

Introduced by Senator BeallFebruary 14, 2013

An act to add Section 22960.4 to, and to amend Sections 22960.99, 22970.58, and 22970.855 of, the Government Code, relating to public employees' retirement, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 277, as introduced, Beall. State Peace Officers' and Firefighters' Defined Contribution Plan.

Existing law establishes the State Peace Officers' and Firefighters' Defined Contribution Plan for state peace officer/firefighter members in State Bargaining Unit 6, the California Correctional Peace Officers Association, and others as specified. The moneys in the State Peace Officers' and Firefighters' Defined Contribution Plan Fund are continuously appropriated. Existing law entitles a participant in the plan to a lump-sum distribution of the balance of his or her account, or installment payments if he or she is entitled to \$5,000 or more, upon separation from all service for the employer for any reason other than death, disability, or retirement.

Existing law requires the Board of Administration of the Public Employees' Retirement System to administer the Supplemental Contributions Program and requires contributions by eligible employees, as defined, participating in the program to be deposited in the Supplemental Contributions Program Fund, a continuously appropriated fund.

This bill would require that contributions to the State Peace Officers' and Firefighters' Defined Contribution Plan cease, prohibit new members from participating in the plan, and would require that the plan be terminated as prescribed. The bill would require all moneys in the

State Peace Officers' and Firefighters' Defined Contribution Plan Fund to be distributed, as specified, including requiring that, if not elected otherwise, amounts that become payable from the fund be rolled over under existing federal law to the Supplemental Contributions Program. The bill would provide for rollover contributions to separate rollover contribution accounts in the Supplemental Contributions Program, as specified, and would provide for the distribution of amounts held in the participant's account. By changing the circumstances under which moneys in the State Peace Officers' and Firefighters' Defined Contribution Fund would be distributed, and by providing for an increase in contributions to the Supplemental Contributions Program, this bill would make an appropriation.

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

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

1 SECTION 1. Section 22960.4 is added to the Government
2 Code, to read:
3 22960.4. (a) The Legislature finds and declares that an
4 agreement between the exclusive representative of state peace
5 officer and firefighter members in Bargaining Unit 6 and the
6 employer has eliminated the employer contributions to the plan
7 provided in Section 22960.60.
8 (b) The following shall occur:
9 (1) All contributions to the plan shall cease.
10 (2) New participants shall be prohibited from participating in
11 the plan.
12 (3) The plan shall be terminated on the later of January 1, 2014,
13 or upon obtaining appropriate approvals from the Internal Revenue
14 Service, including a favorable determination letter on plan
15 termination from the Internal Revenue Service.
16 (4) Subject to paragraph (3), all moneys in the fund shall be
17 distributed in accordance with this part and federal law. If not
18 elected otherwise, amounts that become payable from the fund
19 under this section shall be rolled over under Section 401(a)(31) of
20 Title 26 of the United States Code to the Supplemental
21 Contributions Program established in accordance with Section
22 22970.

1 SEC. 2. Section 22960.99 of the Government Code is amended
2 to read:

3 22960.99. (a) The plan's obligations to a participant,
4 beneficiary, or nonparticipant spouse who has applied for a
5 lump-sum benefit cease upon distribution of the lump-sum benefit.

6 (1) Deposit in the United States mail of a warrant drawn in favor
7 of the participant, beneficiary, or nonparticipant spouse and
8 addressed to the latest address on file for that person constitutes
9 distribution of the benefit.

10 (2) Deposit in the United States mail of a notice that the
11 requested electronic funds transfer has been made as directed by
12 the participant, beneficiary, or nonparticipant spouse constitutes
13 distribution of the benefit.

14 (3) If the participant, beneficiary, or nonparticipant spouse has
15 elected on a form prescribed by the board to transfer all or a
16 specific portion of the account that is eligible for a direct
17 trustee-to-trustee transfer under Section 401(a)(31) of Title 26 of
18 the United States Code, deposit in the United States mail of a notice
19 that the requested transfer has been made constitutes distribution
20 of the benefit.

21 (b) The plan's obligations to a participant, beneficiary, or
22 nonparticipant spouse who elected to receive a benefit in the form
23 of installment payments or an annuity cease upon distribution of
24 the final payment.

25 (1) Deposit in the United States mail of a warrant drawn in favor
26 of the participant, beneficiary, or nonparticipant spouse and
27 addressed to the latest address on file for that person constitutes
28 distribution of the benefit.

29 (2) Deposit in the United States mail of a notice that the
30 requested electronic funds transfer has been made as directed by
31 the participant, beneficiary, or nonparticipant spouse constitutes
32 distribution of the benefit.

33 (c) Distribution under paragraph (1), (2), or (3) of subdivision
34 (a) or paragraph (1) or (2) of subdivision (b) pursuant to the board's
35 determination in good faith of the existence, identity, or other facts
36 relating to entitlement of persons constitutes a complete discharge
37 and release of the board, system, and plan from liability for
38 payments.

39 (d) *Distribution under paragraph (4) of subdivision (b) of*
40 *Section 22960.4 constitutes a complete discharge and release of*

1 *the board, system, and plan from liability for payments, and the*
2 *board and system shall not be treated as fiduciaries with respect*
3 *to a transfer of funds from the plan to the Supplemental*
4 *Contributions Program in accordance with Section 22970.*

5 SEC. 3. Section 22970.58 of the Government Code is amended
6 to read:

7 22970.58. The board may amend the plan to permit a participant
8 to transfer funds from an eligible retirement plan into this plan to
9 the extent that the transfers are allowed under applicable federal
10 and state laws, and pursuant to the terms and conditions established
11 by the board. *The plan may accept rollover contributions made in*
12 *accordance with paragraph (4) of subdivision (b) of Section*
13 *22960.4, if the board amends the plan to establish a separate*
14 *rollover contribution account for each participant or beneficiary*
15 *who makes such rollover contributions for the purpose of holding*
16 *those contributions.*

17 SEC. 4. Section 22970.855 of the Government Code is amended
18 to read:

19 22970.855. The board may amend the plan to permit a
20 participant to withdraw some or all of his or her after-tax
21 contributions without requiring the participant to terminate from
22 the plan to the extent that this in-service distribution is allowed
23 under applicable federal and state laws, and pursuant to the terms
24 and conditions established by the board. *A participant may apply*
25 *for a distribution of amounts held in the participant's separate*
26 *rollover contribution account established pursuant to Section*
27 *22970.58 at any time before that participant's termination of*
28 *employment, to the extent that an in-service distribution is allowed*
29 *under applicable federal and state law, and pursuant to the terms*
30 *and conditions established by the board.*