become effective
 20 unless approved by the Legislature in the annual Budget Act.

21 (b) Except as provided in subdivision (c), *the Director of Human*
 22 *Resources may establish the normal rate of contribution rate* for
 23 a state employee who is a member of the Defined Benefit Program
 24 who is excepted from the definition of “state employee” in
 25 subdivision (c) of Section 3513 of the Government Code, and an
 26 officer or employee of the executive branch of state government
 27 who is not a member of the civil service. ~~The normal rate of~~
 28 *contribution rate shall be the same for all members identified in*
 29 *this subdivision. The contribution rate shall be effective the*
 30 *beginning of the pay period indicated by the Director of Human*
 31 *Resources but shall be no earlier than the beginning of the pay*
 32 *period following the date the board system receives notification.*

33 ~~(c) The Notwithstanding any other provision of law, thenormal~~
 34 *contribution rate for members subject to the California Public*
 35 *Employees’ Pension Reform Act of 2013 who are state employees*
 36 *is subject to the provisions of subdivision (e) of Section 7522.30*
 37 *of the Government Code.*

38 ~~SEC. 15.~~

39 *SEC. 17.* Section 22905 of the Education Code is amended to
 40 read:

1 22905. (a) Member contributions pursuant to Section 22901,
2 employer contributions pursuant to Section 22903 or 22904, and
3 member contributions made by an employer pursuant to Section
4 22909 shall be credited to the member's individual account under
5 the Defined Benefit Program or the Defined Benefit Supplement
6 Program, whichever is applicable pursuant to the provisions of
7 this part.

8 (b) Except as provided in subdivision (f), member and employer
9 contributions, exclusive of contributions pursuant to Section 22951,
10 on a member's compensation under the following circumstances
11 shall be credited to the member's Defined Benefit Supplement
12 account:

13 (1) Compensation for creditable service that exceeds one year
14 in a school year.

15 (2) Compensation that is consistent with subdivision (b) of
16 Section 22119.2.

17 (3) Compensation that is paid for a ~~specified~~ *limited* number of
18 times as ~~limited~~ *specified* by law, a collective bargaining
19 agreement, or an employment agreement.

20 (c) A member may not make voluntary pretax or posttax
21 contributions under the Defined Benefit Supplement Program,
22 except as provided in subdivision (d), nor may a member redeposit
23 amounts previously distributed based on the balance in the
24 member's Defined Benefit Supplement account.

25 (d) Member and employer contributions pursuant to paragraph
26 (1) of subdivision (b) under the Defined Benefit Supplement
27 Program shall be credited to the accounts of members as of July
28 1 each year following a determination by the system under the
29 provisions of this part that those contributions should be credited
30 to the Defined Benefit Supplement Program. Any other
31 contributions under the Defined Benefit Supplement Program
32 pursuant to paragraph (2) or (3) of subdivision (b), shall be credited
33 to the individual account of the member upon receipt by the system.
34 Contributions to a member's Defined Benefit Supplement account
35 shall be identified separately from the member's contributions
36 credited under the Defined Benefit Program.

37 (e) The provisions of this section shall become operative on
38 July 1, 2002, if the revenue limit cost-of-living adjustment
39 computed by the Superintendent of Public Instruction for the

1 2001–02 fiscal year is equal to or greater than 3.5 percent.
 2 Otherwise this section shall become operative on July 1, 2003.

3 (f) Paragraphs (2) and (3) of subdivision (b) shall not apply to
 4 a member subject to the California Public Employees’ Pension
 5 Reform Act of 2013.

6 ~~SEC. 16.~~

7 *SEC. 18.* Section 22909 of the Education Code is amended to
 8 read:

9 22909. (a) Notwithstanding Sections 22901, 22956, and 23000,
 10 an employer may pay all or a portion of the contributions required
 11 to be paid by a member of the Defined Benefit Program. Where
 12 the member is included in a group or class of employment *in which*
 13 *no members are subject to the California Public Employees’*
 14 *Pension Reform Act of 2013*, the payment shall be for all members
 15 in the group or class of employment. The payments shall be
 16 credited to member accounts pursuant to Section 22905. The
 17 employer shall report contributions to the system as if the member
 18 and the employer were paying the contributions in accordance
 19 with this part, notwithstanding this section. For purposes of this
 20 chapter, the member’s contributions shall be considered to be the
 21 percentage of the member’s creditable compensation that would
 22 have been paid pursuant to this chapter, notwithstanding this
 23 section. Notwithstanding Section 22119.2, contributions paid
 24 pursuant to this section may not be included in creditable
 25 compensation.

26 (b) Nothing in this section shall be construed to limit the
 27 authority of an employer to periodically increase, reduce, or
 28 eliminate the payment by the employer of all or a portion of the
 29 contributions required to be paid by members of the Defined
 30 Benefit Program, as authorized by this section.

31 (c) This section shall only apply to an employer that is picking
 32 up members’ contributions pursuant to Section 22903 or 22904.

33 ~~(d) This section shall not apply to a member subject to the~~
 34 ~~California Public Employees’ Pension Reform Act of 2013.~~

35 (d) *As of January 1, 2013, this section shall not apply if the*
 36 *group or class of employment includes members who are subject*
 37 *to the Public Employees’ Pension Reform Act of 2013* *If the terms*
 38 *of a written agreement with an exclusive representative that is in*
 39 *effect on January 1, 2013, would be impaired by this subdivision,*
 40 *this subdivision shall not apply to the employer and members*

1 *subject to that written agreement until the expiration of that written*
2 *agreement. A renewal, amendment, or any other extension of that*
3 *written agreement shall be subject to the requirements of this*
4 *subdivision.*

5 *(e) As of January 1, 2014, this section shall not apply if the*
6 *group or class of employment does not include members who are*
7 *subject to the Public Employees' Pension Reform Act 2013. If the*
8 *terms of a written agreement with an exclusive representative that*
9 *is in effect on January 1, 2014, would be impaired by this*
10 *subdivision, this subdivision shall not apply to the employer and*
11 *members subject to that written agreement until the expiration of*
12 *that written agreement. A renewal, amendment, or any other*
13 *extension of that written agreement shall be subject to the*
14 *requirements of this subdivision.*

15 ~~SEC. 17.~~

16 *SEC. 19.* Section 23855 of the Education Code is amended to
17 read:

18 23855. (a) The survivor benefit allowance is a monthly
19 allowance equal to one-half of the modified retirement allowance
20 the member would have received at normal retirement age, if the
21 member had retired and elected Option 3 pursuant to Section
22 24300, as that section read on December 31, 2006, naming the
23 spouse as the option beneficiary.

24 (b) The allowance payable under this subdivision shall be based
25 on the member's actual service credit and final compensation as
26 of the date of his or her death, the retirement factor at normal
27 retirement age, and the member's and spouse's ages as of the date
28 the member would have attained normal retirement age. If the
29 member's death occurs after he or she attains normal retirement
30 age, his or her actual final compensation, the retirement factor at
31 normal retirement age, and the member's and spouse's ages as of
32 the date of the member's death shall be used in the allowance
33 calculation.

34 (c) The allowance calculation shall include service credit for
35 the unused sick leave that had accrued to the member as of the
36 date of his or her death. Eligibility for the inclusion of unused sick
37 leave service credit and the calculation of that service credit shall
38 be determined pursuant to Section 22717.

39 (d) (1) The allowance calculation shall not include either of the
40 following:

1 (A) The increase in the percentage of final compensation
2 pursuant to Section 24203.5.

3 (B) The increase of the monthly allowance pursuant to Section
4 24203.6.

5 (2) The amendments to this section made by the act adding this
6 paragraph do not constitute a change in, but are declaratory of,
7 existing law.

8 (e) The surviving spouse may elect to begin receiving the
9 survivor benefit allowance immediately as of the date of the
10 member's death or to defer receipt of the allowance to the date the
11 member would have attained normal retirement age. If allowance
12 payments to the surviving spouse commence prior to the date the
13 member would have attained normal retirement age, the allowance
14 payable shall be actuarially reduced.

15 (f) If the spouse elects, pursuant to Section 23852, to receive
16 the survivor benefit allowance, an additional 10 percent of final
17 compensation shall be payable for each dependent child who is
18 under 21 years of age, up to a maximum of 50 percent of final
19 compensation. The child's portion shall begin to accrue on the day
20 following the member's date of death and shall be payable even
21 if the spouse elects to postpone receipt of the spouse's survivor
22 benefit allowance until the date the member would have attained
23 normal retirement age.

24 (g) If there is no surviving spouse, an allowance in an amount
25 equal to 10 percent of the deceased member's final compensation
26 shall be paid to each dependent child who is under 21 years of age,
27 up to a maximum of 50 percent of final compensation. If there are
28 more than five dependent children, they shall receive allowances
29 in equal shares of the 50 percent of final compensation. A child's
30 portion of the survivor benefit allowance shall begin to accrue on
31 the day following the member's date of death.

32 ~~SEC. 18:~~

33 *SEC. 20.* Section 24202 of the Education Code is amended to
34 read:

35 24202. (a) A member who retires for service after June 30,
36 1972, shall receive a retirement allowance consisting of both of
37 the following:

38 (1) An annual allowance payable in monthly installments, upon
39 retirement at normal retirement age but less than age $60\frac{1}{4}$, equal
40 to 2 percent of the final compensation for each year of credited

1 service. If the member’s retirement is effective at less than normal
2 retirement age and between early retirement age and normal
3 retirement age, the member’s allowance shall be reduced by
4 one-half of 1 percent for each full month, or fraction of a month
5 that will elapse until the member will attain normal retirement age.

6 (2) An annuity that shall be the actuarial equivalent of the
7 accumulated annuity deposit contributions standing to the credit
8 of the member’s account at the time of retirement.

9 (b) In computing the amounts described in subdivision (a), the
10 age of the member on the last day of the month in which the
11 retirement allowance begins to accrue or such later date as provided
12 in Section 24204 shall be used.

13 (c) The amendments to this section during the 1997–98 Regular
14 Session of the Legislature shall not apply to state employees.

15 (d) This section shall not apply to a member subject to the
16 California Public Employees’ Pension Reform Act of 2013.

17 ~~SEC. 19.~~

18 *SEC. 21.* Section 24202.5 of the Education Code is amended
19 to read:

20 24202.5. (a) A member who retires for service on or after
21 January 1, 1999, shall receive a retirement allowance consisting
22 of all of the following:

23 (1) An annual allowance payable in monthly installments, upon
24 retirement equal to the percentage of the final compensation set
25 forth opposite the member’s age at retirement in the following
26 table multiplied by each year of credited service:

Age at Retirement	Percentage
28 60	2.00
29 60¼	2.033
30 60½	2.067
31 60¾	2.10
32 61	2.133
33 61¼	2.167
34 61½	2.20
35 61¾	2.233
36 62	2.267
37 62¼	2.30
38 62½	2.333
39 62¾	2.367
40	

1 63 and over 2.40

2

3 If the member’s retirement is effective at less than normal
4 retirement age and between early retirement age and normal
5 retirement age, the member’s allowance shall be reduced by
6 one-half of 1 percent for each full month, or fraction of a month
7 that will elapse until the member will attain normal retirement age.

8 (2) An annuity that shall be the actuarial equivalent of the
9 member’s accumulated annuity deposit contributions at the time
10 of retirement.

11 (3) An annuity based on the balance of credits in the member’s
12 Defined Benefit Supplement account, pursuant to Section 25012,
13 if elected by the member pursuant to Section 25011 or 25011.1.

14 (b) In computing the amounts described in paragraph (1) of
15 subdivision (a), the age of the member on the last day of the month
16 in which the retirement allowance begins to accrue or the later
17 date as described in Section 24204 shall be used.

18 (c) This section shall not apply to a member subject to the
19 California Public Employees’ Pension Reform Act of 2013.

20 ~~SEC. 20:~~

21 *SEC. 22.* Section 24202.6 of the Education Code is amended
22 to read:

23 24202.6. (a) A member ~~who is~~ subject to the California Public
24 Employees’ Pension Reform Act of 2013; shall receive a retirement
25 allowance consisting of all of the following:

26 (1) An annual allowance payable in monthly installments upon
27 retirement equal to the percentage of the final compensation set
28 forth opposite the member’s age at retirement in the following
29 table multiplied by each year of credited service:

30

31 Age at Retirement	Percentage
32 62.....	2.000
33 62 ¼.....	2.033
34 62 ½.....	2.067
35 62 ¾.....	2.100
36 63.....	2.133
37 63 ¼.....	2.167
38 63 ½.....	2.200
39 63 ¾.....	2.233
40 64.....	2.267

1	64 ¼.....	2.300
2	64 ½.....	2.333
3	64 ¾.....	2.367
4	65.....	2.400

5
6 (2) If a member retires after attaining early retirement age but
7 before attaining normal retirement age, the member’s allowance
8 shall be reduced by one-half of 1 percent for each full month, or
9 fraction of a month, that will elapse until the member will attain
10 normal retirement age.

11 (b) In computing the amounts described in paragraph (1) of
12 subdivision (a), the age of the member on the last day of the month
13 in which the retirement allowance begins to be payable or the later
14 date as described in Section 24204 shall be used.

15 (c) Creditable compensation used to calculate the defined benefit
16 shall be limited as described in Section 22119.3.

17 ~~SEC. 21.~~

18 *SEC. 23.* Section 24202.7 of the Education Code is amended
19 to read:

20 24202.7. Notwithstanding any other provision of this part, for
21 a member subject to the California Public Employees’ Pension
22 Reform Act of 2013, the minimum retirement age shall be 55 years
23 of age, the early retirement age shall be 55 years of age, and the
24 normal retirement age shall be 62 years of age.

25 ~~SEC. 22.~~

26 *SEC. 24.* Section 24203 of the Education Code is amended to
27 read:

28 24203. (a) A member who has 30 years of credited service
29 under this part may retire at age 50 years or older and receive an
30 annual allowance equal to 2 percent of final compensation for each
31 year of credited service. If the member has attained age 50 years,
32 but has not attained early retirement age, the allowance shall be
33 reduced by one-quarter of 1 percent for each full month or fraction
34 of a month that will elapse until the member will attain early
35 retirement age and one-half of 1 percent for each full month, or
36 fraction of a month between early retirement age and normal
37 retirement age.

38 (b) In computing the amounts described in subdivision (a), the
39 age of the member on the last day of the month in which the

1 retirement allowance begins to accrue or any later date provided
2 in Section 24204 shall be used.

3 (c) This section shall not apply to a member subject to the
4 California Public Employees' Pension Reform Act of 2013.

5 ~~SEC. 23.~~

6 *SEC. 25.* Section 24205 of the Education Code is amended to
7 read:

8 24205. A member retiring prior to 60 years of age, and who
9 has attained 55 years of age, may elect to receive one-half of the
10 service retirement allowance for normal retirement age for a limited
11 time and then revert to the full retirement allowance for normal
12 retirement age.

13 (a) The retirement allowance shall be based on service credit
14 and final compensation as of the date of retirement for service and
15 shall be calculated with the factor for normal retirement age.

16 (b) If the member elects a joint and survivor option under
17 Section 24300 or 24300.1, the actuarial reduction shall be based
18 on the member's and beneficiary's ages as of the effective date of
19 the early retirement. If the member elected a preretirement option
20 under Section 24307, the actuarial reduction shall be based on the
21 member's and beneficiary's ages as determined by the provisions
22 of that section.

23 (c) One-half of the retirement allowance as of 60 years of age
24 shall be paid for a period of time equal to twice the elapsed time
25 between the effective date of retirement and the date of the retired
26 member's 60th birthday.

27 (d) The full retirement allowance as calculated under subdivision
28 (a) or (b) shall begin to accrue as of the first of the month following
29 the reduction period as specified in subdivision (c). The full
30 retirement allowance shall not begin to accrue prior to this time
31 under any circumstances, including, but not limited to, divorce or
32 death of the named beneficiary.

33 (e) The annual improvement factor provided for in Sections
34 22140 and 22141 shall be based upon the retirement allowance as
35 calculated under subdivision (a) or (b). The improvement factor
36 shall begin to accrue on September 1 following the retired
37 member's 60th birthday. These increases shall be accumulated
38 and shall become payable when the full retirement allowance for
39 normal retirement age first becomes payable.

1 (f) Any ad hoc benefit increase with an effective date prior to
2 the retired member's 60th birthday shall not affect an allowance
3 payable under this section. Only those ad hoc improvements with
4 effective dates on or after the retired member's 60th birthday shall
5 be accrued and accumulated and shall first become payable when
6 the full retirement allowance for normal retirement age becomes
7 payable.

8 (g) The cancellation of an option election in accordance with
9 Section 24305 shall not cancel the election under this section.
10 Upon cancellation of the joint and survivor option, one-half of the
11 retired member's retirement allowance as calculated under
12 subdivision (a) shall become payable for the balance of the
13 reduction period specified in subdivision (c).

14 (h) If a retired member who has elected a joint and survivor
15 option dies during the period when the reduced allowance is
16 payable, the beneficiary shall receive one-half of the allowance
17 payable to the beneficiary until the date when the retired member
18 would have received the full retirement allowance for normal
19 retirement age. At that time, the beneficiary's allowance shall be
20 increased to the full amount payable to the beneficiary plus the
21 appropriate annual improvement factor increases and ad hoc
22 increases.

23 (i) This section shall not apply to a member who retires for
24 service pursuant to Section 24201.5, 24209, 24209.3, 24210,
25 24211, or 24212.

26 (j) This section shall not apply to a member subject to the
27 California Public Employees' Pension Reform Act of 2013.

28 ~~SEC. 24.~~

29 *SEC. 26.* Section 24206 of the Education Code is amended to
30 read:

31 24206. The minimum unmodified allowance for service
32 retirement under the Defined Benefit Program, exclusive of
33 annuities payable from accumulated annuity deposit contributions
34 and exclusive of the balance of credits in the member's Defined
35 Benefit Supplement account, shall not be less than ten dollars (\$10)
36 per month multiplied by the member's years of credited service.
37 This guaranteed amount shall be reduced by the amount of an
38 unmodified allowance payable from a local system based on service
39 credited under the Defined Benefit Program. If the retirement is
40 effective at less than normal retirement age this allowance shall

1 be reduced by one-half of 1 percent for each full month or fraction
2 of a month that will elapse until the member would have reached
3 normal retirement age.

4 ~~SEC. 25.~~

5 *SEC. 27.* Section 24209 of the Education Code is amended to
6 read:

7 24209. (a) Upon retirement for service following reinstatement,
8 the member shall receive a service retirement allowance equal to
9 the sum of both of the following:

10 (1) An amount equal to the monthly allowance the member was
11 eligible to receive immediately preceding reinstatement, exclusive
12 of any amounts payable pursuant to Section 22714, or 22715,
13 increased by the improvement factor that would have been applied
14 to the allowance if the member had not reinstated.

15 (2) An amount calculated pursuant to Section 24202, 24202.5,
16 24202.6, 24203, 24203.5, or 24206 on service credited subsequent
17 to the most recent reinstatement, the member's age at retirement,
18 and final compensation.

19 (b) If the total amount of credited service, other than that accrued
20 pursuant to Sections 22714, 22715, 22717, 22717.5, and 22826,
21 is equal to or greater than 30 years, the amounts identified in
22 paragraphs (1), for members who initially retired on or after
23 January 1, 1999, and (2) of subdivision (a) shall be calculated
24 pursuant to Section 24203.5.

25 (c) If the total amount of credited service, other than that accrued
26 pursuant to Sections 22714, 22715, 22717, 22717.5, and 22826,
27 is equal to or greater than 30 years, upon retirement for service
28 following reinstatement, a member who retired pursuant to Section
29 24213, and received the terminated disability allowance for the
30 prior retirement, shall receive a service retirement allowance equal
31 to the sum of the following:

32 (1) An amount based on the service credit accrued prior to the
33 effective date of the disability allowance, the member's age at the
34 prior retirement increased by the factor provided in Section
35 24203.5, and projected final compensation.

36 (2) An amount calculated pursuant to Section 24202, 24202.5,
37 24202.6, 24203.5, or 24206 on service credited subsequent to the
38 reinstatement, the member's age at retirement, and final
39 compensation.

1 (d) For purposes of this section, final compensation shall not
2 be based on a determination of compensation earnable as described
3 in subdivision (e) of Section 22115.

4 ~~SEC. 26.~~

5 *SEC. 28.* Section 24210 of the Education Code is amended to
6 read:

7 24210. Upon retirement for service following a prior disability
8 retirement granted pursuant to Chapter 26 (commencing with
9 Section 24100) that was terminated, the member shall receive a
10 service retirement allowance calculated pursuant to Section 24202,
11 24202.5, 24202.6, 24203, 24203.5, or 24206 and equal to the sum
12 of both of the following:

13 (a) An amount based on service credit accrued prior to the
14 effective date of the disability retirement, the member's age as of
15 the effective date of the service retirement, and indexed final
16 compensation to the effective date of the service retirement.

17 (b) An amount based on the service credit accrued after
18 termination of the disability retirement, the member's age as of
19 the effective date of service retirement, and final compensation.

20 ~~SEC. 27.~~

21 *SEC. 29.* Section 24214 of the Education Code, as amended
22 by Section 6 of Chapter 296 of the Statutes of 2012, is amended
23 to read:

24 24214. (a) A member retired for service under this part may
25 perform retired member activities, but the member shall not make
26 contributions to the retirement fund or accrue service credit based
27 on compensation earned from that service. The employer shall
28 maintain accurate records of the earnings of the retired member
29 and report those earnings monthly to the system and retired member
30 as described in Section 22461.

31 (b) If a member is retired for service under this part, the
32 *annualized* rate of pay for retired member activities, performed by
33 that member shall not be less than the minimum, nor exceed the
34 maximum, paid by the employer to other employees performing
35 comparable duties.

36 (c) A member retired for service under this part shall not be
37 required to reinstate for performing retired member activities.

38 (d) A member retired for service under this part may earn
39 compensation for performing retired member activities in any one

1 school year up to the limitation specified in subdivision (f) without
 2 a reduction in his or her retirement allowance.

3 (e) The postretirement compensation limitation provisions set
 4 forth in this section are not applicable to compensation earned for
 5 the performance of retired member activities ~~for which the~~
 6 ~~employer is not eligible to receive state apportionment or to~~
 7 ~~compensation that is not creditable pursuant to Section 22119.2~~
 8 ~~or 22119.3 that are not wholly or in part supported by state, local,~~
 9 ~~or federal funds.~~

10 (f) (1) The limitation that shall apply to the compensation paid
 11 in cash to the *retired* member for performance of retired member
 12 activities, excluding reimbursements paid by an employer for
 13 expenses incurred by the member, in which payment of the
 14 expenses by the member is substantiated, shall, in any one school
 15 year, be an amount calculated by the ~~board~~ *system* each July 1
 16 equal to one-half of the median final compensation of all members
 17 who retired for service during the fiscal year ending in the previous
 18 calendar year.

19 (2) The limitation in paragraph (1) shall also apply to *payments,*
 20 *including, but not limited to, those for participation in a deferred*
 21 *compensation plan; to purchase an annuity* ~~contracts contract,~~
 22 ~~tax-deferred retirement plans plan,~~ or insurance ~~programs program;~~
 23 ~~and for contributions to plans that meet a plan that meets the~~
 24 requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or
 25 457(f) of Title 26 of the United States Code when the cost is
 26 covered by an employer.

27 (g) If a member retired for service under this part earns
 28 compensation for performing retired member activities, in excess
 29 of the limitation specified in subdivision (f), and if that
 30 compensation is not exempt from that limitation under subdivision
 31 (e) or (h) or any other law, the member's retirement allowance
 32 shall be reduced by the amount of the excess compensation. The
 33 amount of the reduction may be equal to the monthly allowance
 34 payable but shall not exceed the amount of the annual allowance
 35 payable under this part for the fiscal year in which the excess
 36 compensation was earned after any reduction made in accordance
 37 with subdivision (h) of Section 24214.5.

38 (h) The limitation specified in this section is not applicable to
 39 compensation paid to a member retired for service under this part
 40 who has returned to work after the date of retirement ~~as a trustee,~~

1 ~~fiscal adviser, fiscal expert, receiver, or special trustee appointed~~
2 ~~by the Superintendent of Public Instruction, the State Board of~~
3 ~~Education, the Board of Governors of the California Community~~
4 ~~Colleges, or a county superintendent of schools to address academic~~
5 ~~or financial weaknesses in a school district pursuant to any of the~~
6 ~~following provisions:~~

7 (1) *As a trustee appointed by the Superintendent of Public*
8 *Instruction pursuant to Section 41320.1.*

9 (2) *As a fiscal adviser or fiscal expert appointed by a county*
10 *superintendent of schools pursuant to Article 2 (commencing with*
11 *Section 42122) of Chapter 6 of Part 24 of Division 3 of Title 2.*

12 (3) *As a receiver or trustee appointed by the State Board of*
13 *Education pursuant to Article 3.1 (commencing with Section*
14 *52055.57) of Chapter 6.1 of Part 28 of Division 4 of Title 2.*

15 (4) *As a special trustee appointed by the Board of Governors*
16 *of the California Community Colleges pursuant to Section 84040.*

17 (i) The Superintendent of Public Instruction, the Executive
18 Director of the State Board of Education, the Chancellor of the
19 California Community Colleges, or the county superintendent of
20 schools exercising the exemption pursuant to subdivision (h) shall
21 submit all documentation required by the system to substantiate
22 the eligibility of the retired member for the exemption, including
23 compliance with subdivisions (j) and (k). The documentation shall
24 be received by the system prior to the retired member's
25 performance of retired member activities.

26 (j) Subdivision (h) shall not apply to a *retired* member who has
27 not attained normal retirement age at the time the compensation
28 is earned by the member, received additional service credit pursuant
29 to Section 22714 or 22715, or received from any public employer
30 any financial inducement to retire in the previous six months. For
31 purposes of this section and Section 24214.5, "financial inducement
32 to retire" includes, but is not limited to, any form of compensation
33 or other payment that is paid directly or indirectly by a public
34 employer to the member, even if not in cash, either before or after
35 retirement, if the member retires for service on or before a specific
36 date or specific range of dates established by the public employer
37 on or before the date the inducement is offered. The system shall
38 liberally interpret this subdivision to further the Legislature's intent
39 to make subdivision (h) inapplicable to members if the member

1 received a financial incentive from any public employer to retire
2 or otherwise terminate employment with the public employer.

3 (k) The documentation required for subdivision (i) shall include
4 certification of the following:

5 (1) The position was first advertised for appointment to current
6 active or inactive members of the program with the necessary
7 qualifications to perform the requirements of the position and no
8 qualified current active or inactive member was available to be
9 appointed.

10 (2) The appointing authority made a good faith effort to hire a
11 retired member who reinstated to active membership for the
12 position at the same salary that was offered as first advertised
13 pursuant to paragraph (1).

14 (3) The appointing authority, having tried and failed to hire a
15 current active or inactive member or a reinstated retired member,
16 hired a retired member and the salary offered to the retired member
17 subject to this paragraph does not exceed the salary that was offered
18 as first advertised pursuant to paragraph (1).

19 (4) The salary paid shall be no greater than the salary offered
20 to current active members for the appointed position.

21 (l) The amendments to this section enacted during the 1995–96
22 Regular Session shall be deemed to have become operative on July
23 1, 1996.

24 (m) This section shall apply to compensation paid during the
25 2012–13 and 2013–14 fiscal years.

26 (n) This section shall become inoperative on July 1, 2014, and,
27 as of January 1, 2015, is repealed, unless a later enacted statute,
28 that becomes operative on or before January 1, 2015, deletes or
29 extends the dates on which it becomes inoperative and is repealed.

30 ~~SEC. 28.~~

31 *SEC. 30.* Section 24214 of the Education Code, as amended
32 by Section 7 of Chapter 296 of the Statutes of 2012, is amended
33 to read:

34 24214. (a) A member retired for service under this part may
35 perform retired member activities, but the member shall not make
36 contributions to the retirement fund or accrue service credit based
37 on compensation earned from that service. The employer shall
38 maintain accurate records of the earnings of the retired member
39 and report those earnings monthly to the system and retired member
40 as described in Section 22461.

1 (b) If a member is retired for service under this part, the
2 *annualized* rate of pay for retired member activities performed by
3 that member ~~as an employee of the employer, as an employee of~~
4 ~~a third party, or as an independent contractor within the California~~
5 ~~public school system~~ shall not be less than the minimum, nor
6 exceed the maximum, paid by the employer to other employees
7 performing comparable duties.

8 (c) A member retired for service under this part shall not be
9 required to reinstate for performing retired member activities.

10 (d) A member retired for service under this part may earn
11 compensation for performing retired member activities in any one
12 school year up to the limitation specified in subdivision (f) without
13 a reduction in his or her retirement allowance.

14 (e) The postretirement compensation limitation provisions set
15 forth in this section are not applicable to compensation earned for
16 the performance of retired member activities ~~for which the~~
17 ~~employer is not eligible to receive state apportionment or to~~
18 ~~compensation that is not creditable pursuant to Section 22119.2~~
19 ~~or 22119.3 that are not wholly or in part supported by state, local,~~
20 ~~or federal funds.~~

21 (f) (1) The limitation that shall apply to the compensation paid
22 in cash *to the retired member* for performance of retired member
23 activities, excluding reimbursements paid by an employer for
24 expenses incurred by the member, in which payment of the
25 expenses by the member is substantiated, shall, in any one school
26 year, be an amount calculated by the ~~board~~ *system* each July 1
27 equal to one-half of the median final compensation of all members
28 who retired for service during the fiscal year ending in the previous
29 calendar year.

30 (2) The limitation in paragraph (1) shall also apply to *payments,*
31 *including, but not limited to, those for participation in a deferred*
32 *compensation plan; to purchase an annuity contracts contract,*
33 *tax-deferred retirement plans plan, or insurance programs program;*
34 *and for contributions to plans that meet a plan that meets* the
35 requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or
36 457(f) of Title 26 of the United States Code when the cost is
37 covered by an employer.

38 (g) If a member retired for service under this part earns
39 compensation for performing ~~activities~~ retired member activities,
40 in excess of the limitation specified in subdivision (f), the

1 member's retirement allowance shall be reduced by the amount
2 of the excess compensation. The amount of the reduction may be
3 equal to the monthly allowance payable but may not exceed the
4 amount of the annual allowance payable under this part for the
5 fiscal year in which the excess compensation was earned after any
6 reduction made in accordance with subdivision ~~(b)~~ (h) of Section
7 24214.5.

8 (h) The language of this section derived from the amendments
9 to the section of this number added by Chapter 394 of the Statutes
10 of 1995, enacted during the 1995–96 Regular Session, is deemed
11 to have become operative on July 1, 1996.

12 (i) This section shall become operative on July 1, 2014.

13 ~~SEC. 29.~~

14 *SEC. 31.* Section 24214.5 of the Education Code is amended
15 to read:

16 24214.5. (a) (1) Notwithstanding subdivision (f) of Section
17 24214, the postretirement compensation limitation *that shall apply*
18 *to the compensation paid in cash to the retired member for*
19 *performance of retired member activities, excluding*
20 *reimbursements paid by an employer for expenses incurred by the*
21 *member, in which payment of the expenses by the member is*
22 *substantiated*, shall be zero dollars (\$0) during the first 180
23 calendar days after the most recent retirement of a member retired
24 for service under this part.

25 (2) *The limitation in paragraph (1) shall also apply to payments,*
26 *including, but not limited to, those for participation in a deferred*
27 *compensation plan; to purchase an annuity contract, tax-deferred*
28 *retirement plan, or insurance program; and for contributions to*
29 *a plan that meets the requirements of Section 125, 401(a), 401(k),*
30 *403(b), 457(b), or 457(f) of Title 26 of the United States Code*
31 *when the cost is covered by an employer.*

32 (b) If the *retired* member has attained normal retirement age at
33 the time the compensation is earned, subdivision (a) shall not apply
34 and Section 24214 shall apply if the appointment has been
35 approved by the governing body of the employer in a public
36 meeting, as reflected in a resolution adopted by the governing body
37 of the employer prior to the performance of retired member
38 activities, expressing its intent to seek an exemption from the
39 limitation specified in subdivision (a). Approval of the appointment
40 may not be placed on a consent calendar. Notwithstanding any

1 other provision of Article 3.5 (commencing with Section 6250) of
2 Division 7 of Title 1 of the Government Code or any state or
3 federal law incorporated by subdivision (k) of Section 6254 of the
4 Government Code, the resolution shall be subject to disclosure by
5 the entity adopting the resolution and the system. The resolution
6 shall include the following specific information and findings:

7 (1) The nature of the employment.

8 (2) A finding that the appointment is necessary to fill a critically
9 needed position before 180 *calendar* days have passed.

10 (3) A finding that the member is not ineligible for application
11 of this subdivision pursuant to subdivision (d).

12 (4) A finding that the termination of employment of the retired
13 member with the employer is not the basis for the need to acquire
14 the services of the member.

15 (c) Subdivision (b) shall not apply to a retired member whose
16 termination of employment with the employer is the basis for the
17 need to acquire the services of the member.

18 (d) Subdivision (b) shall not apply if the *retired* member
19 received additional service credit pursuant to Section 22714 or
20 22715 or received from any public employer any financial
21 inducement to retire. For purposes of this section, “financial
22 inducement to retire” includes, but is not limited to, any form of
23 compensation or other payment that is paid directly or indirectly
24 by a public employer to the member, even if not in cash, either
25 before or after retirement, if the participant retires for service on
26 or before a specific date or specific range of dates established by
27 a public employer on or before the date the inducement is offered.
28 The system shall liberally interpret this subdivision to further the
29 Legislature’s intent to make subdivision (b) inapplicable to
30 members if the member received a financial incentive from any
31 public employer to retire or otherwise terminate employment with
32 a public employer.

33 (e) The Superintendent, the county superintendent of schools,
34 or the chief executive officer of a community college shall submit
35 all documentation required by the system to substantiate the
36 eligibility of the retired member for application of subdivision (b),
37 including, but not limited to, the resolution adopted pursuant to
38 that subdivision.

1 (f) The documentation required by this section shall be received
2 by the system prior to the retired member’s performance of retired
3 member activities.

4 (g) Within 30 calendar days after the receipt of all
5 documentation required by the system pursuant to this section, the
6 system shall inform the entity seeking application of the exemption
7 specified in subdivision (b), and the retired member whether the
8 compensation paid to the member will be subject to the limitation
9 specified in subdivision (a).

10 (h) If a member retired for service under this part earns
11 compensation for performing retired member activities in excess
12 of the limitation specified in subdivision (a), the member’s
13 retirement allowance shall be reduced by the amount of the excess
14 compensation. The amount of the reduction may be equal to the
15 monthly allowance payable but may not exceed the amount of the
16 allowance payable during the first 180 calendar days, after a
17 member retired for service under this part.

18 ~~SEC. 30.~~

19 *SEC. 32.* Section 24252 is added to the Education Code, to
20 read:

21 24252. This chapter shall not apply to a member subject to the
22 California Public Employees’ Pension Reform Act of 2013.

23 ~~SEC. 31.~~

24 *SEC. 33.* Section 24600 of the Education Code is amended to
25 read:

26 24600. (a) A retirement allowance under this part begins to
27 accrue on the effective date of the member’s retirement and ceases
28 on the earlier of the day of the member’s death or the day on which
29 the retirement allowance is terminated for a reason other than the
30 member’s death.

31 (b) A retirement allowance payable to an option beneficiary
32 under this part begins to accrue on the day following the day of
33 the retired member’s death and ceases on the day of the option
34 beneficiary’s death.

35 (c) A disability allowance under this part begins to accrue on
36 the effective date of the member’s disability allowance and ceases
37 on the earlier of the day of the member’s death or the day on which
38 the disability allowance is terminated for a reason other than the
39 member’s death.

1 (d) A family allowance under this part begins to accrue on the
2 day following the day of the member's death and ceases on the
3 day of the event that terminates eligibility for the allowance.

4 (e) A survivor benefit allowance payable to a surviving spouse
5 under this part pursuant to Chapter 23 (commencing with Section
6 23850) begins to accrue on the day the member would have
7 attained normal retirement age or on the day following the day of
8 the member's death, as elected by the surviving spouse, and ceases
9 on the day of the surviving spouse's death.

10 (f) (1) Except as provided in paragraph (2), a child's portion
11 of an allowance under this part begins to accrue on the effective
12 date of that allowance and ceases on the earlier of either the
13 termination of the child's eligibility or the termination of the
14 allowance.

15 (2) A child's portion of a disability retirement allowance under
16 Chapter 26 (commencing with Section 24100) ceases on the earlier
17 of either:

18 (A) The termination date of the child's eligibility.

19 (B) The termination of the allowance for reasons other than
20 death.

21 (g) Supplemental payments issued under this part pursuant to
22 Sections 24412 and 24415 to retired members, disabled members,
23 and beneficiaries shall begin to accrue pursuant to Sections 24412
24 and 24415 and shall cease to accrue as of the termination dates
25 specified in subdivisions (a) to (f), inclusive, of this section.

26 (h) Notwithstanding any other provision of this part or other
27 law, distributions payable under the plan with respect to the
28 Defined Benefit Program and the Defined Benefit Supplement
29 Program shall be made in accordance with applicable provisions
30 of the Internal Revenue Code of 1986 and related regulations. The
31 required beginning date of benefit payments that represent the
32 entire interest of the member in the plan with respect to the Defined
33 Benefit Program and the Defined Benefit Supplement Program
34 shall be either:

35 (1) In the case of a refund of contributions, as described in
36 Chapter 18 (commencing with Section 23100) of this part and
37 distribution of an amount equal to the balance of credits in a
38 member's Defined Benefit Supplement account, as described in
39 Chapter 38 (commencing with Section 25000) of this part, not
40 later than April 1 of the calendar year following the later of (A)

1 the calendar year in which the member attains the age at which
2 the Internal Revenue Code of 1986 requires a distribution of
3 benefits or (B) the calendar year in which the member terminates
4 employment within the meaning of subdivision (i).

5 (2) In the case of a retirement allowance, as defined in Section
6 22166, not later than April 1 of the calendar year following the
7 later of (A) the calendar year in which the member attains the age
8 at which the Internal Revenue Code of 1986 requires a distribution
9 of benefits or (B) the calendar year in which the member terminates
10 employment within the meaning of subdivision (i), to continue
11 over the life of the member or the lives of the member and the
12 member's option beneficiary, or over the life expectancy of the
13 member or the life expectancy of the member and the member's
14 option beneficiary.

15 (i) For purposes of subdivision (h), the phrase "terminates
16 employment" means the later of:

17 (1) The date the member ceases to perform creditable service
18 subject to coverage under this plan.

19 (2) The date the member ceases employment in a position
20 subject to coverage under another public retirement system in this
21 state if the compensation earnable while a member of the other
22 system may be considered in the determination of final
23 compensation pursuant to Section 22134, 22135, or 22136.

24 ~~SEC. 32.~~

25 *SEC. 34.* Section 26132.5 is added to the Education Code, to
26 read:

27 26132.5. (a) "Participant subject to the California Public
28 Employees' Pension Reform Act of 2013" means, notwithstanding
29 subdivision (f) of Section 7522.04 of the Government Code, a
30 person who first becomes employed to perform creditable service
31 subject to coverage under the Cash Balance Benefit Program on
32 or after January 1, 2013.

33 (b) A participant as defined in subdivision (a) does not include
34 a person who was a member on or before December 31, 2012, of
35 the California Public Employees' Retirement System, the
36 Legislators' Retirement System, the University of California
37 Retirement System, county retirement systems established under
38 Chapter 3 (commencing with Section 31450) of Part 3 of Division
39 4 of Title 3 of the Government Code, or the San Francisco
40 Employees' Retirement System, and the person performed service

1 in the other retirement system within the six months prior to the
2 commencement of creditable service under the Cash Balance
3 Benefit Program.

4 ~~(e) Notwithstanding Section 7522.44 of the Government Code,~~
5 ~~if a participant is not subject to the California Public Employees’~~
6 ~~Pension Reform Act of 2013, creditable service performed on or~~
7 ~~after January 1, 2013, shall be subject to the provisions of this part~~
8 ~~in effect prior to January 1, 2013.~~

9 *(c) This section shall be deemed to have become operative on*
10 *January 1, 2013.*

11 ~~SEC. 33.~~

12 *SEC. 35.* Section 26135.5 is added to the Education Code, to
13 read:

14 26135.5. “Public employer” means a public employer as
15 defined by subdivision (i) of Section 7522.04 of the Government
16 Code.

17 ~~SEC. 34.~~

18 *SEC. 36.* Section 26135.7 is added to the Education Code, to
19 read:

20 26135.7. (a) “Retired participant activities” means one or more
21 activities identified in subdivision (a) or (b) of Section 22119.5 or
22 (a) or (b) of Section 26113 within the California public school
23 system and performed by a participant retired for service under
24 this part as one of the following:

- 25 (1) An employee of an employer.
- 26 (2) An employee of a third party, except as specified in
27 subdivision (b).
- 28 (3) An independent contractor.

29 (b) The activities of an employee of a third party shall not be
30 included in the definition of “retired participant activities” if all
31 of the following conditions apply:

- 32 (1) The employee performs an assignment of 24 months or less.
- 33 (2) The third-party employer does not participate in a California
34 public pension system.
- 35 (3) The activities performed by the individual are not normally
36 performed by employees of an employer, as defined in Section
37 22131.

38 ~~SEC. 35.~~

39 *SEC. 37.* Section 26139 of the Education Code is amended to
40 read:

- 1 26139. (a) “Salary” means remuneration paid in cash by an
 2 employer to a participant for creditable service performed in that
 3 position subject to coverage under the Cash Balance Benefit
 4 Program. Salary shall include:
- 5 (1) Money paid in accordance with a salary schedule based on
 6 years of training and years of experience as specified in Section
 7 45028 for creditable service performed.
 - 8 (2) For participants not paid according to a salary schedule,
 9 money paid for creditable service performed.
 - 10 (3) Money paid for the participant’s absence from performance
 11 of creditable service as approved by an employer, except as
 12 provided in paragraph (5) of subdivision (b).
 - 13 (4) Employee contributions picked up by an employer under
 14 Section 414(h)(2) of Title 26 of the United States Code and Section
 15 17501 of the Revenue and Taxation Code.
 - 16 (5) Amounts deducted by an employer from the participant’s
 17 salary, including deductions for participation in a deferred
 18 compensation plan; deductions for the purchase of annuity
 19 contracts, tax-deferred retirement plans, or other insurance
 20 programs; and deductions for participation in a plan that meets the
 21 requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or
 22 457(f) of Title 26 of the United States Code.
 - 23 (6) Money paid by an employer in addition to salary paid under
 24 paragraph (1) or (2) if paid to all employees in a class in the same
 25 dollar amount, the same percentage of salary, or the same
 26 percentage of the amount being distributed.
 - 27 (7) Any other payments the board determines by plan
 28 amendment to be “salary.”
- 29 (b) “Salary” does not mean and shall not include:
- 30 (1) Money paid for service that is not creditable service.
 - 31 (2) Money paid by an employer in addition to salary paid under
 32 paragraph (1) or (2) if not paid to all employees in a class in the
 33 same dollar amount, the same percentage of salary, or the same
 34 percentage of the amount being distributed.
 - 35 (3) Fringe benefits provided by an employer.
 - 36 (4) Expenses paid or reimbursed by an employer.
 - 37 (5) Money paid in exchange for the forfeiture of unused
 38 accumulated leave.

1 (6) Severance pay, including lump-sum and installment
2 payments, or money paid in excess of salary or wages to a member
3 as compensatory damages or as a compromise settlement.

4 (7) Annuity contracts, tax-deferred retirement programs, or
5 other insurance programs, including, but not limited to, plans that
6 meet the requirements of Section 125, 401(a), 401(k), 403(b),
7 457(b), or 457(f) of Title 26 of the United States Code that are
8 purchased by an employer for a participant.

9 (8) Any payments determined by the board to have been made
10 by an employer to enhance a participant's benefits.

11 (9) Any other payments the board determines by plan
12 amendment not to be "salary."

13 (c) Any employer or person who knowingly or willfully reports
14 salary in a manner inconsistent with the provisions of subdivisions
15 (a) or (b) may be subject to prosecution for fraud, theft, or
16 embezzlement in accordance with provisions of the Penal Code.
17 The system may establish procedures to ensure that salary reported
18 by an employer is in compliance with this section.

19 (d) For purposes of this section, remuneration shall be
20 considered paid if it would be distributed to any person in the same
21 class of employees who meets the qualifications or requirements
22 specified in a collective bargaining agreement, an employment
23 agreement, or any other publicly available written contractual
24 agreement that specifies compensation as a condition of receiving
25 the remuneration.

26 (e) This section shall be deemed to have become operative on
27 July 1, 1996.

28 ~~SEC. 36.~~

29 *SEC. 38.* Section 26139.5 is added to the Education Code, to
30 read:

31 26139.5. (a) "Salary," for participants subject to the California
32 Public Employees' Pension Reform Act of 2013, means regular,
33 recurring remuneration paid in cash by an employer to a participant
34 for creditable service performed in that position subject to coverage
35 under the Cash Balance Benefit Program in accordance with a
36 salary schedule, employment agreement, or any other publicly
37 available written contractual agreement that specifies compensation
38 based on years of training and years of experience as specified in
39 Section 45028. Salary shall include:

- 1 (1) Money paid for the participant’s absence from performance
2 of creditable service as approved by an employer, except as
3 provided in paragraph (5) of subdivision (b).
- 4 (2) Employee contributions picked up by an employer under
5 Section 414(h)(2) of Title 26 of the United States Code and Section
6 17501 of the Revenue and Taxation Code.
- 7 (3) Amounts deducted by an employer from the participant’s
8 salary, including deductions for participation in a deferred
9 compensation plan; deductions for the purchase of annuity
10 contracts, tax-deferred retirement plans, or other insurance
11 programs; and deductions for participation in a plan that meets the
12 requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or
13 457(f) of Title 26 of the United States Code.
- 14 (4) Notwithstanding paragraph (10) of subdivision (b),
15 remuneration that is paid to achieve compensation parity between
16 part-time and full-time faculty of California Community Colleges
17 for similar work, as funded pursuant to the Budget Act.
- 18 (5) Notwithstanding paragraph (10) of subdivision (b),
19 remuneration that is paid based on the allocation of funds from
20 the California State Lottery Education Fund pursuant to Section
21 8880.5 of the Government Code.
- 22 (6) Notwithstanding paragraph (10) of subdivision (b),
23 remuneration that is paid when the number of students in the
24 classroom exceeds the contractual amount.
- 25 (7) Any other payments the board determines by plan
26 amendment to be “salary.”
- 27 (b) “Salary” does not mean and shall not include:
 - 28 (1) Money paid for service that is not creditable service.
 - 29 (2) Money paid by an employer in addition to salary.
 - 30 (3) Fringe benefits provided by an employer.
 - 31 (4) Expenses paid or reimbursed by an employer.
 - 32 (5) Money paid in exchange for the forfeiture of unused
33 accumulated leave.
 - 34 (6) Severance pay, including lump-sum and installment
35 payments, or money paid in excess of salary to a participant as
36 compensatory damages or as a compromise settlement.
 - 37 (7) Annuity contracts, tax-deferred retirement programs, or
38 other insurance programs, including, but not limited to, plans that
39 meet the requirements of Section 125, 401(a), 401(k), 403(b),

1 457(b), or 457(f) of Title 26 of the United States Code that are
2 purchased by an employer for a participant.

3 (8) Any payments determined by the board to have been made
4 by an employer to enhance a participant's benefits under the plan.

5 (9) Money paid to the member in lieu of benefits provided to
6 the participant by the employer or paid directly by the employer
7 to a third party other than the retirement system for the benefit of
8 the participant.

9 (10) Any one-time or ad hoc payments made to a member.

10 (11) Any employer-provided allowance, reimbursement, or
11 payment, including, but not limited to, one made for housing,
12 vehicle, or uniform.

13 (12) Any bonus paid in addition to compensation described in
14 subdivision (a).

15 (13) Any other payments the board determines by plan
16 amendment not to be "salary."

17 (c) (1) Salary in any fiscal year shall not exceed 120 percent of
18 the "contribution and benefit base," as determined under Section
19 430(b) of the Social Security Act (42 U.S.C. Sec. 430(b)), on
20 January 1, 2013.

21 (2) The board shall adjust the limit in paragraph (1) based on
22 changes to the Consumer Price Index for All Urban Consumers.
23 Notwithstanding paragraph (1) of subdivision (d) of Section
24 7522.10 of the Government Code, the adjustment shall be effective
25 annually on July 1, beginning July 1, 2014.

26 (3) The Legislature reserves the right to modify the requirements
27 of this subdivision with regard to all members subject to this
28 subdivision, except that the Legislature may not modify these
29 provisions in a manner that would result in a decrease in benefits
30 accrued prior to the effective date of the modification.

31 (d) Any employer or person who knowingly or willfully reports
32 salary in a manner inconsistent with the provisions of subdivisions
33 (a) or (b) may be subject to prosecution for fraud, theft, or
34 embezzlement in accordance with provisions of the Penal Code.
35 The system may establish procedures to ensure that salary reported
36 by an employer is in compliance with this section.

37 (e) For purposes of this section, remuneration shall be considered
38 paid if it would be distributed to any person in the same class of
39 employees who meets the qualifications or requirements specified
40 in a collective bargaining agreement, an employment agreement,

1 or any other publicly available written contractual agreement that
 2 specifies compensation as a condition of receiving the
 3 remuneration.

4 ~~SEC. 37.~~

5 *SEC. 39.* Section 26503.5 of the Education Code is amended
 6 to read:

7 26503.5. If a person elects, pursuant to Section 26403, to
 8 participate in the Cash Balance Benefit Program, his or her
 9 employer shall make contributions, as provided in Section 26503,
 10 based on the salary or other compensation paid for trustee service.
 11 For a participant subject to the California Public Employees’
 12 Pension Reform Act of 2013, other compensation paid for trustee
 13 service is subject to the same requirements as “salary” as defined
 14 in Section 26139.5.

15 ~~SEC. 38.~~

16 *SEC. 40.* Section 26504 of the Education Code is amended to
 17 read:

18 26504. The employer may enter into a collective bargaining
 19 agreement to pay a different employer contribution rate and a
 20 different employee contribution rate, provided all of the following
 21 conditions are met:

22 (a) The sum of the employee contributions and employer
 23 contributions for each participant shall equal or exceed 8 percent
 24 of salary.

25 (b) The employee contribution rate may exceed the employer
 26 contribution rate but in no event shall the employer contribution
 27 rate be less than 4 percent.

28 (c) ~~For participants subject to the California Public Employees’~~
 29 ~~Pension Reform Act of 2013, the~~ *The* employee contribution rate
 30 shall not be less than the employer contribution rate. *If the terms*
 31 *of a collective bargaining agreement that is in effect on January*
 32 *1, 2014, would be impaired by this subdivision, this subdivision*
 33 *shall not apply to the employer and participants subject to that*
 34 *contract until the expiration of that contract. A renewal,*
 35 *amendment, or any other extension of that contract shall be subject*
 36 *to the requirements of this subdivision.*

37 (d) ~~(1)~~ The employee contribution rate and employer
 38 contribution rate shall be the same for each participant employed
 39 by the employer ~~who is not subject to the California Public~~
 40 ~~Employees’ Pension Reform Act of 2013.~~

1 ~~(2) The employee contribution rate and employer contribution~~
2 ~~rate shall be the same for each participant employed by the~~
3 ~~employer who is subject to the California Public Employees’~~
4 ~~Pension Reform Act of 2013, but may vary from the rates described~~
5 ~~in paragraph (1).~~

6 (e) The employee contribution rate and employer contribution
7 rate shall be in one-quarter percent increments.

8 (f) The employee contribution rate and employer contribution
9 rate as determined under the collective bargaining agreement shall
10 become effective on the first day of the plan year following
11 notification to the system and shall remain in effect for at least one
12 plan year. However, the employee contribution rate and the
13 employer contribution rate as determined under the collective
14 bargaining agreement may become effective as of the first day of
15 the plan year in which notice is given if it is so provided in the
16 collective bargaining agreement and if a lump-sum contribution
17 is made to the plan equal to the additional employee and employer
18 contributions, if any, that would have been required if the
19 contribution rates had been in effect on the first day of the plan
20 year. Interest shall be credited at the minimum interest rate with
21 respect to the lump-sum contribution commencing with the first
22 month after the contribution is made.

23 (g) The employer has filed notice of the employee contribution
24 rate and the employer contribution rate on a form prescribed by
25 the system.

26 ~~SEC. 39.~~

27 *SEC. 41.* Section 26800 of the Education Code is amended to
28 read:

29 26800. The normal retirement age for the Cash Balance Benefit
30 Program is 60 years of age, or 62 years of age for a participant
31 subject to the California Public Employees’ Pension Reform Act
32 of 2013.

33 ~~SEC. 40.~~

34 *SEC. 42.* Section 26810 of the Education Code is amended to
35 read:

36 26810. (a) A participant who is employed to perform creditable
37 service subject to coverage by the Cash Balance Benefit Program
38 while receiving an annuity under the program may voluntarily
39 terminate the annuity upon employment and make contributions
40 to the program based on salary paid by the employer for the

1 employment, provided the participant has attained normal
2 retirement age and has been receiving a retirement annuity for at
3 least one year. The participant shall continue to be subject to
4 Section 26808.

5 (b) The participant shall request in writing within 60 days of
6 employment that the annuity be terminated. Termination of the
7 participant's annuity shall become effective on the first day of the
8 month following the month in which verification of the
9 participant's employment is received by the system from the
10 participant's employer.

11 (c) Upon voluntary termination of the annuity, the employee
12 and employer account of the participant shall be credited with
13 respective balances that reflect the actuarial equivalent of the
14 participant's retirement benefit as of the date the participant
15 terminates the annuity and the Annuitant Reserve shall be reduced
16 by the amount of the credits.

17 (d) The portion of the annuity derived from the amounts credited
18 to the employee account and employer account, as of the date the
19 participant terminates the annuity, shall be calculated using the
20 actuarial assumptions in effect on the initial retirement date using
21 the age of the participant and, if the participant elected a joint and
22 survivor option the age of the beneficiary on the current retirement
23 date.

24 (e) Upon election of a subsequent annuity, the credits in the
25 participant's employee account and employer account shall be
26 transferred to the Annuitant Reserve.

27 ~~SEC. 41.~~

28 *SEC. 43.* Section 26812 of the Education Code is amended to
29 read:

30 26812. (a) A participant retired for service under this part may
31 perform retired participant activities, but the participant shall not
32 make contributions to the plan or accrue service credit under the
33 Defined Benefit Program based on compensation earned from that
34 service. The employer shall maintain accurate records of the
35 earnings of the retired participant and report those earnings monthly
36 to the system and retired participant.

37 (b) If a participant is retired for service under this part, the rate
38 of pay for retired participant activities performed by that participant
39 shall not be less than the minimum, nor exceed the maximum paid
40 by the employer to other employees performing comparable duties.

1 (c) A participant retired for service under this part shall not be
2 required to reinstate for performing retired participant activities.

3 (d) If a participant retired for service under this part ~~and~~ on or
4 after January 1, 2014, is receiving an annuity under the Cash
5 Balance Benefit Program, and earns compensation for performing
6 retired participant activities, the participant's annuity shall be
7 reduced by the amount of the compensation. This reduction shall
8 only be made for compensation earned during the first 180 calendar
9 days after a participant retired for service under this part. The
10 amount of the reduction may be equal to the monthly annuity
11 payable but shall not exceed the amount of the annuity payable
12 during the first 180 calendar days after a participant retired for
13 service under this part.

14 (e) If the participant has attained normal retirement age at the
15 time the compensation is earned, subdivision (d) shall not apply
16 if the appointment has been approved by the governing body of
17 the employer in a public meeting, as reflected in a resolution
18 adopted by the governing body of the employer prior to the
19 performance of retired participant activities, expressing its intent
20 to seek an exemption from the limitation specified in subdivision
21 (d). Approval of the appointment ~~may~~ *shall* not be placed on a
22 consent calendar. Notwithstanding any other provision of Article
23 3.5 (commencing with Section 6250) of Division 7 of Title 1 of
24 the Government Code or any state or federal law incorporated by
25 subdivision (k) of Section 6254 of the Government Code, the
26 resolution shall be subject to disclosure by the entity adopting the
27 resolution and the system. The resolution shall include the
28 following specific information and findings:

29 (1) The nature of the employment.

30 (2) A finding that the appointment is necessary to fill a critically
31 needed position before 180 calendar days has passed.

32 (3) A finding that the participant is not ineligible for application
33 of this subdivision pursuant to subdivision (g).

34 (4) A finding that the termination of employment of the retired
35 participant with the employer is not the basis for the need to acquire
36 the services of the participant.

37 (f) Subdivision (e) shall not apply to a retired participant whose
38 termination of employment with the employer is the basis for the
39 need to acquire the services of the participant.

1 (g) Subdivision (e) shall not apply if the participant received
 2 additional service credit pursuant to Sections 22714 or 22715 or
 3 received from any public employer any financial inducement to
 4 retire. For purposes of this section, “financial inducement to retire”
 5 includes, but is not limited to, any form of compensation or other
 6 payment that is paid directly or indirectly by a public employer to
 7 the participant, even if not in cash, either before or after retirement,
 8 if the participant retires for service on or before a specific date or
 9 specific range of dates established by a public employer on or
 10 before the date the inducement is offered. The system shall liberally
 11 interpret this subdivision to further the Legislature’s intent to make
 12 subdivision (e) inapplicable to participants if the participant
 13 received a financial incentive from any public employer to retire
 14 or otherwise terminate employment with a public employer.

15 (h) The superintendent, the county superintendent of schools
 16 or the chief executive officer of a community college shall submit
 17 all documentation required by the system to substantiate the
 18 eligibility of the retired participant for application of subdivision
 19 (e), including, but not limited to, the resolution adopted pursuant
 20 to that subdivision.

21 (i) The documentation required by this section shall be received
 22 by the system prior to the retired participant’s performance of
 23 retired participant activities.

24 (j) Within 30 calendar days of the receipt of all documentation
 25 required by the system pursuant to this section, the system shall
 26 inform the entity seeking application of the exemption specified
 27 in subdivision (e) and the retired participant whether the
 28 compensation paid to the participant will be subject to the limitation
 29 specified in subdivision (d).

30 ~~SEC. 42.~~

31 *SEC. 44.* Section 26813 of the Education Code is amended to
 32 read:

33 26813. A member retired for service under the Defined Benefit
 34 Program may perform retired participant activities in any one
 35 school year up to the limitation specified in Sections 24214 and
 36 24214.5, but the member shall not make contributions to the fund.
 37 The employer shall maintain accurate records of the earnings of

- 1 the retired member and report those earnings monthly to the system
- 2 and retired member as described in Section 22461.

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