AMENDED IN ASSEMBLY JUNE 12, 2014

AMENDED IN SENATE APRIL 10, 2014

SENATE BILL No. 1220

Introduced by Senator Torres

February 20, 2014

An act to amend Sections 22109.5, *22115*, 22119.3, 22121, 22131, 22134, 22134.5, 22135, 22136, 22146.2, 22516, 22655, 22662, 22663, 22664, 22801, 22826, 22828, 22905, 22909, 23104, 24001, 24101, 24105, 24107, 24201.5, 24203.5, 24203.6, 24204, 24205, 24210, 24211, 24212, 24213, 24214.5, 24300, 24300.1, 24307, 24309, 24310, 24402, 24412, 24415, 24600, 25015, 25100, 26113, *26703, 26704*, 26803, 27201, and 33050 of, to amend and renumber Sections 22106.2, 24300.2, 24300.5, 24300.6, 24301, 24302, 24303, 24304, 24305, 24305.5, 24306, 24306.5, 24306.7, 24308, 24311, 24312, 24312.1, and 24313 of, to amend, renumber, and add Section 22106.1 of, to amend and repeal Section 22119.5 of, to amend, renumber, and repeal Section 24305.3 of, and to add Sections 24347~~ and 24348~~, *24348, 25011.6, 25018.6, and 26807.7* to, the Education Code, and to amend Section 1 of Chapter 559 of the Statutes of 2013, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 1220, as amended, Torres. State teachers' retirement.

Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. STRS is administered by the Teachers' Retirement Board. Existing law establishes the Supplemental Benefit Maintenance Account, among

other provisions, for the purpose of restoring the purchasing power of allowances. Existing law establishes the Defined Benefit Supplement Program to provide additional benefits to members of the Defined Benefit Program. 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. Existing law permits a member of STRS to purchase service credit in certain instances and permits a person who has withdrawn membership in STRS to become a member again upon redeposit of contributions plus interest, as specified. Existing law permits a member of STRS to select among various options for the payment of benefits after the retired member dies, provides certain presumptions in this regard, and permits a member to revise a beneficiary designation pursuant to specific requirements and limitations. The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other things, sets limits on the amount of compensation that may be used to calculate benefits.

This bill would amend the Teachers' Retirement Law to provide a definition of base allowance for the purpose of determining specified supplemental benefits and revise the definition of a break in service to account for certain times not recognized as part of the school year. *The bill would revise the definition of creditable service to account for service that is not full time and in which the member is engaged in specified school activities.* The bill would revise the definition of credited service to account for members whose contributions have been reduced because of PEPRA. The bill would revise the definition of final compensation to account for the calculation of service based on months rather than years and require an employer to make a certification if a member's salary was reduced because of reduction in school funds. The bill would prescribe requirements for a joint powers authority in order for that authority to act as employer providing creditable service subject to the Defined Benefit Program of the State Teachers' Retirement Plan.

The bill would make conforming changes in how member contributions are credited to reflect reductions applied when payments are determined to have been paid to enhance a member's benefits. The bill would make various technical changes regarding disability

allowances, disability retirements, and service retirements following disability retirements. The bill would revise and reorganize provisions relating to a member's right to elect among various options to provide an actuarially modified retirement allowance payable during the life of the member and the member's chosen beneficiary or beneficiaries, particularly with regard to the election of a new beneficiary after the member's retirement when the previous beneficiary has predeceased the member. The bill would grant a member who had retired and elected certain options and designated his or her same-sex spouse *or former same-sex partner* as the option beneficiary the right to elect to change his or her option subject to specified requirements. The bill would make numerous technical and conforming changes.

Existing law requires the Teachers' Retirement Board to establish a vendor registration process through which information about tax-deferred retirement investment products are made available for consideration by specified public employees, including those employed by local school districts and community college districts. Existing law defines vendor for this purpose.

This bill would revise the definition of vendor to mean any organization qualified to do business in California that offers a 403(b) product.

Existing law permits a governing board of a school district or a county board of education to request the State Board of Education waive provisions of the Education Code, but excepts from that authorization specified provisions, including provisions of the Teachers' Retirement Law relating to STRS.

This bill would also except from this authorization provisions of the Teachers' Retirement Law relating to the health care benefits program and the cash benefit program.

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

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

1 SECTION 1. Section 22106.1 of the Education Code is
2 amended and renumbered to read:
3 22106.2. "Base days" means the number of days of creditable
4 service required to earn one year of service credit.
5 SEC. 2. Section 22106.1 is added to the Education Code, to
6 read:

22106.1. For the purposes of determining supplemental benefits pursuant to Sections 24412 and 24415, "base allowance" means a monthly allowance under the Defined Benefit Program prior to all allowance increases by this part and after modification for an option, if applicable.

SEC. 3. Section 22106.2 of the Education Code is amended and renumbered to read:

22106.3. "Base hours" means the number of hours of creditable service required to earn one year of service credit.

SEC. 4. Section 22109.5 of the Education Code is amended to read:

22109.5. "Break in service," for purposes of determining a member's final compensation, means:

(a) With respect to service of a member employed as a full-time employee and service performed by a member employed as a part-time employee, any period of time covering a pay period during which a member is on an unpaid leave of absence or a pay period in which a member has not performed any creditable service.

(b) For a member who has been employed in a substitute position:

(1) And has a change in assignment during a school year to a full-time or part-time position, a break in service is determined on the same basis as for the full-time or part-time employment during the same school year.

(2) For less than 50 percent of their teaching career for which service is credited, a break in service is determined on the same basis as full-time employment.

(3) For more than 50 percent of their teaching career for which service is credited, a break in service is any period of time within a school year for which compensation is not paid and service is not credited.

(c) If a member commenced performing service at the beginning of a school term, the months not recognized as part of the school term are not a break in service; however, if the member commenced performing service after the school term began, or did not complete the school term, the months not recognized as part of the school term are a break in service. The school term shall be no less than the days or hours specified as full time in Section 22138.5.

(d) Earnable salaries for a full pay period, but not beyond the effective date of retirement, shall be used in determining final

compensation when the member performed service within that pay period.

SEC. 5. Section 22115 of the Education Code is amended to read:

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

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

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

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

(e) If creditable service is not performed on a full-time basis because a member is performing those activities pursuant to paragraph (6) of subdivision (a) of Section 22119.5, compensation earnable for those activities shall be determined as if the creditable compensation had been earned at the lowest pay rate for other creditable service activities performed by the member for the same employer during the same school year.

~~(e)~~

(f) (1) Except as provided in subdivision ~~(f),~~ *(g),* for purposes of determining compensation earnable for a member employed by a community college prior to July 1, 1996, full time shall be defined pursuant to Section 22138.5 and pursuant to Section 20521 of Title 5 of the California Code of Regulations, as those provisions read on June 30, 1996, if application of that definition will increase the

compensation earnable or otherwise enhance the benefits of the member.

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

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

(i) Base hours.

(ii) Actual earnings.

(iii) Compensation earnable.

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

(i) Base hours.

(ii) Actual earnings.

(iii) Compensation earnable.

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

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

~~(f)~~

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

~~SEC. 5.~~

SEC. 6. Section 22119.3 of the Education Code is amended to read:

22119.3. (a) "Creditable compensation" for members who are subject to the California Public Employees' Pension Reform Act of 2013 means remuneration that is paid each pay period in which creditable service is performed for that position. Creditable compensation shall be paid in cash by an employer to all persons in the same class of employees in accordance with a publicly available written contractual agreement, including, but not limited to, a salary schedule or employment agreement. Creditable compensation shall include:

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

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

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

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

(b) "Creditable compensation" does not mean and shall not include:

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

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

(3) Remuneration that is not paid each pay period in which creditable service is performed for that position.

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

(5) Payments, including, but not limited to, those for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement plan, or insurance

program; and for contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United States Code when the cost is covered by an employer.

(6) Fringe benefits provided by an employer.

(7) Expenses paid or reimbursed by an employer.

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

(9) Creditable compensation determined by the system to have been paid to enhance a member's benefit.

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

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

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

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

(14) Any other payments the board determines not to be "creditable compensation."

(c) (1) Except for purposes of calculating credited service in the Defined Benefit Program and for reporting compensation earnable on or after January 1, 2013, creditable compensation in any fiscal year shall not exceed:

(A) One hundred twenty percent of the "contribution and benefit base," as determined under Section 430(b) of the Social Security Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a member whose service is not included in the federal system.

(B) One hundred percent of the "contribution and benefit base," as determined under Section 430(b) of the Social Security Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a member whose service is included in the federal system pursuant to any changes in state or federal law enacted on or after January 1, 2013.

(2) The system shall adjust the limit in paragraph (1) based on the annual changes to the Consumer Price Index for All Urban Consumers: U.S. City Average, calculated by dividing the Consumer Price Index for All Urban Consumers: U.S. City

Average for the month of February in the fiscal year preceding the adjustment by the Consumer Price Index for All Urban Consumers: U.S. City Average for the month of February of the previous year rounded to the nearest thousandth. Notwithstanding paragraph (1) of subdivision (d) of Section 7522.10 of the Government Code, the adjustment shall be effective annually on July 1, beginning July 1, 2014.

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

(4) This subdivision shall apply to compensation paid during the 2013–14 fiscal year and each fiscal year thereafter.

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

(e) For purposes of this section, remuneration shall be considered paid if distributed to any person in the same class of employees who meets the qualifications or requirements specified in a publicly available written contractual agreement, including, but not limited to, a collective bargaining agreement or an employment agreement, as a condition of receiving the remuneration.

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

presumption by the system that creditable compensation was paid to enhance the member's benefits may be reversed.

~~SEC. 6.~~

SEC. 7. Section 22119.5 of the Education Code, as amended by Section 1 of Chapter 375 of the Statutes of 2002, is amended to read:

22119.5. (a) "Creditable service" means any of the following activities performed for an employer in a position requiring a credential, certificate, or permit pursuant to this code, or under the appropriate minimum standards adopted by the Board of Governors of the California Community Colleges, or under the provisions of an approved charter for the operation of a charter school for which the charter school is eligible to receive state apportionment, or pursuant to a contract between a community college district and the United States Department of Defense to provide vocational training:

(1) The work of teachers, instructors, district interns, and academic employees employed in the instructional program for pupils, including special programs such as adult education, regional occupation programs, child care centers, and prekindergarten programs pursuant to Section 22161.

(2) Education or vocational counseling, guidance, and placement services.

(3) The work of directors, coordinators, and assistant administrators who plan courses of study to be used in California public schools, or research connected with the evaluation or efficiency of the instructional program.

(4) The selection, collection, preparation, classification, demonstration, or evaluation of instructional materials of any course of study for use in the development of the instructional program in California public schools, or other services related to school curriculum.

(5) The examination, selection, in-service training, or assignment of teachers, principals, or other similar personnel involved in the instructional program.

(6) School activities related to, and an outgrowth of, the instructional and guidance program of the school when performed in addition to other activities described in this section.

(7) The work of nurses, physicians, speech therapists, psychologists, audiometrists, audiologists, and other school health professionals.

(8) Services as a school librarian.

(9) The work of employees who are responsible for the supervision of persons or administration of the duties described in this section.

(b) "Creditable service" also means the work of superintendents of California public schools.

(c) The board shall have final authority for determining creditable service to cover any activities not already specified.

~~SEC. 7.~~

SEC. 8. Section 22119.5 of the Education Code, as added by Section 1 of Chapter 394 of the Statutes of 1995, is repealed.

~~SEC. 8.~~

SEC. 9. Section 22121 of the Education Code is amended to read:

22121. (a) "Credited service" means service for which the required contributions have been paid.

(b) "Credited service" for members who are subject to the California Public Employees' Pension Reform Act of 2013 means service for which required contributions have been paid and service for which required contributions would have been paid in absence of the limit established by subdivision (c) of Section 22119.3.

(c) "Credited service" for the limited purpose of determining eligibility for benefits pursuant to Section 22134.5, 24203.5, or 24203.6 also includes up to two-tenths of one year of service granted pursuant to Section 22717.

~~SEC. 9.~~

SEC. 10. Section 22131 of the Education Code is amended to read:

22131. (a) (1) "Employer" or "employing agency" means the state or any agency or political subdivision thereof, including, but not limited to, a joint powers authority, for which creditable service subject to coverage by the plan is performed.

(2) In the case of a joint powers authority, all of the following criteria shall be met:

(A) The joint powers authority shall be formed pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code).

(B) All entities included in the joint powers authority shall be entities at which creditable service subject to coverage by the plan is performed.

(C) The joint powers authority shall report through a single county office of education, with that county superintendent having responsibility for activities specified under this part, including but not limited to, reporting and remitting contributions.

(b) This section shall be administered in compliance with the requirements defining a governmental plan set forth in Section 414(d) of the Internal Revenue Code of 1986 (26 U.S.C. Sec. 414(d)).

~~SEC. 10.~~

SEC. 11. Section 22134 of the Education Code is amended to read:

22134. (a) "Final compensation" means the highest average annual compensation earnable, as defined by Section 22115, by a member during any period of 36 consecutive months while an active member of the Defined Benefit Program or time during which he or she was not a member but for which the member has received credit under the Defined Benefit Program, except time that was so credited for service performed outside this state prior to July 1, 1944.

(b) For purposes of this section, periods of service separated by breaks in service may be aggregated, if the periods of service are consecutive except for the breaks.

(c) The determination of final compensation of a member who is eligible for concurrent retirement as defined in Section 22115.5 shall take into consideration the compensation earnable while a member of any other system, provided that both of the following exist:

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

(2) Retirement under the Defined Benefit Program is concurrent with the member's retirement under any other system pursuant to Section 22115.5.

(d) The compensation earnable for the first position in which California service was credited shall be used when additional compensation earnable is required for the purpose of determining final compensation under Section 23805.

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

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

(g) The amendment of former Section 22127 made by Chapter 782 of the Statutes of 1982 does not constitute a change in, but is declaratory of, the existing law.

~~SEC. 11.~~

SEC. 12. Section 22134.5 of the Education Code is amended to read:

22134.5. (a) Notwithstanding Section 22134, "final compensation" means the highest average annual compensation earnable, as defined in Section 22115, by a member during any period of 12 consecutive months while an active member of the Defined Benefit Program or time during which he or she was not a member but for which the member has received credit under the Defined Benefit Program, except time that was so credited for service performed outside this state prior to July 1, 1944.

(b) For purposes of this section, periods of service separated by breaks in service may be aggregated, if the periods of service are consecutive except for the breaks.

(c) The determination of final compensation of a member who is eligible for concurrent retirement as defined in Section 22115.5 shall take into consideration the compensation earnable while a member of any other system, provided that both of the following exist:

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

(2) Retirement under the Defined Benefit Program is concurrent with the member's retirement under any other system pursuant to Section 22115.5.

(d) If a member has received service credit for part-time service performed prior to July 1, 1956, the member's final compensation

shall be adjusted for that service in excess of one year by the ratio that part-time service bears to full-time service.

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

(f) This section shall apply to the following:

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

(A) Section 22714.

(B) Section 22715.

(C) Section 22717, except as provided in subdivision (c) of Section 22121.

(D) Section 22826.

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

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

~~SEC. 12.~~

SEC. 13. Section 22135 of the Education Code is amended to read:

22135. (a) Notwithstanding subdivision (a) of Section 22134, "final compensation" means the highest average annual compensation earnable, as defined by Section 22115, by an active member who is a classroom teacher not subject to the California Public Employees' Pension Reform Act of 2013 and who retires, becomes disabled, or dies, after June 30, 1990, during any period of 12 consecutive months while an active member of the Defined Benefit Program.

(b) Section 22134, except subdivision (a) of that section, shall apply to classroom teachers who retire after June 30, 1990, and any statutory reference to Section 22134 or "final compensation" with respect to a classroom teacher who retires, becomes disabled, or dies, after June 30, 1990, shall be deemed to be a reference to this section.

(c) As used in this section, "classroom teacher" means any of the following:

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

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

(d) As used in this section, "classroom teacher" does not include any of the following:

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

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

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

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

(5) Classified employees.

(e) This section shall apply only to teachers employed by an employer that has, pursuant to Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code, entered into, extended, renewed, or amended a written agreement

with an exclusive representative, prior to January 1, 2014, that makes this section applicable to all of its classroom teachers, as defined in subdivision (c).

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

(g) Upon the execution of the agreement, the employer shall notify all certificated employees of the agreement and any certificated employee of the employer, who is a member of the Public Employees' Retirement System pursuant to Section 22508, that he or she may, within 60 days following the date of notification, elect to terminate his or her membership in the Public Employees' Retirement System and become a member of this

plan's Defined Benefit Program. However, only service credited under the Defined Benefit Program subsequent to the date of that election shall be subject to this section.

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

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

~~SEC. 13.~~

SEC. 14. Section 22136 of the Education Code is amended to read:

22136. (a) "Final compensation" with respect to a member whose salary while an active member was reduced because of a reduction in school funds as certified by the employer means the highest average annual compensation earnable, as defined by Section 22115, by the member during any 36 months while employed to perform creditable service subject to coverage by the Defined Benefit Program.

(b) For the purposes of this section, periods of service separated by breaks in service or periods in which a member's salary was reduced may be aggregated, if the periods of service are consecutive except for the breaks or periods of the salary reduction.

~~SEC. 14.~~

SEC. 15. Section 22146.2 of the Education Code is amended to read:

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

(b) A member as defined in subdivision (a) does not include a person who was a member on or before December 31, 2012, of the California Public Employees' Retirement System, the Legislators' Retirement System, the University of California Retirement System, a county retirement system established under Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 of the Government Code, or the San Francisco Employees' Retirement System, and the person performed service in the other retirement system within the six months prior to becoming employed to perform creditable service subject to coverage under the Defined Benefit Program.

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

~~SEC. 15.~~

SEC. 16. Section 22516 of the Education Code is amended to read:

22516. (a) Nothing in this chapter shall be construed or applied to exclude from membership in the Defined Benefit Program any person employed to perform creditable service at a level that requires mandatory membership in the program for which he or she has the right to elect membership in the program or another retirement system and who elects membership in the other retirement system, or who is employed to perform creditable service at a level that does not require mandatory membership in the Defined Benefit Program.

(b) Service performed after becoming a member of another retirement system shall not be credited to the member under this part, nor shall contributions or benefits under this part be based upon that service or the compensation received by the member during that period of service, except as provided in the definition of "final compensation" contained in Section 22134 or 22134.5.

~~SEC. 16.~~

SEC. 17. Section 22655 of the Education Code is amended to read:

22655. (a) Upon the legal separation or dissolution of marriage of a retired member, the court may include in the judgment or court order a determination of the community property rights of the parties in the retired member's retirement allowance and, if applicable, retirement benefit under this part consistent with this section. Upon election under subparagraph (B) of paragraph (3)

of subdivision (a) of Section 2610 of the Family Code, the court order awarding the nonmember spouse a community property share in the retirement allowance or retirement benefit, or both, of a retired member shall be consistent with this section.

(b) If the court does not award the entire retirement allowance or retirement benefit under this part to the retired member and the retired member is receiving a retirement allowance that has not been modified pursuant to Section 24300 or 24300.1, a single life annuity pursuant to Section 25011 or 25018, or a member only annuity described in paragraph (1) of subdivision (a) of Sections 25011.1 and 25018.1, the court shall require only that the system pay the nonmember spouse, by separate warrant, his or her community property share of the retired member's retirement allowance or retirement benefit, or both, under this part.

(c) If the court does not award the entire retirement allowance or retirement benefit under this part to the retired member and the retired member is receiving an allowance that has been actuarially modified pursuant to Section 24300 or 24300.1, or a joint and survivor annuity pursuant to Section 25011, 25011.1, 25018, or 25018.1, the court shall order only one of the following:

(1) The retired member shall maintain the retirement allowance or joint and survivor annuity, or both, under this part without change.

(2) The retired member shall cancel the option that modified the retirement allowance under this part pursuant to Section 24322 and elect a new joint and survivor option or designate a new beneficiary or both, and the system shall pay the nonmember spouse, by separate warrant, his or her community property share of the retirement allowance payable to the retired member, the option beneficiary, or both.

(3) The retired member shall cancel the joint and survivor annuity under which the retirement benefit is being paid pursuant to Section 24324, and elect a new joint and survivor annuity or designate a new annuity beneficiary or both, based on the actuarial equivalent of the member's canceled annuity, and the system shall pay the nonmember spouse, by separate warrant, his or her community property share of the retirement benefit payable to the retired member, the annuity beneficiary, or both.

(4) The retired member shall take the action specified in both paragraphs (2) and (3).

(5) The retired member shall cancel the option that modified the retirement allowance under this part pursuant to Section 24322 and elect an unmodified retirement allowance and the system shall pay the nonmember spouse, by separate warrant, his or her community property share of the retired member's retirement allowance under this part.

(6) The retired member shall cancel, pursuant to Section 24324, the joint and survivor annuity under which the retirement benefit is being paid, and elect a single life annuity, and the system shall pay the nonmember spouse, by separate warrant, his or her community property share of the retirement benefit payable to the retired member.

(7) The retired member shall take the action specified in both paragraphs (5) and (6).

(d) If the option beneficiary or annuity beneficiary or both under this part, other than the nonmember spouse, predeceases the retired member, the court shall order the retired member to designate a new option beneficiary pursuant to Section 24323, or a new annuity beneficiary pursuant to Section 24324 and shall order the system to pay the nonmember spouse, by separate warrant, his or her share of the community property interest in the retirement allowance or retirement benefit payable to the retired member or the new option beneficiary or annuity beneficiary or each of them.

(e) The right of the nonmember spouse to receive his or her community property share of the retired member's retirement allowance or retirement benefit or both under this section shall terminate upon the death of the nonmember spouse. However, the nonmember spouse may designate a beneficiary under the Defined Benefit Program and a payee under the Defined Benefit Supplement Program to receive his or her community property share of the retired member's accumulated retirement contributions and accumulated Defined Benefit Supplement account balance under this part in the event that there are remaining accumulated retirement contributions and a balance of credits in the member's Defined Benefit Supplement account to be paid upon the death of the nonmember spouse.

~~SEC. 17.~~

SEC. 18. Section 22662 of the Education Code is amended to read:

22662. The nonmember spouse who is awarded a separate account under the Defined Benefit Program may redeposit accumulated retirement contributions previously refunded to the member in accordance with the determination of the court pursuant to Section 22652.

(a) The nonmember spouse may redeposit under the Defined Benefit Program only those accumulated retirement contributions that were previously refunded to the member and in which the court has determined the nonmember spouse has a community property interest.

(b) The nonmember spouse shall inform the system in writing of his or her intent to redeposit within 180 days after the judgment or court order that specifies the redeposit rights of the nonmember spouse is entered. Except as provided in subdivision (g), the nonmember spouse's election to redeposit shall be made on a form provided by the system within 30 days after the system mails an election form and the billing.

(c) If the nonmember spouse elects to redeposit under the Defined Benefit Program, he or she shall repay all or a portion of the member's refunded accumulated retirement contributions that were awarded to the nonmember spouse and shall pay regular interest from the date of the refund to the date payment of the redeposit is completed.

(d) All payments shall be received by the system before the effective date of the nonmember spouse's retirement under this part. If any payment due because of the election is not received at the system's headquarters office within 120 days of its due date, the election shall be canceled and any payments made under the election shall be returned to the nonmember spouse.

(e) The right of the nonmember spouse to redeposit shall be subject to Section 23203.

(f) The member shall not have a right to redeposit the share of the nonmember spouse in the previously refunded accumulated retirement contributions under this part whether or not the nonmember spouse elects to redeposit. However, any accumulated retirement contributions previously refunded under this part and not explicitly awarded to the nonmember spouse under this part by the judgment or court order shall be deemed the exclusive property of the member.

(g) The measurement of time within which the election to redeposit described in subdivision (b) shall be made is subject to Section 22337.

~~SEC. 18.~~

SEC. 19. Section 22663 of the Education Code is amended to read:

22663. The nonmember spouse who is awarded a separate account under this part has the right to purchase additional service credit in accordance with the determination of the court pursuant to Section 22652.

(a) The nonmember spouse may purchase only the service credit that the court, pursuant to Section 22652, has determined to be the community property interest of the nonmember spouse.

(b) The nonmember spouse shall inform the system in writing of his or her intent to purchase additional service credit within 180 days after the date the judgment or court order addressing the right of the nonmember spouse to purchase additional service credit is entered. Except as provided in subdivision (f), the nonmember spouse shall elect to purchase additional service credit on a form provided by the system within 30 days after the system mails an election form and billing.

(c) If the nonmember spouse elects to purchase additional service credit, he or she shall pay, prior to retirement under this part, all contributions with respect to the additional service at the contribution rate for additional service credit in effect at the time of election and regular interest from July 1 of the year following the year upon which contributions are based.

(1) (A) The nonmember spouse shall purchase additional service credit by paying the required contributions and interest in one lump sum, or in not more than 120 monthly installments, provided that no installment, except the final installment, is less than twenty-five dollars ($25). Regular interest shall be charged on the monthly, unpaid balance if the nonmember spouse pays in installments.

(B) If any payment due, because of the election, is not received at the system's headquarters office within 120 days of its due date, the election shall be canceled and any payments made under the election shall be returned to the nonmember spouse.

(2) The contributions shall be based on the member's compensation earnable in the most recent school year during which

the member was employed, preceding the date of separation established by the court pursuant to Section 22652.

(3) All payments of contributions and interest shall be received by the system before the effective date of the retirement of the nonmember spouse.

(d) The nonmember spouse does not have a right to purchase additional service credit under this part after the effective date of a refund of the accumulated retirement contributions in the separate account of the nonmember spouse.

(e) The member does not have a right to purchase the community property interest of the nonmember spouse of additional service credit under this part whether or not the nonmember spouse elects to purchase the additional service credit. However, any additional service credit eligible for purchase that is not explicitly awarded to the nonmember spouse by the judgment or court order shall be deemed the exclusive property of the member.

(f) The measurement of time within which the election to purchase additional service credit described in subdivision (b) shall be made is subject to Section 22337.

~~SEC. 19.~~

SEC. 20. Section 22664 of the Education Code is amended to read:

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

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

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

(2) The nonmember spouse has at least two and one-half years of credited service in his or her separate account.

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

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

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

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

(3) The effective date is no earlier than the first day of the month that the application is received at the system's headquarters office and the effective date is after the date the judgment or court order pursuant to Section 22652 was entered.

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

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

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

Age at Retirement	Percentage
60¼	2.033
60½	2.067
60¾	2.10
61	2.133
61¼	2.167
61½	2.20
61¾	2.233
62	2.267
62¼	2.30
62½	2.333

62¾	2.367
63 and over	2.40

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

(5) Final compensation, for purposes of calculating the service retirement allowance of the nonmember spouse under this subdivision, shall be calculated according to the definition of final compensation in Section 22134, 22134.5, 22135, or 22136, whichever is applicable, and shall be based on the member's compensation earnable up to the date the parties separated, as established in the judgment or court order pursuant to Section 22652. The nonmember spouse shall not be entitled to use any other calculation of final compensation.

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

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

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

(e) If the member is or was receiving a disability allowance under this part with an effective date before or on the date the parties separated as established in the judgment or court order pursuant to Section 22652, or at any time applies for and receives a disability allowance with an effective date that is before or coincides with the date the parties separated as established in the judgment or court order pursuant to Section 22652, the nonmember spouse shall not be eligible to retire until after the disability allowance of the member terminates. If the member who is or was receiving a disability allowance returns to employment to perform

creditable service subject to coverage under the Defined Benefit Program or has his or her allowance terminated under Section 24015, the nonmember spouse may not be paid a retirement allowance until at least six months after termination of the disability allowance and the return of the member to employment to perform creditable service subject to coverage under the Defined Benefit Program, or the termination of the disability allowance and the employment or self-employment of the member in any capacity, notwithstanding Section 22132. If at the end of the six-month period, the member has not had a recurrence of the original disability or has not had his or her earnings fall below the amounts described in Section 24015, the nonmember spouse may be paid a retirement allowance if all other eligibility requirements are met.

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

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

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

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

~~SEC. 20.~~

SEC. 21. Section 22801 of the Education Code is amended to read:

22801. (a) A member who requests to purchase additional service credit as provided in this chapter and Chapter 14.2 (commencing with Section 22820) shall pay, prior to retirement, all contributions with respect to that service at the contribution rate for additional service credit, adopted by the board as a plan amendment, in effect on the date of the request to purchase additional service credit. If the system is unable to inform the member or beneficiary of the amount required to purchase additional service credit prior to the effective date of the applicable allowance, the member or beneficiary may make the required payment within 30 working days after the date of mailing of the statement of contributions and interest required or the effective date of the appropriate allowance, whichever is later, except as provided in subdivision (i). The payment shall be paid in full before a member or beneficiary receives any adjustment in the appropriate allowance due because of that payment. Contributions shall be made in a lump sum, or in not more than 120 monthly installments, not to exceed ten years. No installment, except the final installment, shall be less than twenty-five dollars ($25).

(b) If the member is employed to perform creditable service subject to coverage by the Defined Benefit Program on the date of the request to purchase additional service credit, the contributions shall be based upon the compensation earnable in the current school year or either of the two immediately preceding school years, whichever is highest.

(c) If the member is not employed to perform creditable service subject to coverage by the Defined Benefit Program on the date

of the request to purchase additional service credit, the contributions shall be based upon the compensation earnable in the last school year of credited service or either of the two immediately preceding school years, whichever is highest, and additional regular interest shall be added to the contributions from July 1 of the subsequent year in which the member last performed creditable service subject to coverage by the Defined Benefit Program to 20 days after the date of the request.

(d) The employer may pay the amount required as employer contributions for additional service credited under paragraphs (7), (8), (9), and (10) of subdivision (a) of Section 22803.

(e) The Public Employees' Retirement System shall transfer the actuarial present value of the assets of a person who makes an election pursuant to paragraph (11) of subdivision (a) of Section 22803.

(f) Regular interest shall be charged on the monthly unpaid balance if the member pays in installments. Regular interest may not be charged or be payable for the period of a delay caused by the system's inability or failure to determine and inform the member or beneficiary of the amount of contributions and interest that is payable. The period of delay shall commence on the 20th day following the day on which the member or beneficiary who wishes to make payment evidences in writing to the system that he or she is ready, willing, and able to make payment to the system. The period of delay shall cease on the first day of the month following the mailing of notification of contributions and interest payable.

(g) If the payment described in subdivision (a) is not received at the system's headquarters office within 120 days of the due date, the election pursuant to this section shall be canceled. The member shall receive credit for additional service based on the payments that were made or the member may request a return of his or her payments.

(h) If the election to purchase additional service credit is canceled as described in subdivision (g), the member may, prior to the effective date of his or her retirement, elect to purchase additional service credit pursuant to this section.

(i) The measurement of time within which the purchase of additional service credit described in subdivision (a) shall be made is subject to Section 22337.

~~SEC. 21.~~

SEC. 22. Section 22826 of the Education Code is amended to read:

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

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

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

~~SEC. 22.~~

SEC. 23. Section 22828 of the Education Code is amended to read:

22828. A request to purchase out-of-state service credit pursuant to Section 22827 must be received no later than June 30, 2009.

~~SEC. 23.~~

SEC. 24. Section 22905 of the Education Code is amended to read:

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

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

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

(2) Compensation that is determined by the system to have been paid to enhance a member's benefits pursuant to subdivision (b) of Section 22119.2 or to not reflect sound principles that support the integrity of the retirement fund pursuant to subdivision (f) of Section 22119.2.

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

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

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

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

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

~~SEC. 24.~~

SEC. 25. Section 22909 of the Education Code is amended to read:

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

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

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

(d) As of January 1, 2013, this section shall not apply if the group or class of employment includes members who are subject to the Public Employees' Pension Reform Act of 2013. If the terms of a written agreement with an exclusive representative or a written employment agreement that is in effect on January 1, 2013, would be impaired by this subdivision, this subdivision shall not apply to the employer and members subject to that written agreement until the expiration of that written agreement. A renewal, amendment, or any other extension of that written agreement shall be subject to the requirements of this subdivision.

(e) As of January 1, 2014, this section shall not apply if the group or class of employment does not include members who are subject to the Public Employees' Pension Reform Act of 2013. If the terms of a written agreement with an exclusive representative or a written employment agreement that is in effect on January 1, 2014, would be impaired by this subdivision, this subdivision shall

not apply to the employer and members subject to that written agreement until the expiration of that written agreement. A renewal, amendment, or any other extension of that written agreement shall be subject to the requirements of this subdivision.

~~SEC. 25.~~

SEC. 26. Section 23104 of the Education Code is amended to read:

23104. (a) Deposit in the United States mail of an initial warrant drawn as directed by the member as a refund of contributions upon termination of employment, and addressed to the address directed by the member, constitutes a return of the member's accumulated retirement contributions under this part. *In lieu of an initial warrant, the system may initiate a disbursement by electronic funds transfer to a specific account at a financial institution as directed by the member as a refund of contributions upon termination of employment, which shall constitute a return of the member's accumulated retirement contributions under this part.*

(b) Except as provided in subdivision (e), if the member has elected on a form provided by the system to transfer all or a specified portion of the accumulated retirement contributions that are eligible for direct trustee-to-trustee transfer to the trustee of a qualified plan under Section 402 of the Internal Revenue Code of 1986 (26 U.S.C. Sec. 402), deposit in the United States mail of a notice that the requested transfer has been made constitutes a return of the member's accumulated retirement contributions under this part.

(c) Except as provided in subdivision (e), for refunds not involving direct trustee-to-trustee transfers, if the member returns the total gross distribution amount to the system's headquarters office within 30 days from the mailing date, the refund shall be canceled and the person shall be restored as a member of the Defined Benefit Program with all the rights and privileges under this part restored.

(d) Except as provided in subdivision (e), for refunds involving direct trustee-to-trustee transfers, if the member returns the warrant drawn to the trustee of the qualified plan or the trustee returns the amount of the qualified refund and, if applicable, any additional amounts necessary to equal, but in no event to exceed, the total gross distribution amount to the system's headquarters office within

30 days from the mailing date, the refund shall be canceled and the person shall be restored as a member of the Defined Benefit Program with all the rights and privileges under this part restored.

(e) The mode of notice described in subdivision (b) and the measurement of time within which the return of total gross distribution amounts described in subdivisions (c) and (d) shall be made are subject to Section 22337.

~~SEC. 26.~~

SEC. 27. Section 24001 of the Education Code is amended to read:

24001. (a) (1) A member may apply for a disability allowance under the Defined Benefit Program, upon written application for disability allowance to the board on a properly executed form provided by the system, if the member has five or more years of credited service and if all of the following requirements are met:

(A) At least four years were credited for actual performance of service subject to coverage under the Defined Benefit Program. Credit received because of workers' compensation payments shall be counted toward the four-year requirement in accordance with Section 22710.

(B) The last five years of credited service were performed in this state.

(C) Except as described in subdivision (d) of Section 24201.5, the member is not currently receiving a service retirement allowance and at least one year was credited for service performed subsequent to the date on which the member terminated a service retirement allowance under Section 24208.

(D) At least one year was credited for service performed subsequent to the most recent refund of accumulated retirement contributions.

(E) The member has neither attained normal retirement age, nor possesses sufficient unused sick leave days to receive creditable compensation on account of sick leave to normal retirement age.

(F) The member is not applying for a disability allowance because of a physical or mental condition known to exist at the time the most recent membership in the Defined Benefit Program commenced and remains substantially unchanged at the time of application.

(2) A member who becomes disabled prior to normal retirement age, who has sick leave which will extend beyond normal

retirement age, and who has a dependent child, may be awarded a disability allowance with an effective date after normal retirement age if the application is filed prior to attaining normal retirement age.

(b) Nothing in subdivision (a) shall affect the right of a member to a disability allowance under this part if the reason that the member is credited with less than four years of actual service performed subject to coverage under the Defined Benefit Program is due to an on-the-job injury or a disease that occurred while the member was employed and the four-year requirement can be satisfied by credit obtained under Chapter 14 (commencing with Section 22800) or Chapter 14.5 (commencing with Section 22850) in addition to any credit received from workers' compensation payments.

(c) Nothing in subdivision (a) shall affect the right of a member under this part who has less than five years of credited service to a disability allowance if the following conditions are met:

(1) The member has at least one year of credited service performed in this state.

(2) The disability is the direct result of an unlawful act of bodily injury that was perpetrated on his or her person by another human being while the member was performing his or her official duties in a position subject to coverage under the Defined Benefit Program.

(3) The member provides documentation of the unlawful act in the form of an official police report or official employer incident report.

(d) A member who is eligible to apply for a disability allowance pursuant to this section may also apply for a service retirement pending a determination of his or her application for disability as described in Section 24201.5.

~~SEC. 27.~~

SEC. 28. Section 24101 of the Education Code is amended to read:

24101. (a) A member may apply for a disability retirement under this part, upon written application for disability retirement to the board on a properly executed form provided by the system, if the member has five or more years of credited service and if all of the following requirements are met:

(1) At least four years were credited for actual service performed subject to coverage under the Defined Benefit Program. Credit received because of workers' compensation payments shall be counted toward the four-year requirement in accordance with Section 22710.

(2) The last five years of credited service were performed in this state.

(3) Except as described in subdivision (d) of Section 24201.5, the member is not currently receiving a service retirement allowance and at least one year of credited service was earned subsequent to the date on which the member terminated a service retirement allowance under Section 24208.

(4) At least one year of credited service was earned subsequent to the date on which the member's disability retirement was terminated.

(5) At least one year of credited service was earned subsequent to the most recent refund of accumulated retirement contributions.

(6) The member is not applying for a disability retirement because of a physical or mental condition known to exist at the time the most recent membership in the Defined Benefit Program commenced and that remains substantially unchanged at the time of application.

(b) Nothing in subdivision (a) shall affect the right of a member to a disability retirement if the reason that the member has performed less than four years of actual service is due to an on-the-job injury or a disease while in employment subject to coverage by the Defined Benefit Program and the four-year requirement can be satisfied by credit obtained under Chapter 14 (commencing with Section 22800) or Chapter 14.5 (commencing with Section 22850) in addition to any credit received from workers' compensation payments.

(c) Nothing in subdivision (a) shall affect the right of a member under this part who has less than five years of credited service to a disability retirement allowance if the following conditions are met:

(1) The member has at least one year of credited service performed in this state.

(2) The disability is a direct result of an unlawful act of bodily injury that was perpetrated on his or her person by another human being while the member was performing his or her official duties

in a position subject to coverage under the Defined Benefit Program.

(3) The member provides documentation of the unlawful act in the form of an official police report or official employer incident report.

(d) A member who is eligible to apply for a disability retirement pursuant to this section may also apply for a service retirement pending a determination of his or her application for disability as described in Section 24201.5.

~~SEC. 28.~~

SEC. 29. Section 24105 of the Education Code is amended to read:

24105. (a) A disability retirement allowance under this part shall become effective upon any date designated by the member, provided that all of the following conditions are met:

(1) An application for disability retirement is filed on a properly executed form prescribed by the system.

(2) The effective date is later than the last day of creditable service for which compensation is payable to the member.

(3) The effective date is no earlier than either the first day of the month in which the application is received at the system's headquarters office or the date upon and continuously after which the member is determined to the satisfaction of the board to have been mentally incompetent.

(4) The application for disability retirement contains an election of either an unmodified allowance or an allowance modified under an option as provided in Section 24332.

(b) If the member is employed to perform creditable service subject to coverage under the Defined Benefit Program at the time the disability retirement is approved, the member shall notify the system in writing, within 90 days, of the last day on which the member will perform service. If the member does not respond within 90 days, or if the last day on which service will be performed is more than 90 days after the date the system notifies the member of the approval of disability retirement, the member's application for disability retirement shall be rejected and a disability retirement allowance shall not be payable to the member.

~~SEC. 29.~~

SEC. 30. Section 24107 of the Education Code is amended to read:

24107. A member retired for disability under this part may elect an option pursuant to Section 24332 to modify the disability retirement allowance payable pursuant to subdivision (a) of Section 24106.

~~SEC. 30.~~

SEC. 31. Section 24201.5 of the Education Code is amended to read:

24201.5. (a) A member who is eligible and applies for a disability allowance or retirement pursuant to Section 24001 or 24101 may apply to receive a service retirement allowance pending the determination of his or her application for disability, subject to all of the following:

(1) The member is eligible to retire for service under Section 24201 or 24203.

(2) The member submits the application on a form provided by the system, subject to all of the following:

(A) The application is executed no earlier than the date the application for disability benefits is executed and no earlier than six months before the effective date of the retirement allowance.

(B) The effective date is no earlier than the first day of the month in which the application for disability benefits is received at the system's headquarters office, unless the application for disability benefits is denied or canceled and the member has indicated an earlier service retirement date on the application to use if denied or canceled. If the application for disability benefits is denied or canceled, the service retirement date of a member who submits an application for retirement pursuant to this section on or after January 1, 2014, shall be no earlier than January 1, 2014.

(C) The effective date is later than the last day of creditable service for which compensation is payable to the member.

(D) The effective date is no earlier than one year following the date on which a retirement allowance was terminated pursuant to Section 24208, unless the application for disability benefits is denied or canceled and the member has indicated an earlier service retirement date on the application to use if denied or canceled. If the application for disability benefits is denied or canceled, the service retirement date is no earlier than one day after the date on which a retirement allowance was terminated pursuant to Section 24208, provided that the retirement allowance is terminated on or after January 1, 2014.

(E) The effective date is no earlier than one year following the date on which a retirement allowance was terminated pursuant to subdivision (a) of Section 24117.

(3) The effective date of the service retirement allowance can be no earlier than the date upon and continuously after which the member is determined to the satisfaction of the board to have been mentally incompetent.

(4) A member who applies for service retirement under this section is not eligible to receive a lump-sum payment and an actuarially reduced monthly allowance pursuant to Section 24221.

(5) A member who applies for service retirement under this section is not eligible to receive an allowance calculated pursuant to Section 24205.

(6) (A) Except as described in subparagraph (B), a member who applies for service retirement under this section shall not receive service credit for each day of accumulated and unused leave of absence for illness or injury or for education pursuant to Section 22717 or 22717.5.

(B) If the application for disability is denied or canceled, the member's service retirement allowance shall be adjusted to the effective date of the service retirement to include service credited pursuant to Section 22717 or 22717.5.

(7) If the application for disability is denied or canceled, a member who applies for a service retirement allowance under this section is subject to all of the following:

(A) Unless otherwise provided in this part, a member who, on his or her application for service retirement, elects an option pursuant to Section 24300.1 or 24307 may not change or revoke that option.

(B) If the member receives a modified service retirement allowance based on the election of an option pursuant to Section 24300.1 or 24307, that modified service retirement allowance shall continue in effect and unchanged.

(C) If the member did not elect an option pursuant to Section 24300.1 or 24307 and receives an unmodified service retirement allowance, that unmodified service retirement allowance shall continue in effect and unchanged.

(b) A member who applies for service retirement under this section may change or cancel his or her service retirement

application pursuant to Section 24204, or may terminate his or her service retirement allowance pursuant to Section 24208.

(c) A member may not cancel his or her application for disability prior to a determination of that application unless he or she submits a written request to the system's headquarters office. If a member elects to cancel his or her service retirement application or elects to terminate his or her service retirement allowance as described in subdivision (b), that election shall not cancel the application for disability.

(d) (1) Subparagraph (C) of paragraph (1) of subdivision (a) of Section 24001 and paragraph (3) of subdivision (a) of Section 24101 shall not apply to a member who cancels an application for service retirement pursuant to Section 24204 or who terminates a service retirement allowance pursuant to Section 24208, if all of the following apply:

(A) The member earned at least one year of credited service subsequent to the most recent terminated service retirement allowance.

(B) The member's application for disability under this section is pending determination by the board.

(2) If the member's application for disability under this section is denied or canceled, subparagraph (C) of paragraph (1) of subdivision (a) of Section 24001 and paragraph (3) of subdivision (a) of Section 24101 shall apply if the member submits a new application for disability.

(e) (1) If the board approves the application for disability, and notwithstanding subdivision (f) of Section 24204, the board shall cancel the member's application for service retirement and shall authorize payment of a disability allowance or disability retirement.

(2) If the board approves the application for disability and the member has received service retirement allowance payments under this part, the effective date for the disability allowance or disability retirement shall be the same as the effective date of the service retirement allowance.

(f) If a member who applies for service retirement under this section dies prior to a determination by the board on the application for disability, the member shall be considered retired for service at the time of death, and any subsequent benefits shall be paid accordingly.

(g) If a member who applies for service retirement under this section dies after the board has approved the member's application for disability, the member shall be considered a disabled member, or retired for disability, at the time of death, and any subsequent benefits shall be paid accordingly, even if the member died prior to receiving notification of the approval of his or her application for disability.

(h) If the member changes or cancels his or her service retirement application or terminates his or her service retirement allowance as described in subdivision (b), the system shall make appropriate adjustments to the applicable service retirement allowance, disability allowance, or disability retirement allowance, retroactive to the effective date of the disability allowance or disability retirement allowance. Subdivision (a) of Section 24617 shall not apply.

(i) The system may recover a service retirement allowance overpayment made to a member by deducting that overpayment from any subsequent disability benefit payable to the member.

(j) Nothing in this section shall be construed to allow a member or beneficiary to receive more than one type of retirement or disability allowance for the same period of time.

~~SEC. 31.~~

SEC. 32. Section 24203.5 of the Education Code is amended to read:

24203.5. (a) The percentage of final compensation used to compute the allowance pursuant to Section 24202.5, 24203, 24205, 24209, 24209.3, 24210, 24211, 24212, or 24213 of a member retiring on or after January 1, 1999, who has 30 or more years of credited service, shall be increased by two-tenths of 1 percentage point, provided that the sum of the percentage of final compensation used to compute the allowance, including any adjustments for retiring before the normal retirement age, and the additional percentage provided by this section does not exceed 2.40 percent.

(b) For purposes of establishing eligibility for the increased allowance pursuant to this section only, credited service shall exclude service credited pursuant to the following:

(1) Section 22714.

(2) Section 22715.

(3) Section 22717, except as provided in subdivision (c) of Section 22121.

(4) Section 22717.5.

(c) For purposes of establishing eligibility for the increased allowance pursuant to this section only, credited service shall include credited service that a court has ordered be awarded to a nonmember spouse pursuant to Section 22652. A nonmember spouse shall also be eligible for the increased allowance pursuant to this section if the member had 30 or more years of credited service on the date the parties separated, as established in the judgment or court order pursuant to Section 22652.

(d) Nonqualified service credit for which contributions pursuant to Section 22826 were made in a lump sum on or after January 1, 2000, or for which the first installment was made on or after January 1, 2000, may not be included in determining the eligibility for an increased allowance pursuant to this section.

~~SEC. 32.~~

SEC. 33. Section 24203.6 of the Education Code is amended to read:

24203.6. (a) In addition to the amount otherwise payable pursuant to Section 24202.5, 24203, 24203.5, 24205, 24209, 24209.3, 24210, 24211, 24212, or 24213, a member shall receive an increase in the monthly allowance, prior to any modification pursuant to Sections 24300, 24300.1, and 24309, in the amount identified in subdivision (b), if the member meets all of the following criteria:

(1) The member retires for service on or after January 1, 2001.

(2) Prior to January 1, 2011, the member has 30 or more years of credited service, including any credited service that a court has ordered be awarded to a nonmember spouse pursuant to Section 22652, but excluding service credited pursuant to the following:

(A) Section 22714.

(B) Section 22715.

(C) Section 22717, except as provided in subdivision (c) of Section 22121.

(D) Section 22717.5.

(E) Section 22826.

(3) The member is receiving an allowance subject to Section 24203.5.

(b) The amount of the increase in the monthly allowance shall be based on the member's years of credited service at the time of retirement as follows:

30 years of credited service	$200
31 years of credited service	$300
32 or more years of credited service	$400

(c) This section also applies to a nonmember spouse, if all of the following conditions are satisfied:

(1) The member is eligible for the allowance increase pursuant to subdivisions (a) and (b) upon his or her retirement for service.

(2) On the date the parties separated, as established in the judgment or court order pursuant to Section 22652, the member had at least 30 years of credited service, excluding service credited pursuant to the following:

(A) Section 22714.

(B) Section 22715.

(C) Section 22717, except as provided in subdivision (c) of Section 22121.

(D) Section 22717.5.

(E) Section 22826.

(3) The service credit of the member was divided into separate accounts in the name of the member and the nonmember spouse by a court pursuant to Section 22652. The amount identified in the schedule in subdivision (b) and payable pursuant to this section, that is based on the service credited during the marriage, shall be divided and paid to the member and the nonmember spouse proportionately according to the respective percentages of the member's service credit that were allocated to the member and the nonmember spouse in the court's order.

(d) The allowance increase provided under this section is not subject to Sections 24415 and 24417, but is subject to Section 22140.

~~SEC. 33.~~

SEC. 34. Section 24204 of the Education Code is amended to read:

24204. (a) A service retirement allowance under this part shall become effective upon any date designated by the member, provided all of the following conditions are met:

(1) An application for service retirement allowance is filed on a form provided by the system, which is executed no earlier than six months before the effective date of retirement allowance.

(2) The effective date is later than the last day of creditable service for which compensation is payable to the member.

(3) The effective date is no earlier than one day after the date on which the retirement allowance was terminated under Section 24208.

(4) The effective date is no earlier than one year following the date on which the retirement allowance was terminated under subdivision (a) of Section 24117.

(5) The effective date is no earlier than the date upon and continuously after which the member is determined to the satisfaction of the board to have been mentally incompetent.

(6) The effective date is no earlier than the date upon which the member completes payment of a service credit purchase pursuant to Section 22801, 22820, or 22826, or payment of a redeposit of contributions pursuant to Section 23200, except as provided in Section 22801 or 22829.

(b) A member who files an application for service retirement may change or cancel his or her retirement application, as long as the form provided by the system is received in the system's headquarters office no later than 30 days from the date the member's initial benefit payment for the member's most recent retirement under the Defined Benefit Program is paid by the system. If a member cancels his or her retirement application, the member shall return the total gross distribution amount of all payments for the canceled retirement benefit to the system's headquarters office no later than 45 days from the date of the member's initial benefit payment and shall be liable for any adverse tax consequences that may result from these actions.

(c) The retirement date of a member who files an application for retirement pursuant to Section 24201 on or after January 1, 2012, shall be no earlier than January 1, 2012.

(d) Nothing in this section shall be construed to allow a member to receive more than one type of retirement or disability allowance for the same period of time by virtue of his or her own membership.

~~SEC. 34.~~

SEC. 35. Section 24205 of the Education Code is amended to read:

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

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

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

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

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

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

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

(g) The cancellation of an option election in accordance with Section 24322 shall not cancel the election under this section. Upon cancellation of the joint and survivor option, one-half of the retired member's retirement allowance as calculated under subdivision (a) shall become payable for the balance of the reduction period specified in subdivision (c).

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

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

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

~~SEC. 35.~~

SEC. 36. Section 24210 of the Education Code is amended to read:

24210. Upon retirement for service following a prior disability retirement granted pursuant to Chapter 26 (commencing with Section 24100) that was terminated, the member shall receive a service retirement allowance calculated pursuant to Section 24202, 24202.5, 24202.6, 24203, 24203.5, 24203.6, or 24206 and equal to the sum of both of the following:

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

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

~~SEC. 36.~~

SEC. 37. Section 24211 of the Education Code is amended to read:

24211. When a member who has been granted a disability allowance under this part after June 30, 1972, returns to employment subject to coverage under the Defined Benefit Program and performs:

(a) Less than three years of creditable service after termination of the disability allowance, the member shall receive a retirement allowance which is the sum of the allowance calculated on service credit accrued after the termination date of the disability allowance, excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), the age of the member on the last day of the month in which the retirement allowance begins to accrue, and final compensation using compensation earnable or projected final compensation, or a combination of both, plus the greater of either of the following:

(1) A service retirement allowance calculated on service credit accrued as of the effective date of the disability allowance, excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), the age of the member on the last day of the month in which the retirement allowance begins to accrue, and projected final compensation to the termination date of the disability allowance.

(2) The disability allowance the member was eligible to receive immediately prior to termination of that allowance, excluding children's portions.

(b) Three or more years of creditable service after termination of the disability allowance, the member shall receive a retirement allowance that is the greater of the following:

(1) A service retirement allowance calculated on all actual and projected service excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), the age of the member on the last day of the month in which the retirement allowance begins to accrue, and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(2) The disability allowance the member was receiving immediately prior to termination of that allowance, excluding children's portions.

(c) The allowance shall be increased by an amount based on any service credited pursuant to Sections 22714, 22715, 22717, and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(d) If the total amount of credited service, other than projected service or service that accrued pursuant to Sections 22714, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, the amounts identified in subdivisions (a) and (b) shall be calculated pursuant to Sections 24203.5 and 24203.6.

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

(f) Upon retirement, the member may elect to modify the service retirement allowance payable in accordance with any option provided under this part.

~~SEC. 37.~~

SEC. 38. Section 24212 of the Education Code is amended to read:

24212. (a) If a disability allowance granted under this part after June 30, 1972, is terminated for reasons other than those specified in Section 24213 and the member does not return to employment subject to coverage under the Defined Benefit Program, the member's service retirement allowance, when payable, shall be based on projected service, excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820), or Chapter 19 (commencing with Section 23200), projected final compensation, and the age of the member on the last day of the month in which the retirement allowance begins to accrue. The allowance payable under this section, excluding annuities payable from accumulated annuity deposit contributions, shall not be greater than the terminated disability allowance excluding children's portions.

(b) The allowance shall be increased by an amount based on any service credited pursuant to Sections 22714, 22715, 22717, and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200) and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(c) If the total amount of credited service, other than projected service or service that accrued pursuant to Sections 22714, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, the amounts identified in subdivisions (a) and (b) shall be calculated pursuant to Sections 24203.5 and 24203.6.

(d) Upon retirement, the member may elect to modify the service retirement allowance payable in accordance with any option provided under this part.

~~SEC. 38.~~

SEC. 39. Section 24213 of the Education Code is amended to read:

24213. (a) When a member who has been granted a disability allowance under this part after June 30, 1972, attains normal retirement age, or at a later date when there is no dependent child, the disability allowance shall be terminated and the member shall be eligible for service retirement. The retirement allowance shall be calculated on the projected final compensation and projected service to normal retirement age, excluding service credited pursuant to Sections 22717 and 22717.5, or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820), or Chapter 19 (commencing with Section 23200), and the age of the member on the last day of the month in which the retirement allowance begins to accrue. The allowance payable under this section, excluding annuities payable from accumulated annuity deposit contributions, shall not be greater than the terminated disability allowance, excluding children's portions.

(b) The allowance shall be increased by an amount based on any service credited pursuant to Section 22714, 22715, 22717, or 22717.5, or Chapter 14 (commencing with Section 22800), Chapter 14.2 (commencing with Section 22820), or Chapter 19 (commencing with Section 23200) and projected final compensation to normal retirement age.

(c) If the total amount of credited service, other than projected service or service that accrued pursuant to Sections 22714, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, the amounts identified in subdivisions (a) and (b) shall be calculated pursuant to Sections 24203.5 and 24203.6.

(d) Upon retirement, the member may elect to modify the service retirement allowance payable in accordance with any option provided under this part.

~~SEC. 39.~~

SEC. 40. Section 24214.5 of the Education Code is amended to read:

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

(2) For written agreements pertaining to the performance of retired member activities entered into, extended, renewed, or amended on or after January 1, 2014, the limitation in paragraph (1) shall also apply to payments, including, but not limited to, those for participation in a deferred compensation plan; to purchase an annuity contract, tax-deferred retirement plan, or insurance program; and for contributions to a plan that meets the requirements of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United States Code when the cost is covered by an employer.

(b) If the retired member has attained normal retirement age at the time the compensation is earned, subdivision (a) shall not apply and Section 24214 shall apply if the appointment has been approved by the governing body of the employer in a public meeting, as reflected in a resolution adopted by the governing body of the employer prior to the performance of retired member activities, expressing its intent to seek an exemption from the limitation specified in subdivision (a). Approval of the appointment may not be placed on a consent calendar. Notwithstanding any other provision of Article 3.5 (commencing with Section 6250) of

Division 7 of Title 1 of the Government Code or any state or federal law incorporated by subdivision (k) of Section 6254 of the Government Code, the resolution shall be subject to disclosure by the entity adopting the resolution and the system. The resolution shall include the following specific information and findings:

(1) The nature of the employment.

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

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

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

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

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

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

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

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

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

(i) The amendments to this section enacted during the first year of the 2013–14 Regular Session shall apply to compensation paid on or after January 1, 2014.

~~SEC. 40.~~

SEC. 41. Section 24300 of the Education Code is amended to read:

24300. (a) A member may, upon application for retirement, elect an option pursuant to this part that would provide an actuarially modified retirement allowance payable throughout the life of the member and the member's option beneficiary or beneficiaries, as follows:

(1) Option 2. The modified retirement allowance shall be paid to the retired member. Upon the retired member's death, an allowance equal to the modified amount that the retired member was receiving shall be paid to the option beneficiary.

(2) Option 3. The modified retirement allowance shall be paid to the retired member. Upon the retired member's death, an allowance equal to one-half of the modified amount that the retired member was receiving shall be paid to the option beneficiary.

(3) Option 4. The modified retirement allowance shall be paid to the retired member as long as both the retired member and the option beneficiary are living. Upon the death of either the retired member or the option beneficiary, an allowance equal to two-thirds of the modified amount that the retired member was receiving shall be paid to the surviving retired member or the surviving option beneficiary.

(4) Option 5. The modified retirement allowance shall be paid to the retired member as long as both the retired member and the option beneficiary are living. Upon the death of either the retired member or the option beneficiary, an allowance equal to one-half of the modified amount that the retired member was receiving shall be paid to the surviving retired member or surviving option beneficiary.

(5) Option 6. The modified retirement allowance shall be paid to the retired member and upon the retired member's death, an allowance equal to the modified amount that the retired member was receiving shall be paid to the option beneficiary.

(6) Option 7. The modified retirement allowance shall be paid to the retired member and upon the retired member's death, an allowance equal to one-half of the modified amount the retired member was receiving shall be paid to the option beneficiary.

(7) Option 8. (A) A member may designate multiple option beneficiaries. The member who has designated more than one option beneficiary shall elect an option that the member is authorized to elect subject to subdivision (e) for each beneficiary designated that would provide an actuarially modified retirement allowance payable throughout the lives of the member and the member's option beneficiaries upon the member's death.

(B) The modified retirement allowance shall be paid to the retired member as long as the retired member and at least one of the option beneficiaries are living. Upon the retired member's death, an allowance shall be paid to each surviving option beneficiary in accordance with the option elected respective to that beneficiary. The member shall determine the percentage of the unmodified allowance that will be modified by the election of Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7 within this option, the aggregate of which shall equal 100 percent of the member's unmodified allowance. The election of this option is subject to approval by the board.

(C) A member who is a party to an action for legal separation or dissolution of marriage and who is required by court order to designate a spouse or former spouse as an option beneficiary may designate his or her spouse or former spouse as a sole option beneficiary under subparagraphs (A) and (B). The member shall specify the option elected for the spouse or former spouse and the percentage of his or her unmodified allowance to be modified by

the option, consistent with the court order. The percentage of the member's unmodified allowance that is not modified by the option shall remain an unmodified allowance payable to the member. The aggregate of the percentages specified for the option beneficiary and the member's remaining unmodified allowance, if any, shall equal 100 percent.

(b) For purposes of this section, the member shall designate an option beneficiary on a properly executed retirement application. Except as otherwise provided by this chapter, the option shall become effective on the member's benefit effective date.

(c) A member may revoke or change an election of an option at any time prior to the effective date of the member's retirement under this part. A revocation or change of an option may not be made in derogation of a spouse's or former spouse's community property rights as specified in a court order.

(d) On or before July 1, 2004, the board shall evaluate the existing options and annuities provided pursuant to this section, Chapter 38 (commencing with Section 25000) of this part, and Part 14 (commencing with Section 26000) and adopt, as a plan amendment, any appropriate changes to the options and annuities based on the needs of members, participants, and their beneficiaries, including, but not limited to, providing economic security for beneficiaries and reducing complexity in the election of options and annuities by members and participants. The changes to the options and annuities may have no net actuarial impact on the retirement fund, and the board may establish any eligibility criteria it deems necessary to prevent an adverse actuarial impact to the fund. The board shall designate the effective date of the plan amendment, which shall be at least 18 months after the amendment is adopted by the board, and notwithstanding any other provision of this section, the options and annuities available to members and participants eligible to retire pursuant to this part and Part 14 (commencing with Section 26000), after the effective date of the plan amendment made pursuant to this subdivision, shall reflect the changes adopted as a plan amendment pursuant to this subdivision.

(e) Any member or participant who retired and elected an option or a joint and survivor annuity, or who filed a preretirement election of an option prior to the effective date of the plan amendment made pursuant to subdivision (d), may elect to change to a different

option or joint and survivor annuity, as modified by the board as a plan amendment pursuant to subdivision (d), if the member or participant meets all the criteria established by the board to prevent a change in an option or joint and survivor annuity from having an adverse actuarial impact on the retirement fund, including, but not limited to, the effective date of a new designation or limitations on any changes if a member or participant, as the case may be, or beneficiary, or both, is currently not living or afflicted with a known terminal illness. The member or participant shall designate the change during the six-month period that begins with the effective date of the plan amendment, on a form prescribed by the system. Any member changing an option election pursuant to this subdivision is not subject to the allowance reduction prescribed in Section 24309 or 24310 as a result of the election. If a member or participant elects to change his or her option or joint and survivor annuity under this subdivision, the member or participant shall retain the same option beneficiary or beneficiaries as named in the prior designation.

(f) The Legislature reserves the right to modify this section prior to the effective date of the plan amendment made pursuant to subdivision (d) to prevent any actuarial impact to the fund.

(g) Except as described in subdivision (e) of Section 24300.1, on or after January 1, 2007, a member may not make a new election for an option or joint and survivor annuity described in subdivision (a).

(h) Any member with a retirement effective on or after January 1, 2007, shall elect an option from the options described in Section 24300.1. Any member making a new option election under the provisions of Section 24320, 24321, 24322, or 24323 shall elect an option from the options described in Section 24300.1 if the effective date of the new option election is on or after January 1, 2007.

~~SEC. 41.~~

SEC. 42. Section 24300.1 of the Education Code is amended to read:

24300.1. (a) A member may, upon application for retirement, elect an option pursuant to this part that would provide an actuarially modified retirement allowance payable throughout the life of the member and the member's option beneficiary or beneficiaries, as follows:

(1) One hundred percent beneficiary option. The modified retirement allowance shall be paid to the retired member and upon the member's death, 100 percent of the modified allowance shall continue to be paid to the option beneficiary.

(2) Seventy-five percent beneficiary option. The modified retirement allowance shall be paid to the retired member and upon the member's death, 75 percent of the modified allowance shall continue to be paid to the option beneficiary. Pursuant to Section 401(a)(9) of the Internal Revenue Code, unless the option beneficiary is the member's spouse or former spouse who has been awarded a community property interest in the benefits of the member under this part, the member may not designate an option beneficiary under this option who is more than exactly 19 years younger than the member.

(3) Fifty percent beneficiary option. The modified retirement allowance shall be paid to the retired member and upon the member's death, 50 percent of the modified allowance shall continue to be paid to the option beneficiary.

(4) Compound option. The member may designate multiple option beneficiaries or one or multiple option beneficiaries with a designated percentage to remain unmodified. The member shall elect an option as described in paragraph (1), (2), or (3) for each designated option beneficiary that would provide an actuarially modified retirement allowance payable throughout the lives of the retired member and the member's option beneficiary or beneficiaries upon the member's death.

(A) The modified retirement allowance shall be paid to the member as long as the member and at least one option beneficiary is living. Upon the member's death, an allowance shall be paid to each surviving option beneficiary in accordance with the option elected respective to that option beneficiary.

(B) The member shall specify the percent of the unmodified allowance that will be modified by the election of each option described in paragraph (1), (2), or (3) of this subdivision. The percent of the unmodified allowance that is not modified by an option, if any, shall be payable to the member. The sum of the percentages specified for the option beneficiary or beneficiaries and the member's remaining unmodified allowance, if any, shall equal 100 percent.

(C) The member's election of the compound option is subject to all of the following:

(i) Pursuant to Section 401(a)(9) of the Internal Revenue Code, unless the option beneficiary is the member's spouse or former spouse who has been awarded a community property interest in the member's benefits under this part, the member may not designate an option beneficiary under the 100 percent beneficiary option within this compound option who is more than exactly 10 years younger than the member.

(ii) Pursuant to Section 401(a)(9) of the Internal Revenue Code, unless the option beneficiary is the member's spouse or former spouse who has been awarded a community property interest in the member's benefits under this part, the member may not designate an option beneficiary under the 75 percent beneficiary option within this compound option who is more than exactly 19 years younger than the member.

(b) For purposes of this section, the member shall designate an option beneficiary on a properly executed retirement application. Except as otherwise provided by this chapter, the option shall become effective on the member's benefit effective date.

(c) A member may revoke or change an election of an option no later than 30 days from the date the member's initial benefit payment for the member's most recent retirement under the Defined Benefit Program is paid by the system. A revocation of an option may not be made in derogation of a spouse's or a former spouse's community property rights as specified in a court order.

(d) Notwithstanding Section 297 or 299.2 of the Family Code, a spouse described in paragraphs (2) and (4) of subdivision (a) does not include the domestic partner of the member, pursuant to Section 7 of Title 1 of the United States Code.

(e) If there is a determination of community property rights as described in Chapter 12 (commencing with Section 22650) of this part on or before December 31, 2006, the member may elect the option that is required by the judgment or court order. Nothing in this part shall permit the member to change the option to the detriment of the community property interest of the nonmember spouse.

(f) The board may evaluate the existing options and annuities provided pursuant to this section, Chapter 38 (commencing with Section 25000) of this part, and Part 14 (commencing with Section

26000) and adopt, as a plan amendment, any appropriate changes to the options and annuities based on the needs of the members, participants, and their beneficiaries, including, but not limited to, providing economic security for beneficiaries and reducing the complexity of the options and annuities. The changes to the options and annuities may have no net actuarial impact on the retirement fund and the board may establish any eligibility criteria the board deems necessary to prevent an adverse actuarial impact to the fund. The board shall designate the effective date of the plan amendment, which shall be at least 18 months after the amendment is adopted by the board, and notwithstanding any other provision of this section, the options and annuities available to members and participants eligible to retire pursuant to this part and Part 14 (commencing with Section 26000), after the effective date of the plan amendment made pursuant to this subdivision, shall reflect the changes adopted as a plan amendment to this subdivision.

~~SEC. 42.~~

SEC. 43. Section 24300.2 of the Education Code is amended and renumbered to read:

24345. (a) A member who retired and elected an option pursuant to Section 24300 may elect to change options, subject to all of the following:

(1) A member who elected Option 2 may elect to change to the 100-percent beneficiary option described in paragraph (1) or the 75-percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1.

(2) A member who elected Option 3, Option 4, or Option 5 may elect to change to the 75-percent beneficiary option described in paragraph (2) or the 50-percent beneficiary option described in paragraph (3) of subdivision (a) of Section 24300.1.

(3) A member who elected Option 6 or Option 7 may elect to change to the 75-percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1.

(4) A member who elected Option 8 may elect to have any designated percentage of his or her unmodified allowance changed in accordance with paragraph (1), (2), or (3).

(5) The election by a member under this section is made on or after January 1, 2007, and prior to July 1, 2007.

(6) The member designates the same beneficiary that was designated under the prior option elected by the member, if the

option and beneficiary designation were effective on or before December 31, 2006.

(7) The member and the option beneficiary are not afflicted with a known terminal illness and the member declares, under penalty of perjury under the laws of this state, that to the best of his or her knowledge, he or she and the option beneficiary are not afflicted with a known terminal illness.

(8) The option beneficiary has not predeceased the member as of the effective date of the change in the option by the member.

(b) The change in the option by the member shall be effective on the date the election is signed, provided that the election is on a properly executed form provided by the system and that election is received at the system's headquarters office within 30 days after the date the election is signed.

(c) After receipt of a member's election document, the system shall mail an acknowledgment notice to the member that sets forth the new option elected by the member.

(d) If the member and the option beneficiary are alive and not afflicted with a known terminal illness, a member may cancel the election to change options and elect to receive the benefit according to the preexisting option election. After cancellation, the member may elect to make a one-time change from the preexisting option to any other option provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change shall be made on a properly executed form provided by the system and shall be received at the system's headquarters office no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the member elects to make the one-time change provided by this subdivision, the change shall be effective as of the member's signature date on the initial election to change.

(e) If the system is unable to mail an acknowledgment notice to the member on or before June 1, 2007, or prior to the end of the election period, provided that the member and the option beneficiary are alive and not afflicted with a known terminal illness, the system shall allow a member to cancel the election to change options and elect to receive the benefit according to the preexisting option election. After cancellation, the member may elect to make a one-time change from the preexisting option to any other option provided by and subject to the restrictions of

paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change may be made after the end of the election period if it is made on a properly executed form provided by the system and is received at the system's headquarters office no later than 30 days following the date of the acknowledgment notice. If the member elects to make the one-time change provided by this subdivision, the change shall be effective as of the member's signature date on the initial election to change.

(f) If the member elects to change his or her option as described in subdivision (a), the retirement allowance of the member shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) The member shall not change options in derogation of a spouse's or former spouse's community property rights as specified in a court order.

~~SEC. 43.~~

SEC. 44. Section 24300.5 of the Education Code is amended and renumbered to read:

24331. An option beneficiary who is receiving an allowance pursuant to the option elected by the member may designate a beneficiary to receive any allowance that has accrued and is unpaid, and any remaining balance of the retired member's accumulated retirement contributions payable pursuant to Section 23881, upon the death of the option beneficiary.

~~SEC. 44.~~

SEC. 45. Section 24300.6 of the Education Code is amended and renumbered to read:

24321. (a) Any retired member who was unmarried and not in a registered domestic partnership on the benefit effective date who did not elect an option pursuant to Section 24300, 24300.1, or 24307, and who thereafter marries or registers in a domestic partnership, may, after the effective date of the member's retirement under this part, elect an option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1, naming his or her new spouse or registered domestic partner as the option beneficiary, subject to all of the following:

(1) The retired member shall have been married or registered in a domestic partnership for at least one year prior to making the election of the option.

(2) The retired member shall notify the board, in writing on a properly executed form provided by the system, of the election of the option and the designation of the member's new spouse or registered domestic partner as the option beneficiary. That notice shall include a certified copy of the marriage certificate or the certificate of registration of domestic partnership.

(3) The election of an option under this section is subject to approval by the board. A retired member may not elect a joint and survivor option that would result in any additional liability to the retirement fund. A retired member may not elect the compound option described in paragraph (4) of subdivision (a) of Section 24300.1.

(4) The election shall be effective six months after the date the notification is received by the board, provided that both the retired member and the retired member's designated spouse or registered domestic partner are then living. If the effective date of the new option election is on or after January 1, 2007, at the time of the new election the retired member shall elect an option from the options described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1. If, before the new election becomes effective, the member terminates his or her benefit pursuant to Section 24208 or the retired member or the new option beneficiary dies, the new election is void and the unmodified election remains in effect.

(b) The election of the option and designation of the option beneficiary under this section shall result in an actuarial modification of the member's retirement allowance that shall be payable through the life of the member and the member's new spouse or registered domestic partner. Modification of the member's retirement allowance pursuant to this section shall be based on the ages of the retired member and the retired member's new spouse or registered domestic partner as of the effective date of the election.

~~SEC. 45.~~

SEC. 46. Section 24301 of the Education Code is amended and renumbered to read:

24332. (a) A member upon application for a disability retirement pursuant to Chapter 26 (commencing with Section 24100), may elect, as provided in Section 24300 or 24300.1 to receive an actuarially modified disability retirement allowance.

(b) For purposes of this section, the member shall either elect to receive an unmodified allowance or designate an option beneficiary on a properly executed form prescribed by the system, either of which shall be filed with the system on or before the last day of the month in which the member's disability retirement is approved by the system. The option shall become effective on the effective date of the disability retirement allowance. The modification of the disability retirement allowance under the option elected shall be based on the ages of the retired member and the designated option beneficiary as of the effective date of the disability retirement. The modification shall be applicable only to the disability retirement allowance payable pursuant to subdivision (a) of Section 24106.

(c) Except as provided in Sections 24300, 24300.1, 24320, 24321, 24322, and 24323, a member may revoke or change an election of an option no later than 30 days from the date of the member's initial disability retirement benefit payment.

(d) If a member dies prior to electing an unmodified allowance or an option, the death benefits shall be payable under Chapter 23 (commencing with Section 23850), regardless of whether the disability retirement application is or would have been approved.

~~SEC. 46.~~

SEC. 47. Section 24302 of the Education Code is amended and renumbered to read:

24311. Upon termination of a service retirement allowance pursuant to Section 24208, any option elected pursuant to Section 24300 or 24300.1 and in effect at the time of reinstatement shall be considered to be a preretirement election of an option elected as of the effective date of the most recent retirement and shall be subject to the same provisions as an option elected under Section 24307.

~~SEC. 47.~~

SEC. 48. Section 24303 of the Education Code is amended and renumbered to read:

24312. Termination of the service retirement allowance pursuant to Section 24208 shall not cancel an option elected under the provisions of Section 24307. The effective date of the option shall remain the original election date pursuant to Section 24307.

~~SEC. 48.~~

SEC. 49. Section 24304 of the Education Code is amended and renumbered to read:

24333. Upon termination of a disability retirement allowance pursuant to Section 24117, any option elected at the time of retirement pursuant to Section 24332 shall be void as of the effective date of the reinstatement. The preretirement election of option subsequent to termination of the allowance pursuant to Section 24117 shall be subject to the following:

(a) A member may not make a preretirement election of option pursuant to Section 24307 prior to becoming qualified to make application for service retirement under Section 24201 or 24203.

(b) A member who was receiving an unmodified disability retirement allowance prior to termination of the allowance may not make a preretirement election of option earlier than six months following the date on which the disability retirement allowance was terminated pursuant to Section 24117.

(c) A member who has elected an option pursuant to Section 24332, and is otherwise eligible to make a preretirement election of an option, may make the election anytime during the six months following the date on which the disability retirement allowance was terminated pursuant to Section 24117. The member shall elect the same option and designate the same option beneficiary as designated under Section 24332 when making the election during the six-month period following the date the disability retirement allowance was terminated.

~~SEC. 49.~~

SEC. 50. Section 24305 of the Education Code is amended and renumbered to read:

24322. (a) An option elected under Section 24300, 24300.1, or 24307 may be canceled by a retired member if the option beneficiary is the retired member's spouse or former spouse and a final decree of dissolution of marriage or a judgment of nullity has been entered or an order of separate maintenance has been made on or after January 1, 1978, by a court of competent jurisdiction. A retired member may cancel the option before or after issuance of the first retirement allowance payment.

(b) The retired member shall notify the board in writing of cancellation of the option. Notification shall not be earlier than the effective date of the decree, judgment, or order and shall include

a certified copy of the final decree of dissolution, or judgment of nullity, or an order of separate maintenance, and any property settlement agreement.

(c) Upon notification to the board, the retired member may elect: (1) to receive the unmodified retirement allowance from the date of receipt of the notification; or (2) a new joint and survivor option under Section 24300.1 and may designate one or multiple new option beneficiaries. Modification of the retirement allowance because of the newly elected option or newly designated beneficiary or beneficiaries shall be based on the ages of the retired member and the new option beneficiary or beneficiaries as of the effective date of the new option. The election of a new joint and survivor option or the designation of a new option beneficiary or beneficiaries shall be consistent with the final decree of dissolution, judgment of nullity, order of separate maintenance, or property settlement agreement, and shall not result in any additional liability to the Teachers' Retirement Fund. The effective date of the change shall be the date notification is received by the board.

~~SEC. 50.~~

SEC. 51. Section 24305.3 of the Education Code, as amended by Section 39 of Chapter 655 of the Statutes of 2006, is amended and renumbered to read:

24324. (a) A member who is receiving a joint and survivor annuity under the Defined Benefit Supplement Program may change the annuity or the annuity beneficiary elected pursuant to Section 25011, 25011.1, 25018, or 25018.1, provided all of the following conditions are met:

(1) The annuity beneficiary is the member's spouse or former spouse.

(2) A final decree of dissolution of marriage is granted, or a judgment of nullity is entered, or an order of separate maintenance is made by a court of competent jurisdiction with respect to the member and the spouse or former spouse on or after the beginning of the initial plan year designated by the board pursuant to Section 22156.05.

(3) The change is consistent with the final decree of dissolution, judgment of nullity, or order of separate maintenance.

(b) A member may change the annuity pursuant to subdivision (a) before or after the first annuity payment is issued.

(c) The member shall notify the system in writing of the change in the annuity. The notification shall not be earlier than the effective date of the final decree of dissolution, judgment of nullity, or order of separate maintenance and shall include a certified copy of the final decree of dissolution, judgment of nullity, or order of separate maintenance, and any property settlement agreement.

(d) A change in the annuity or annuity beneficiary or both shall become effective on the date the notification of change is received by the system. The annuity amount payable to the member upon the change elected by the member shall be determined as of the effective date of the change and shall be the actuarial equivalent of the lump sum that would otherwise be payable to the member as of the date of the change. If the member elects a joint and survivor annuity, the amount payable under the annuity shall be modified consistent with the annuity elected by the member.

~~SEC. 51.~~

SEC. 52. Section 24305.3 of the Education Code, as added by Section 56 of Chapter 74 of the Statutes of 2000, is repealed.

~~SEC. 52.~~

SEC. 53. Section 24305.5 of the Education Code is amended and renumbered to read:

24320. (a) An option elected under Section 24300 or 24300.1 may be canceled by a retired member if the option beneficiary is not the retired member's spouse or former spouse. A retired member may cancel the option before or after issuance of the first retirement allowance payment and shall designate his or her spouse as the new option beneficiary and the same or a different joint and survivor option described in Section 24300.1.

(b) The retired member shall notify the board, in writing on a properly executed form provided by the system, of the designation of the new option beneficiary. Notification shall include a certified copy of the marriage certificate and a properly executed form for the change.

(c) The effective date of the new election shall be six months following the date notification is received by the board, provided both the retired member and the new designated option beneficiary are then living. If the effective date of the new option election is on or after January 1, 2007, at the time of the new election the retired member shall elect an option from the options described in Section 24300.1. If, before the new election becomes effective,

the member terminates his or her benefit pursuant to Section 24208 or the retired member or the new option beneficiary dies, the new election is void and the previous election remains in effect.

(d) The election of the option and designation of the option beneficiaries under this section and Section 24300.1 shall be subject to an actuarial modification of the retirement allowance. In no event may a retired member elect a joint and survivor option that would result in any additional liability to the fund. A retired member may not elect the compound option described in paragraph (4) of subdivision (a) of Section 24300.1. Modification of the retirement allowance because of the new option beneficiary and the new option shall be based on the ages of the retired member and the new option beneficiary as of the effective date of the new election.

~~SEC. 53.~~

SEC. 54. Section 24306 of the Education Code is amended and renumbered to read:

24323. (a) If an option beneficiary designated in the election of an Option 2 or Option 3 as described in Section 24300 predeceases the retired member, the retired member may elect a new joint and survivor option described in paragraph (1), (2), (3), or (4) of subdivision (a) of Section 24300.1 and designate one or multiple new option beneficiaries.

(b) If an option beneficiary designated in the election of an Option 4 or Option 5 as described in Section 24300 predeceases the retired member, a retirement allowance adjusted for the specified option shall be payable to the retired member and shall commence to accrue to the retired member as of the day following the date of the death of the option beneficiary. The retired member may elect a new joint and survivor option described in paragraph (1), (2), (3), or (4) of subdivision (a) of Section 24300.1 and designate one or multiple new option beneficiaries.

(c) If an option beneficiary designated in the election of Option 2 or Option 3 within Option 8 as described in Section ~~24300,~~ *24300* predeceases the retired member, the retired member may elect a new joint and survivor option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1 and designate a new option beneficiary for the portion of the retirement allowance that was modified for the prior option beneficiary. The retired member

may not elect the compound option described in paragraph (4) of subdivision (a) of Section 24300.1.

(d) If an option beneficiary designated in the election of Option 4 or Option 5 within Option 8 as described in Section 24300 predeceases the retired member, a retirement allowance adjusted for the specified option for the portion of the benefit allocated to that beneficiary shall be payable to the retired member and shall commence to accrue to the retired member as of the day following the date of the death of the option beneficiary. The retired member may elect a new joint and survivor option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1 for that portion of the retirement allowance that was modified for the prior option beneficiary and designate a new option beneficiary. The retired member may not elect the compound option described in paragraph (4) of subdivision (a) of Section 24300.1.

(e) If an option beneficiary designated in the election of an Option 6 or Option 7 or in the election of Option 6 or Option 7 within Option 8, pursuant to Section 24300 predeceases the retired member, that portion of the retirement allowance attributable to Option 6 or Option 7 without modification for the option shall be payable to the retired member upon notification to the board and shall commence to accrue to the retired member as of the day following the date of the death of the option beneficiary. The retired member may designate a new beneficiary for that portion of the retirement allowance within the same option designated for the prior beneficiary.

(f) If an option beneficiary designated in the election of an option pursuant to paragraph (1), (2), (3), or (4) of subdivision (a) of Section 24300.1 predeceases the retired member, that portion of the retirement allowance attributable to the option without modification for the option shall be payable to the member upon notification to the board and shall commence to accrue to the retired member as of the day following the date of the death of the option beneficiary. The retired member may designate a new beneficiary for that portion of the retirement allowance within the same option designated for the prior beneficiary.

(g) The retired member shall submit proof of death of the prior beneficiary before making a new beneficiary election under this section. The effective date of any new election under this section shall be six months following the date notification is received by

the board provided both the retired member and the newly designated option beneficiary are living on the date the new election is to become effective. Notification shall be on a properly executed form prescribed by the system for the new designation.

(h) If, before the new election becomes effective, the member reinstates pursuant to Section 24208 or the retired member or new option beneficiary dies, the new election is void.

(i) If the retired member is eligible to elect a new option and the effective date of the new option election is on or after January 1, 2007, at the time of the new election the retired member shall elect an option from the options described in Section 24300.1.

(j) The election of the new joint and survivor option under this section and Section 24300.1 is subject to an actuarial modification of the retirement allowance. In no event may a retired member elect a joint and survivor option that would result in any additional liability to the fund.

(k) The new option beneficiary cannot be an existing option beneficiary for that member designated under paragraph (7) of subdivision (a) of Section 24300 or paragraph (4) of subdivision (a) of Section 24300.1.

~~SEC. 54.~~

SEC. 55. Section 24306.5 of the Education Code is amended and renumbered to read:

24341. (a) A member who retired for service under Option 2 or Option 3 with an effective date prior to January 1, 1991, may elect to change Option 2 to Option 6 or Option 3 to Option 7 under all of the following conditions:

(1) The election is made during the six-month period commencing July 1, 1994, and ending December 31, 1994.

(2) The same beneficiary under Option 2 or Option 3 is named as beneficiary under Option 6 or Option 7.

(3) The change in options is consistent with Sections 22453 and 24322.

(4) The option beneficiary is not afflicted with any known terminal illness and the retired member shall state under penalty of perjury that to the best of his or her knowledge the option beneficiary is not afflicted with any known terminal illness.

(5) The option beneficiary has not predeceased the retired member as of the effective date of the change in options.

(b) The change in options shall be effective on the date the election is signed, provided that the election is received at the system's headquarters office within 30 days after the date of the signature.

(c) If an election to change options is made pursuant to this section, the modified allowance shall be reduced in a manner determined by the board to ensure that no additional liability shall be incurred by the plan pursuant to this section.

~~SEC. 55.~~

SEC. 56. Section 24306.7 of the Education Code is amended and renumbered to read:

24342. (a) Any member who retired for service under Option 4 or Option 5 with an effective date prior to January 1, 1991, may elect to change Option 4 to Option 6 or Option 5 to Option 7 if all of the following conditions are met:

(1) The election is made during the three-month period commencing January 1, 1999, and ending March 31, 1999.

(2) The same beneficiary under Option 4 or Option 5 is named as beneficiary under Option 6 or Option 7.

(3) The change in options is consistent with Sections 22453 and 24322.

(4) The option beneficiary is not afflicted with any known terminal illness.

(5) The option beneficiary has not predeceased the retired member as of the effective date of the change in option.

(6) The election to change the option under this section is received at the system's headquarters office at least 30 days prior to the death of the option beneficiary.

(b) Failure to satisfy all of the conditions in subdivision (a) shall render the change of election invalid.

(c) The change in options under this section shall be effective on the date the election is signed, provided all the conditions set forth in subdivision (a) are satisfied and the election is received at the system's headquarters office within 30 days after the date of the signature.

(d) The election of a new joint and survivor option under this section is subject to a further modification of the modified retirement allowance. In no event may a retired member elect a joint and survivor option that would result in any additional liability to the fund.

~~SEC. 56.~~

SEC. 57. Section 24307 of the Education Code is amended to read:

24307. (a) A member who qualifies to apply for retirement under Section 24201 or 24203 may make a preretirement election of an option, as provided in Section 24300.1 without right of revocation or change after the benefit effective date, except as provided in this part. The preretirement election of an option shall become effective as of the date of the member's signature on a properly executed form prescribed by the system, subject to the following requirements:

(1) The form includes the signature of the member's spouse or registered domestic partner, if applicable, and the signature is dated.

(2) The date the form is received at the system's headquarters office is within 30 days after the date of the member's signature and, if applicable, the spouse's or registered domestic partner's signature.

(b) A member who makes a preretirement election of an Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7 pursuant to Section 24300, or an election as described in paragraph (1), (2), or (3) of Section 24300.1 may subsequently make a preretirement election of the compound option described in paragraph (4) of subdivision (a) of Section 24300.1. The member may retain the same option and the same option beneficiary as named in the prior preretirement election for a designated percentage within the compound option.

(c) Upon the member's death prior to the benefit effective date, the beneficiary who was designated under the option elected and who survives shall receive an allowance calculated under the option, under the assumption that the member retired for service pursuant to Chapter 27 (commencing with Section 24201) on the date of death. The payment of the allowance to the option beneficiary shall be in lieu of the family allowance provided in Section 23804, the payment provided in paragraph (1) of subdivision (a) of Section 23802, the survivor benefit allowance provided in Section 23854, and the payment provided in subdivisions (a) and (b) of Section 23852, except that if the beneficiary dies before all of the member's accumulated retirement contributions are paid, the balance, if any, shall be paid to the estate

of the person last receiving or entitled to receive the allowance. The accumulated annuity deposit contributions and the death payment provided in Sections 23801 and 23851 shall be paid to the beneficiary in a lump sum.

(d) If the member subsequently retires for service, and the elected option has not been canceled pursuant to Section 24309, a modified service retirement allowance computed under Section 24300 or 24300.1 and the option elected shall be paid.

(e) The amount of the service retirement allowance prior to applying the option factor shall be calculated as of the earlier of the member's age at death before retirement or age on the last day of the month in which the member requested service retirement be effective. The modification of the service retirement allowance by the option elected shall be based on the ages of the member and the beneficiary designated under the option, as of the date the election was signed.

(f) A member who terminates the service retirement allowance pursuant to Section 24208 shall not be eligible to file a preretirement election of an option until one calendar year elapses from the date the allowance is terminated. If the member retires again within one calendar year of the termination of their benefit pursuant to Section 24208, the retired member shall keep, upon subsequent retirement, the option and beneficiary or the unmodified election in place upon the date the termination of the benefits became effective.

(1) If the member's option beneficiary or beneficiaries predecease the member within one calendar year of the termination of benefits and before the member has retired again, upon notification to the system, the system shall cancel the option and beneficiary from that portion of the benefit with reduction pursuant to Section 24309. The member shall not elect a new option or beneficiary pursuant to Section 24310 until one calendar year from the termination effective date has elapsed.

(2) If a final decree of dissolution of marriage or a judgment of nullity has been entered or an order of separate maintenance has been made within one calendar year of the termination of benefits and the member has not retired again, upon notification to the system, the system shall cancel or change the option election in accordance with the court order with reduction pursuant to Section

24309. Any additional changes shall not be made until one calendar year from the termination effective date has elapsed.

(g) The system shall inform members who are qualified to make a preretirement election of an option, through the annual statements of account, that the election of an option can be made.

~~SEC. 57.~~

SEC. 58. Section 24308 of the Education Code is amended and renumbered to read:

24330. (a) The election of an option as provided in Section 24307 shall preclude the payment of a family allowance to any beneficiary under this part.

(b) The preretirement election of an option made by the member pursuant to Section 24307 shall be voided by the board as of the effective date of an approved disability retirement under this part. Members receiving a disability retirement allowance pursuant to Chapter 26 (commencing with Section 24100) may not file an election of option as provided in Section 24307.

(c) The election of an option as provided in Section 24307 shall preclude the payment of a survivor benefit allowance pursuant to Chapter 23 (commencing with Section 23850) and shall preclude the payment of the remaining balance of the member's accumulated retirement contributions prior to the death of the option beneficiary.

~~SEC. 58.~~

SEC. 59. Section 24309 of the Education Code is amended to read:

24309. (a) A member may change or cancel the election of an option made pursuant to Section 24307. The change or cancellation shall be on a properly executed form provided by the system and received at the system's headquarters office within 30 days after the date of the member's signature and, if applicable, the spouse's signature, and no later than 30 days from the date the member's initial benefit payment for the member's most recent retirement under the Defined Benefit Program is paid by the system. The change or cancellation shall become effective as of the date of the member's signature or the day prior to the member's benefit effective date, whichever is earlier.

(1) Any change to an election of an option shall be made according to Section 24307 and shall be considered a new preretirement election of an option.

(2) Regardless of how the member elects to receive his or her retirement allowance, a change made to an election of an option or a cancellation of an option shall result in the reduction of that allowance by an amount determined by the board to be the actuarial equivalent of the coverage the member received as a result of the preretirement election and that does not result in any adverse funding to the plan.

(b) If the option beneficiary designated in the preretirement election of an option pursuant to Section 24307 dies prior to the member's retirement, the preretirement election shall be canceled as of the day following the date of death and the member's subsequent retirement allowance under this part shall be subject to the allowance reduction prescribed in this section.

(c) If the option elected pursuant to Section 24307 is "Option 8" as described in paragraph (7) of subdivision (a) of Section 24300 or the compound option as described in paragraph (4) of subdivision (a) of Section 24300.1, a member may cancel the designation of an option beneficiary. If the member cancels the designation of the option beneficiary or the option beneficiary predeceases the member prior to the member's retirement, the member may elect to receive that portion of the retirement allowance without modification for the option or elect one or multiple new or existing option beneficiaries as described in Section 24307. Any change or cancellation of the designation of the option beneficiary under this subdivision shall result in the allowance reduction prescribed in this section.

~~SEC. 59.~~

SEC. 60. Section 24310 of the Education Code is amended to read:

24310. If an election of an option is canceled under Section 24309, the member may again elect an option under Section 24307. If an election of an option is changed or canceled during any year, the reduction for that year shall be that for the option to which the greater reduction under Section 24309 as it read on December 31, 1995, is applicable.

~~SEC. 60.~~

SEC. 61. Section 24311 of the Education Code is amended and renumbered to read:

24340. (a) A member who has a preretirement election of an option in effect on December 31, 1990, may change his or her

preretirement election of Option 2, Option 3, Option 4, or Option 5 to either Option 6 or Option 7 without the allowance reduction prescribed in Sections 24309 and 24310, provided the change is made on or after January 1, 1991, and prior to the earlier of January 1, 1992, or the member's retirement under this part.

(b) If the member elects to change his or her option under this section, then the member shall retain the same option beneficiary as named in the prior preretirement election. The election to change the preretirement election under this section shall be void if not received in the system's headquarters office at least 30 days prior to the death of the option beneficiary.

~~SEC. 61.~~

SEC. 62. Section 24312 of the Education Code is amended and renumbered to read:

24344. (a) A member who has a preretirement election of an option in effect on December 31, 1999, may change his or her preretirement election of Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7 to Option 8 without the allowance reduction prescribed in Sections 24309 and 24310, provided the change is made on or after January 1, 2000, and prior to the earlier of July 1, 2000, or the member's benefit effective date.

(b) If the member elects to change his or her option under this section then the member shall retain the same option and the same option beneficiary as named in the prior preretirement election of an option as one of the options under Option 8. The election to change the preretirement election under this section shall be void if not received in the system's headquarters office at least 30 days prior to the death of the option beneficiary.

(c) This section shall become operative on January 1, 2000.

~~SEC. 62.~~

SEC. 63. Section 24312.1 of the Education Code is amended and renumbered to read:

24346. (a) A member who has a preretirement election of an option in effect on December 31, 2006, pursuant to paragraphs (1) to (6), inclusive, of subdivision (a) of Section 24300 may change his or her preretirement election to an option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1 without the allowance reduction described in Sections 24309 and 24310, provided the change is made on or after January 1, 2007, and prior to July 1, 2007.

(b) A member who has a preretirement election of Option 8 as described in Section 24300 in effect on December 31, 2006, and in that Option 8 election has an option pursuant to paragraphs (1) to (6), inclusive, of subdivision (a) of Section 24300, may change any of the options under paragraphs (1) to (6), inclusive, of subdivision (a) of Section 24300 to an option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1 without the allowance reduction described in Sections 24309 and 24310, if change is made on or after January 1, 2007, and prior to July 1, 2007. A member may not change the portion of the unmodified benefit that would be modified pursuant to that prior option.

(c) The election to change the option by a member as described in this section shall be subject to all of the following:

(1) The member may not change the option beneficiary that was designated in the prior preretirement option election.

(2) The change in options under this section shall be effective on the date the election is signed, provided that the election is on a properly executed form provided by the system and received at the system's headquarters office within 30 days of the date of the signature.

(d) If the member elects to change options as described in this section, the age of the member and the option beneficiary on the effective date of the prior preretirement option election shall be the age used to calculate the member's benefit at the time of retirement.

~~SEC. 63.~~

SEC. 64. Section 24313 of the Education Code is amended and renumbered to read:

24343. (a) Any member who retired for service under Option 2 or Option 3 with an effective date prior to January 1, 1991, whose option beneficiary had died prior to January 1, 1995, shall receive, effective January 1, 1999, the retirement allowance without modification for the option if all of the following conditions are met:

(1) The retired member is living as of January 1, 1999.

(2) The retired member has not elected a new option beneficiary under Section 24323.

(3) The retirement allowance without modification for the option payable as of January 1, 1999, is greater than the amount payable

under the option, plus the amounts from annual benefit improvements, ad hoc benefit increases, and payments from the Supplemental Benefit Maintenance Account.

(4) The retired member does not inform the system in writing, on a form provided by the system, within 30 days of receipt of the notification of the change to the retirement allowance without modification for the option, of his or her election to continue to receive the option allowance.

(b) Any member who retired for service under Option 4 or Option 5 with an effective date prior to January 1, 1991, whose option beneficiary had died prior to January 1, 1999, shall receive effective January 1, 1999, the retirement allowance without modification for the option if all the following conditions are met:

(1) The retired member is living as of January 1, 1999.

(2) The retired member has not elected a new option beneficiary under Section 24323.

(3) The retirement allowance without modification for the option payable as of January 1, 1999, is greater than the amount payable under the option, plus the amount from annual benefit improvements, ad hoc benefit increases, and payments from the Supplemental Benefit Maintenance Account.

(4) The retired member does not inform the system in writing, on a form provided by the system, within 30 days of receipt of the notification of the change to the retirement allowance without modification for the option, of his or her election to continue to receive the option allowance.

(c) The change to the retirement allowance without modification for the option shall be consistent with Section 22453.

(d) A member retired for service who receives the retirement allowance without modification for the option provided under this section shall not elect a new option beneficiary under Section 24323.

(e) The cost of this section shall be paid by the transfer for that purpose of the one-time gain accrued to the State Teachers' Retirement System from the difference between the contributions received pursuant to Sections 22901 and 22950 in the 1997–98 fiscal year minus the normal cost as displayed in the June 30, 1997, actuarial valuation.

~~SEC. 64.~~

SEC. 65. Section 24347 is added to the Education Code, to read:

24347. (a) A member who retired and elected an option pursuant to Section 24300.1 and designated his or her same-sex spouse *or former same-sex spouse* as option beneficiary may elect to change his or her option subject to the following:

(1) A member who elected the 100 percent beneficiary option or the 50 percent beneficiary option may elect to change his or her option to the 75 percent beneficiary option described in paragraph (7) of subdivision (a) of Section 24300.1, provided the member's same-sex spouse *or former same-sex spouse* is more than exactly 19~~ year~~ *years* younger than the member.

(2) (A) A member who elected the compound option may elect to change the option designated for his or her same-sex spouse *or former same-sex spouse* within the compound option to the 100 percent beneficiary option described in paragraph (1) of subdivision (a) of Section 24300.1, provided the member's same-sex spouse *or former same-sex spouse* is more than exactly 10 years younger than the member, or the 75 percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1, provided the member's same-sex spouse *or former same-sex spouse* is more than exactly 19 years younger than the member.

(B) If a member elects to change the option designated for his or her same-sex spouse *or former same-sex spouse* within the compound option, the member may also elect to change the option designated to any other option beneficiary or beneficiaries within the compound option to the 100 percent beneficiary option, the 75 percent beneficiary option, or the 50 percent beneficiary option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1.

(C) If a member elects to change the option designated for his or her same-sex spouse *or former same-sex spouse* within the compound option, the member may also elect to change the percentage of his or her unmodified allowance designated to the option beneficiary or beneficiaries. The percent of the allowance that is not modified by an option, if any, shall be payable to the member. The sum of all percentage specified for the option beneficiary or beneficiaries and the member's remaining unmodified allowance, if any, shall equal 100 percent.

(D) Any change made pursuant to this paragraph shall be subject to the requirements and restrictions of the compound option described in paragraph (4) of subdivision (a) of Section 24300.1 and shall not be construed to allow a member to cancel his or her compound option.

(3) The option change made by the member pursuant to this section is made on or after January 1, 2015, and prior to July 1, 2015.

(4) The member ~~is in~~ *married* a same-sex *spouse, the* marriage *is or was* recognized by the United ~~State~~ *States* government, any state government, or any foreign ~~government and elected~~ *government, and* his or her same-sex spouse *or former same-sex spouse was designated* as his or her option beneficiary prior to June 26, 2013.

(5) The *same-sex spouse or former same-sex spouse is a current option beneficiary, and the* member designates the same option beneficiary or beneficiaries that were designated for the prior option elected by the member.

(6) The option beneficiary or beneficiaries have not predeceased the member as of the effective date of the option change made by the member pursuant to this section.

(b) The option change made by a member pursuant to subdivision (a) shall become effective as of the member's signature date on a properly executed form provided by the system subject to the following requirements:

(1) The form includes the signature of the member's ~~same-sex spouse~~ *spouse, if applicable,* and the signature is dated.

(2) The date the form is received at the system's headquarters office is within 30 calendar days after the date of the member's signature and within 30 calendar days after the date of the ~~same-sex~~ spouse's ~~signature~~ *signature, if applicable*.

(3) The date of the member's signature and the date of the ~~same-sex~~ spouse's ~~signature~~ *signature, if applicable* are on or after January 1, ~~2015~~ *2015,* and prior to July 1, 2015.

(c) After receipt of the member's election, the system shall mail an acknowledgment notice to the member that set forth the new option elected by the member.

(d) A member may cancel an option change made pursuant to subdivision (a) and elect to receive his or her benefit according to his or her prior option election provided the requirements of

paragraphs (5) and (6) of subdivision (a) are still met. The cancellation shall become effective as of the member's signature date on the initial option change made by the member pursuant to subdivision (a) subject to the following requirements:

(1) The cancellation is made on a properly executed form provided by the system.

(2) The form includes the ~~signature~~ *signatures* of the member and his or her ~~same-sex spouse~~ *spouse, if applicable,* and the signatures are dated.

(3) The form is received at the system's headquarters office within 30 calendar days after the date of the acknowledgment notice described in subdivision ~~(c).~~ *(c), regardless of whether the form is received on or after July 1, 2015.*

(e) A member may cancel an initial option change made pursuant to subdivision (a) and elect to make one subsequent change from his or her option election to any other option provided by and subject to the restrictions of subdivision (a). The subsequent change shall become effective as of the member's signature date on the initial option change made by the member pursuant to subdivision (a) and subject to the following requirements:

(1) The cancellation and subsequent change are made on a properly executed form provided by the system.

(2) The form includes the ~~signature~~ *signatures* of the member and his or her ~~same-sex spouse~~ *spouse, if applicable,* and the signatures are dated.

(3) The form is received at the system's headquarters office within 30 calendar days after the date of the acknowledgment notice described in subdivision ~~(c).~~ *(c), regardless of whether the form is received on or after July 1, 2015.*

(f) If a member elects to change his or her option as described in subdivision (a) or (e), the retirement allowance of the member shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) A member shall not change options in derogation of a spouse's or former spouse's community property rights as specified in a court order.

~~SEC. 65.~~

SEC. 66. Section 24348 is added to the Education Code, to read:

24348. (a) A member who has a preretirement option pursuant to Section 24307 in effect on June 26, 2013, and designated his or her same-sex spouse *or former same-sex spouse* as option beneficiary may elect to change his or her option subject to the following:

(1) A member who elected the 100 percent beneficiary option or the 50 percent beneficiary option may elect to change his or her option to the 75 percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1 provided the member's same-sex spouse *or former same-sex spouse* is more than exactly 19 years younger than the member.

(2) (A) A member who elected the compound option may elect to change the option designated for his or her same-sex spouse *or former same-sex spouse* within the compound option to the 100 percent beneficiary option described in paragraph (1) of subdivision (a) of Section 24300.1 provided the member's same-sex spouse *or former same-sex spouse* is more than exactly 10 years younger than the member, or the 75 percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1 provided the member's same-sex spouse *or former same-sex spouse* is more than exactly 19 years younger than the member.

(B) If a member elects to change the option designated for his or her same-sex spouse *or former same-sex spouse* within the compound option, the member may also elect to change the option designated to any other option beneficiary or beneficiaries within the compound option to the 100 percent beneficiary option, the 75 percent beneficiary option, or the 50 percent beneficiary option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1.

(C) If a member elects to change the option designated for his or her same-sex spouse *or former same-sex spouse* within the compound option, the member may also elect to change the percentage of his or her unmodified allowance designated to the option beneficiary or beneficiaries. The percent of the allowance that is not modified by an option, if any, shall be payable to the member. The sum of all percentages specified for the option beneficiary or beneficiaries and the member's remaining unmodified allowance, if any, shall equal 100 percent.

(D) Any change made pursuant to this paragraph shall be subject to the requirements and restrictions of the compound option

described in paragraph (4) of subdivision (a) of Section 24300.1 and shall not be construed to allow a member to cancel his or her compound option.

(3) The option change made by the member pursuant to this section is made on or after January 1, 2015, and prior to July 1, 2015.

(4) The member ~~is in~~ *married* a same-sex *spouse, the* marriage *is or was* recognized by the United States government, any state government, or any foreign ~~government and elected~~ *government, and* his or her same-sex spouse *or former same-sex spouse was designated* as his or her option beneficiary prior to June 26, 2013.

(5) The *same-sex spouse or former same-sex spouse is a current option beneficiary, and the* member designates the same option beneficiary or beneficiaries that were designated for the prior option elected by the member.

(6) The option beneficiary or beneficiaries have not predeceased the member as of the effective date of the option change made by the member pursuant to this section.

(b) The option change made by a member pursuant to subdivision (a) shall become effective as of the member's signature date on a properly executed form provided by the system subject to the following requirements:

(1) The form includes the signature of the member's ~~same-sex spouse~~ *spouse, if applicable* and the signature is dated.

(2) The date the form is received at the system's headquarters office is within 30 calendar days after the date of the member's signature and within 30 calendar days after the date of the ~~same-sex~~ spouse's ~~signature.~~ *signature, if applicable.*

(3) The date of the member's signature and the date of the ~~same-sex~~ spouse's signature, *if applicable,* are on or after January 1, 2015, and prior to July 1, 2015.

(c) A preretirement option change made pursuant to this section will not result in the allowance reduction described in Sections 24309 and 24310.

(d) If a member elects to change options pursuant to this section, the age of the member and the option beneficiary or beneficiaries on the effective date of the prior preretirement option election shall be the age used to calculate the member's benefit at the time of retirement.

~~SEC. 66.~~

SEC. 67. Section 24402 of the Education Code is amended to read:

24402. (a) Service retirement allowances, disability allowances, disability retirement allowances, family allowances, and survivor benefit allowances payable pursuant to this part shall be increased by application of the benefit improvement factor.

(b) Allowances payable to beneficiaries on account of options elected under Section 24300, 24300.1, 24307, or 24332 shall be increased by application of the improvement factor. This factor shall be applicable on the same date when it would have been applied to the allowance of the deceased person.

(c) The benefit improvement factor shall not be applied to an annuity that is the actuarial equivalent of the accumulated annuity deposit contributions standing to the credit of the member's account on the effective date of a service or disability retirement.

~~SEC. 67.~~

SEC. 68. Section 24412 of the Education Code is amended to read:

24412. (a) The annual revenues deposited to the Teachers' Retirement Fund pursuant to Section 6217.5 of the Public Resources Code are continuously appropriated without regard to fiscal year for the purposes of this section and shall be distributed annually in quarterly supplemental payments commencing on September 1 of each year to retired members, disabled members, and beneficiaries under the Defined Benefit Program. The amount available for distribution in any year shall be the income for that year from the sale or use of school lands and lieu lands, as estimated by the State Lands Commission prior to the beginning of the fiscal year, adjusted by the difference between the estimated and actual income for the preceding fiscal year. The board shall deduct from the revenues an amount necessary for administrative expenses to implement this section.

(b) The net revenues to be distributed shall be allocated among those retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107, whose allowances under the Defined Benefit Program, after applying the annual improvement factor as defined in Section 22140, if any, are below 80 percent of the purchasing power of the base allowance. The purchasing power calculation for each individual allowance shall

be based on the change in the All Urban California Consumer Price Index between June of the calendar year of retirement and June of the fiscal year preceding the fiscal year of the distribution. The allocation shall provide a pro rata share of the amount needed to restore the allowance payable, after application of the current year annual improvement factor to 80 percent of the purchasing power of the base allowance.

(c) The allowance increase shall not be applicable to annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions.

(d) In any year that the net revenues from school lands and lieu lands is greater than that needed to adjust the allowances of all retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107, under the Defined Benefit Program to 80 percent of the purchasing power of the base allowance, the net revenues in excess of that needed for distribution shall be used by the board to reduce the unfunded actuarial obligation of the fund, if any.

(e) The board shall inform each recipient of supplemental payments under this section that the increases are not cumulative and are not part of the base allowance.

~~SEC. 68.~~

SEC. 69. Section 24415 of the Education Code is amended to read:

24415. (a) The proceeds of the Supplemental Benefit Maintenance Account shall be distributed annually in quarterly supplemental payments commencing on September 1, 1990, to retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107. The amount available for distribution in any fiscal year shall not exceed the amount necessary to restore purchasing power up to 85 percent of the purchasing power of the base allowance, after the application of all allowance increases authorized by this part, including those specified in Section 24412, and excluding those provided pursuant to Sections 24410.5, 24410.6, and 24410.7.

(b) The net revenues to be distributed shall be allocated among those retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107, whose allowances, after sequentially applying the annual improvement factor as defined in Sections 22140 and 22141, and the annual supplemental

payment as specified in Section 24412, have the lowest purchasing power percentage. The purchasing power calculation for each individual shall be based on the change in the All Urban California Consumer Price Index between June of the calendar year of retirement and June of the fiscal year preceding the fiscal year of distribution. In any year in which the purchasing power of the allowances of all retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107, equals not less than 85 percent and additional funds remain from the allocation authorized by this section, those funds shall remain in the Supplemental Benefit Maintenance Account for allocation in future years.

(c) The allowance increase shall not be applicable to annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions.

(d) The increases provided by subdivision (b) are not cumulative, not part of the base allowance, and will be payable only to the extent that funds are available from the Supplemental Benefit Maintenance Account. The board shall inform each recipient of the contents of this subdivision.

(e) The adjustments authorized by this section are vested only up to the amount payable as a result of the annual appropriation made pursuant to Section 22954 and the adjustments made by the board pursuant to Section 24415.5. The adjustments authorized by this section shall not be included in the base allowance for purposes of calculating the annual improvement defined by Sections 22140 and 22141.

(f) Notwithstanding subdivision (b), for purposes of restoring the purchasing power of benefits provided pursuant to Section 24410.5 for members and beneficiaries receiving benefits pursuant to subdivision (b), the purchasing power calculation shall be based on 85 percent of the change in the All Urban California Consumer Price Index between January 2000 and June of the fiscal year preceding the fiscal year of distribution, after the application of increases authorized by Section 24412 that are made to the allowances provided pursuant to Section 24410.5.

(g) Notwithstanding subdivision (b), for purposes of restoring the purchasing power of benefits provided pursuant to Sections 24410.6 and 24410.7 for members and beneficiaries receiving benefits pursuant to subdivision (b), the purchasing power

calculation shall be based on 85 percent of the change in the All Urban California Consumer Price Index between January 2001 and June of the fiscal year preceding the fiscal year of distribution, after the application of increases authorized by Section 24412 that are made to the allowances provided pursuant to Sections 24410.6 and 24410.7.

~~SEC. 69.~~

SEC. 70. Section 24600 of the Education Code is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(1) In the case of a refund of contributions, as described in Chapter 18 (commencing with Section 23100) of this part and distribution of an amount equal to the balance of credits in a member's Defined Benefit Supplement account, as described in Chapter 38 (commencing with Section 25000) of this part, not later than April 1 of the calendar year following the later of (A) the calendar year in which the member attains the age at which the Internal Revenue Code of 1986 requires a distribution of benefits or (B) the calendar year in which the member terminates employment within the meaning of subdivision (i).

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

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

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

(2) The date the member ceases employment in a position subject to coverage under another public retirement system in this state if the compensation earnable while a member of the other system may be considered in the determination of final compensation pursuant to Section 22134 or 22134.5.

SEC. 71. Section 25011.6 is added to the Education Code, to read:

25011.6. (a) A member who retired and elected a beneficiary annuity pursuant to Section 25011.1 with his or her same-sex spouse or former same-sex spouse designated as annuity beneficiary pursuant to Section 25015 may elect to change his or her annuity subject to the following:

(1) A member who elected the 100 percent beneficiary annuity or the 50 percent beneficiary annuity may elect to change his or her beneficiary annuity to the 75 percent beneficiary annuity described in paragraph (3) of subdivision (a) of Section 25011.1, provided the member's same-sex spouse or former same-sex spouse is more than exactly 19 years younger than the member.

(2) (A) A member who elected the compound option described in paragraph (4) of subdivision (a) of Section 24300.1 may elect to change his or her beneficiary annuity to the 100 percent beneficiary annuity described in paragraph (2) of subdivision (a) of Section 25011.1, or the 75 percent beneficiary annuity described in paragraph (3) of subdivision (a) of Section 25011.1, provided the member's same-sex spouse or former same-sex spouse is more than exactly 10 years younger than the member under the 100 percent beneficiary annuity, or more than exactly 19 years younger than the member under the 75 percent beneficiary annuity.

(B) Any change made pursuant to this paragraph shall be subject to the requirements and restrictions of Section 25015.

(3) The annuity change made by the member pursuant to this section is made on or after January 1, 2015, and prior to July 1, 2015.

(4) The member married a same-sex spouse, the marriage is or was recognized by the United States government, any state government, or any foreign government, and his or her same-sex spouse or former same-sex spouse was designated as his or her annuity beneficiary prior to June 26, 2013.

(5) The same-sex spouse or former same-sex spouse is a current annuity beneficiary, and the same annuity beneficiary or beneficiaries that were designated for the prior annuity elected by the member remain.

(6) The annuity beneficiary or beneficiaries have not predeceased the member as of the effective date of the annuity change made by the member pursuant to this section.

(b) The annuity change made by a member pursuant to subdivision (a) shall become effective as of the member's signature date on a properly executed form provided by the system subject to the following requirements:

(1) The form includes the signature of the member's spouse, if applicable, and the signature is dated.

(2) The date the form is received at the system's headquarters office is within 30 calendar days after the date of the member's signature and within 30 calendar days after the date of the spouse's signature, if applicable.

(3) The date of the member's signature and the date of the spouse's signature, if applicable, are on or after January 1, 2015, and prior to July 1, 2015.

(c) After receipt of a member's election, the system shall mail an acknowledgment notice to the member that sets forth the new annuity elected by the member.

(d) A member may cancel an annuity change made pursuant to subdivision (a) and elect to receive his or her benefit according to his or her prior annuity election provided the requirements of paragraphs (5) and (6) of subdivision (a) are still met. The cancellation shall become effective as of the member's signature date on the initial annuity change made by the member pursuant to subdivision (a) subject to the following requirements:

(1) The cancellation is made on a properly executed form provided by the system.

(2) The form includes the signatures of the member and his or her spouse, if applicable, and the signatures are dated.

(3) The form is received at the system's headquarters office within 30 calendar days after the date of the acknowledgment notice described in subdivision (c), regardless of whether the form is received on or after July 1, 2015.

(e) A member may cancel an initial annuity change made pursuant to subdivision (a) and elect to make one subsequent

change from his or her prior annuity election to any other annuity provided by and subject to the restrictions of subdivision (a). The subsequent change shall become effective as of the member's signature date on the initial annuity change made by the member pursuant to subdivision (a) and subject to the following requirements:

(1) The cancellation and subsequent change are made on a properly executed form provided by the system.

(2) The form includes the signatures of the member and his or her spouse, if applicable, and the signatures are dated.

(3) The form is received at the system's headquarters office within 30 calendar days after the date of the acknowledgment notice described in subdivision (c), regardless of whether the form is received on or after July 1, 2015.

(f) If a member elects to change his or her annuity pursuant to subdivision (a) or (e), the member's annuity shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) A member shall not change his or her annuity in derogation of a spouse's or former spouse's community property rights as specified in a court order.

~~SEC. 70.~~

SEC. 72. Section 25015 of the Education Code is amended to read:

25015. (a) If a member elects to receive a benefit payable under the Defined Benefit Supplement Program as a joint and survivor annuity, the designation of the beneficiary made pursuant to Section 24300 or 24300.1 shall apply to the benefit payable under this chapter. The annuity beneficiary designation shall not be changed after the date the benefit becomes payable to the member, except as provided in Section 24324, 25011, 25011.1, 25018, or 25018.1, or Chapter 12 (commencing with Section 22650).

(b) If the member designates one or multiple option beneficiaries within Option 8 pursuant to Section 24300 or the compound option pursuant to Section 24300.1, the percentage of the unmodified allowance attributable to each option beneficiary specified in that designation shall apply to the joint and survivor annuity payable under this chapter. The member shall elect one joint and survivor annuity type and this annuity type shall be applied the same for

each beneficiary and each designated percentage of the member only annuity. If any percentage of the allowance was designated to remain unmodified, the member only annuity shall apply for the corresponding percentage of the annuity provided under this chapter. The annuity amount payable to the member during his or her lifetime shall be modified to be payable over the combined lives of the member and the annuity beneficiary or beneficiaries.

(1) Pursuant to Section 401(a)(9) of the Internal Revenue Code, the member shall not designate the 100 percent beneficiary annuity type under this subdivision if any annuity beneficiary is more than exactly 10 years younger than the member, unless that annuity beneficiary is the member's spouse or former spouse who has been awarded a community property interest in the member's benefits under this part.

(2) Pursuant to Section 401(a)(9) of the Internal Revenue Code, the member shall not designate the 75 percent beneficiary annuity type under this subdivision if any annuity beneficiary is more than exactly 19 years younger than the member, unless that annuity beneficiary is the member's spouse or former spouse who has been awarded a community property interest in the member's benefits under this part.

(c) If the member predeceases an annuity beneficiary, the annuity beneficiary may designate, on a properly executed form provided by the system, a payee to receive an amount that may be payable in a lump sum pursuant to Section 25023 upon the death of the annuity beneficiary.

SEC. 73. Section 25018.6 is added to the Education Code, to read:

25018.6. (a) A member receiving a disability retirement allowance who elected a beneficiary annuity pursuant to Section 25018.1 with a same-sex spouse or former same-sex spouse designated as annuity beneficiary pursuant to Section 25015 may elect to change his or her annuity subject to the following:

(1) A member who elected the 100 percent beneficiary annuity or the 50 percent beneficiary annuity may elect to change his or her beneficiary annuity to the 75 percent beneficiary annuity described in paragraph (3) of subdivision (a) of Section 25018.1, provided the member's same-sex spouse or former same-sex spouse is more than exactly 19 years younger than the member.

(2) (A) A member who elected the compound option described in paragraph (4) of subdivision (a) of Section 24300.1 may elect to change his or her beneficiary annuity to the 100 percent beneficiary annuity described in paragraph (2) of subdivision (a) of Section 25018.1, or the 75 percent beneficiary annuity described in paragraph (3) of subdivision (a) of Section 25018.1, provided the member's same-sex spouse or former same-sex spouse is more than exactly 10 years younger than the member under the 100 percent beneficiary annuity, or more than exactly 19 years younger than the member under the 75 percent beneficiary annuity.

(B) Any change made pursuant to this paragraph shall be subject to the requirements and restrictions of Section 25015.

(3) The annuity change made by the member pursuant to this section is made on or after January 1, 2015, and prior to July 1, 2015.

(4) The member married a same-sex spouse, the marriage is or was recognized by the United States government, any state government, or any foreign government, and his or her same-sex spouse or former same-sex spouse was designated as his or her annuity beneficiary prior to June 26, 2013.

(5) The same-sex spouse or former same-sex spouse is a current annuity beneficiary, and the same annuity beneficiary or beneficiaries that were designated for the prior annuity elected by the member remain.

(6) The annuity beneficiary or beneficiaries have not predeceased the member as of the effective date of the annuity change made by the member pursuant to this section.

(b) The annuity change made by a member pursuant to subdivision (a) shall become effective as of the member's signature date on a properly executed form provided by the system subject to the following requirements:

(1) The form includes the signature of the member's spouse, if applicable, and the signature is dated.

(2) The date the form is received at the system's headquarters office is within 30 calendar days after the date of the member's signature and within 30 calendar days after the date of the spouse's signature, if applicable.

(3) The date of the member's signature and the date of the spouse's signature, if applicable, are on or after January 1, 2015, and prior to July 1, 2015.

(c) After receipt of a member's election, the system shall mail an acknowledgment notice to the member that sets forth the new annuity elected by the member.

(d) A member may cancel an annuity change made pursuant to subdivision (a) and elect to receive his or her benefit according to his or her prior annuity election provided the requirements of paragraphs (5) and (6) of subdivision (a) are still met. The cancellation shall become effective as of the member's signature date on the initial annuity change made by the member pursuant to subdivision (a) subject to the following requirements:

(1) The cancellation is made on a properly executed form provided by the system.

(2) The form includes the signatures of the member and his or her spouse, if applicable, and the signatures are dated.

(3) The form is received at the system's headquarters office within 30 calendar days after the date of the acknowledgment notice described in subdivision (c), regardless of whether the form is received on or after July 1, 2015.

(e) A member may cancel an initial annuity change made pursuant to subdivision (a) and elect to make one subsequent change from his or her prior annuity election to any other annuity provided by and subject to the restrictions of subdivision (a). The subsequent change shall become effective as of the member's signature date on the initial annuity change made by the member pursuant to subdivision (a) and subject to the following requirements:

(1) The cancellation and subsequent change are made on a properly executed form provided by the system.

(2) The form includes the signatures of the member and his or her spouse, if applicable, and the signatures are dated.

(3) The form is received at the system's headquarters office within 30 calendar days after the date of the acknowledgment notice described in subdivision (c), regardless of whether the form is received on or after July 1, 2015.

(f) If a member elects to change his or her annuity pursuant to subdivision (a) or (e), the member's annuity shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) A member shall not change his or her annuity in derogation of a spouse's or former spouse's community property rights as specified in a court order.

~~SEC. 71.~~

SEC. 74. Section 25100 of the Education Code is amended to read:

25100. (a) The board shall establish a vendor registration process through which information about tax-deferred retirement investment products as described in Section 403(b) of the Internal Revenue Code of 1986 shall be made available for consideration by public employees of all local school districts, community college districts, county offices of education, and state employees of a state employer under the uniform state payroll system, excluding the California State University System, eligible to participate in an annuity contract and custodial account as described in Section 403(b) of the Internal Revenue Code of 1986.

(b) For the purposes of this chapter, "403(b) product or 403(b) products" means tax-deferred retirement investment products as described in Section 403(b) of the Internal Revenue Code of 1986, and its subsequent amendments, and complying with applicable California insurance laws, and federal and California securities laws and rules as applied by appropriate regulatory entities.

(c) For the purposes of this chapter:

(1) "Employer" means any local school district, community college district, or county office of education, or any state employer under the uniform state payroll system, excluding the California State University System, with employees eligible to participate in an annuity contract and custodial account as described in Section 403(b) of the Internal Revenue Code of 1986, with the Controller acting on the state employer's behalf.

(2) "Vendor" means any organization qualified to do business in California that offers a 403(b) product. "Vendor" does not include individual registered representatives, brokers, financial planners, or agents.

~~SEC. 72.~~

SEC. 75. Section 26113 of the Education Code is amended to read:

26113. (a) "Creditable service" means any of the following activities performed for an employer in a position requiring a credential, certificate, or permit pursuant to this code, or under the

appropriate minimum standards adopted by the Board of Governors of the California Community Colleges, or under the provisions of an approved charter for the operation of a charter school for which the charter school is eligible to receive state apportionment, or pursuant to a contract between a community college district and the United States Department of Defense to provide vocational training:

(1) The work of teachers, instructors, district interns, and academic employees employed in the instructional program for pupils, including special programs such as adult education, regional occupational programs, child care centers, and prekindergarten programs pursuant to Section 22161.

(2) Education or vocational counseling, guidance, and placement services.

(3) The work of directors, coordinators, and assistant administrators who plan courses of study to be used in California public schools, or research connected with the evaluation or efficiency of the instructional program.

(4) The selection, collection, preparation, classification, demonstration, or evaluation of instructional materials of any course of study for use in the development of the instructional program in California public schools, or other services related to school curriculum.

(5) The examination, selection, in-service training, or assignment of teachers, principals, or other similar personnel involved in the instructional program.

(6) School activities related to, and an outgrowth of, the instructional and guidance program of the school when performed in addition to other activities described in this section.

(7) The work of nurses, physicians, speech therapists, psychologists, audiometrists, audiologists, and other school health professionals.

(8) Services as a school librarian.

(9) The work of county and district superintendents and other employees who are responsible for the supervision of persons or administration of the duties described in this section.

(10) Trustee service as described in Section 26403.

(b) “Creditable service” also means the work of superintendents of California public schools.

(c) The board shall have final authority for determining creditable service to cover activities not already specified.

SEC. 76. Section 26703 of the Education Code is amended to read:

26703. The signature of the spouse of a participant shall be required on a designation of beneficiary ~~form~~ *form, an election, change, or termination of an annuity,* or an application for a retirement benefit, disability benefit, or termination benefit under this part, unless the participant declares in writing, under penalty of perjury, that one of the following conditions exists:

(a) The participant is not married.

(b) The participant does not know, and has taken all reasonable steps to determine, the whereabouts of the spouse.

(c) The spouse is incapable of executing the acknowledgment because of an incapacitating mental or physical condition.

(d) The participant and spouse have executed a marriage settlement agreement pursuant to Part 5 (commencing with Section 1500) of Division 4 of the Family Code that makes the community property law inapplicable to the marriage.

(e) The current spouse has no identifiable community property interest in the benefit.

SEC. 77. Section 26704 of the Education Code is amended to read:

26704. If a spouse refuses to sign a beneficiary designation, *an election, change, or termination of an annuity, or* an application for a retirement benefit, disability benefit, or termination benefit payable under this part, the participant may bring an action in court to enforce the spousal signature requirement or to waive the spousal signature requirement. Either party may bring an action pursuant to Section 1101 of the Family Code to determine the rights of the party.

~~SEC. 73.~~

SEC. 78. Section 26803 of the Education Code is amended to read:

26803. (a) All creditable service subject to coverage by the Cash Balance Benefit Program and all service with the participant's last employer or employers that is creditable under the Defined Benefit Program shall be terminated prior to the retirement date.

(b) All employers with which the participant is employed to perform creditable service subject to coverage by the plan shall

certify on a form prescribed by the system that the participant's employment has been terminated unless the employment was terminated 12 months or more prior to the member's retirement date.

SEC. 79. Section 26807.7 is added to the Education Code, to read:

26807.7. (a) A participant who retired and elected a beneficiary annuity pursuant to Section 26807.5 and designated his or her same-sex spouse or former same-sex spouse as annuity beneficiary may elect to change his or her annuity subject to all of the following:

(1) A participant who elected the 100 percent beneficiary annuity or the 50 percent beneficiary annuity may elect to change his or her beneficiary annuity to the 75 percent beneficiary annuity described in paragraph (3) of subdivision (a) of Section 26807.5, provided the participant's same-sex spouse or former same-sex spouse is more than exactly 19 years younger than the participant.

(2) The annuity change made by the participant pursuant to this section is made on or after January 1, 2015, and prior to July 1, 2015.

(3) The participant married a same-sex spouse, the marriage is or was recognized by the United States government, any state government, or any foreign government, and his or her same-sex spouse or former same-sex spouse was designated as his or her annuity beneficiary prior to June 26, 2013.

(4) The same-sex spouse or former same-sex spouse is the current annuity beneficiary and remains the annuity beneficiary following the annuity change made pursuant to this section.

(5) The annuity beneficiary has not predeceased the participant as of the effective date of the annuity change made by the participant pursuant to this section.

(b) The annuity change made by a participant pursuant to subdivision (a) shall become effective as of the participant's signature date on a properly executed form provided by the system subject to the following requirements:

(1) The form includes the signature of the participant's spouse, if applicable, and the signature is dated.

(2) The date the form is received at the system's headquarters office is within 30 calendar days after the date of the participant's

signature and within 30 calendar days after the date of the spouse's signature, if applicable.

(3) The date of the participant's signature and the date of the spouse's signature, if applicable, are on or after January 1, 2015, and prior to July 1, 2015.

(c) After receipt of a participant's election, the system shall mail an acknowledgment notice to the participant that sets forth the new annuity elected by the participant.

(d) A participant may cancel an annuity change made pursuant to subdivision (a) and elect to receive his or her benefit according to his or her prior annuity election provided the requirements of paragraphs (4) and (5) of subdivision (a) are still met. The cancellation shall become effective as of the participant's signature date on the initial option change made by the participant pursuant to subdivision (a) subject to the following requirements:

(1) The cancellation is made on a properly executed form provided by the system.

(2) The form includes the signatures of the participant and his or her spouse, if applicable, and the signatures are dated.

(3) The form is received at the system's headquarters office within 30 calendar days after the date of the acknowledgment notice described in subdivision (c), regardless of whether the form is received on or after July 1, 2015.

(e) If a participant elects to change his or her annuity pursuant to subdivision (a), the participant's annuity shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(f) A participant shall not change his or her annuity in derogation of a spouse's or former spouse's community property rights as specified in a court order.

~~SEC. 74.~~

SEC. 80. Section 27201 of the Education Code is amended to read:

27201. (a) All creditable service subject to coverage by the Cash Balance Benefit Program and all service with the participant's last employer or employers that is creditable service under the Defined Benefit Program shall terminate prior to application for a termination benefit under this part.

(b) All employers with which the participant is employed to perform creditable service subject to coverage by the plan shall

certify on a form prescribed by the system that the participant's employment has been terminated unless the employment was terminated 12 months or more prior to the date the member signed the termination application.

~~SEC. 75.~~

SEC. 81. Section 33050 of the Education Code is amended to read:

33050. (a) The governing board of a school district or a county board of education, on a districtwide or countywide basis or on behalf of one or more of its schools or programs, after a public hearing on the matter, may request the State Board of Education to waive all or part of any section of this code or any regulation adopted by the State Board of Education that implements a provision of this code that may be waived, except:

(1) Article 1 (commencing with Section 15700) and Article 2 (commencing with Section 15780) of Chapter 4 of Part 10.

(2) Chapter 6 (commencing with Section 16000) of Part 10.

(3) Chapter 12 (commencing with Section 17000), Chapter 12.5 (commencing with Section 17070.10), and Chapter 14 (commencing with Section 17085) of Part 10.

(4) Part 13 (commencing with Section 22000), Part 13.5 (commencing with Section 25900), and Part 14 (commencing with Section 26000).

(5) Section 35735.1.

(6) Paragraph (8) of subdivision (a) of Section 37220.

(7) The following provisions of Part 10.5 (commencing with Section 17211):

(A) Chapter 1 (commencing with Section 17211).

(B) Article 1 (commencing with Section 17251) to Article 6 (commencing with Section 17365), inclusive, of Chapter 3.

(C) Sections 17416 to 17429, inclusive; Sections 17459 and 17462 and subdivision (a) of Section 17464; and Sections 17582 to 17592, inclusive.

(8) The following provisions of Part 24 (commencing with Section 41000):

(A) Sections 41000 to 41360, inclusive.

(B) Sections 41420 to 41423, inclusive.

(C) Sections 41600 to 41866, inclusive.

(D) Sections 41920 to 42911, inclusive.

(9) Sections 44504 and 44505.

(10) Article 3 (commencing with Section 44930) of Chapter 4 of Part 25 and regulations in Title 5 of the California Code of Regulations adopted pursuant to Article 3 (commencing with Section 44930) of Chapter 4 of Part 25.

(11) Part 26 (commencing with Section 46000).

(12) Chapter 6 (commencing with Section 48900) and Chapter 6.5 (commencing with Section 49060) of Part 27.

(13) Section 51513.

(14) Chapter 6.10 (commencing with Section 52120) of Part 28, relating to class size reduction.

(15) Section 52163.

(16) The identification and assessment criteria relating to any categorical aid program, including Sections 52164.1 and 52164.6.

(17) Sections 52165, 52166, and 52178.

(18) Article 3 (commencing with Section 52850) of Chapter 12 of Part 28.

(19) Section 56364.1, except that this restriction shall not prohibit the State Board of Education from approving any waiver of Section 56364 or 56364.2, as applicable, relating to full inclusion.

(20) Article 4 (commencing with Section 60640) of Chapter 5 of Part 33, relating to the STAR Program, and any other provisions of Chapter 5 (commencing with Section 60600) of Part 33 that establish requirements for the STAR Program.

(b) Any waiver of provisions related to the programs identified in Section 52851 shall be granted only pursuant to Article 3 (commencing with Section 52850) of Chapter 12 of Part 28.

(c) The waiver of an advisory committee required by law shall be granted only pursuant to Article 4 (commencing with Section 52870) of Chapter 12 of Part 28.

(d) Any request for a waiver submitted by the governing board of a school district or a county board of education pursuant to subdivision (a) shall include a written statement as to both of the following:

(1) Whether the exclusive representative of employees, if any, as provided in Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code, participated in the development of the waiver.

(2) The exclusive representative's position regarding the waiver.

(e) Any request for a waiver submitted pursuant to subdivision (a) relating to a regional occupational center or program established pursuant to Article 1 (commencing with Section 52300) of Chapter 9 of Part 28, that is operated by a joint powers entity established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, shall be submitted as a joint waiver request for each participating school district and shall meet both of the following conditions:

(1) Each joint waiver request shall comply with all of the requirements of this article.

(2) The submission of a joint waiver request shall be approved by a unanimous vote of the governing board of the joint powers agency.

(f) The governing board of any school district requesting a waiver under this section of any provision of Article 5 (commencing with Section 39390) of Chapter 3 of Part 23 shall provide written notice of any public hearing it conducted pursuant to subdivision (a), at least 30 days prior to the hearing, to each public agency identified under Section 39394.

~~SEC. 76.~~

SEC. 82. Section 1 of Chapter 559 of the Statutes of 2013 is amended to read:

Section 1. The Legislature finds and declares that this act, as it applies to the State Teachers' Retirement Plan, clarifies the California Public Employees' Pension Reform Act of 2013, is declaratory of existing law, and is intended to apply concurrently with the initial operation of that act. The amendments made by this act, excluding those amendments made in Sections 4, 12, 28, 29, 30, and 36, shall be deemed to be operative January 1, 2013, unless otherwise stated.

~~SEC. 77.~~

SEC. 83. Any section of any other act enacted by the Legislature during the 2014 calendar year that takes effect on or before January 1, 2015, and that amends, amends and renumbers, adds, repeals and adds, or repeals a section that is amended, amended and renumbered, added, repealed and added, or repealed by this act, shall prevail over this act, whether that act is enacted prior to or subsequent to the enactment of this act. The repeal, or repeal and addition, of any article, chapter, part, title, or division of any code by this act shall not become operative if any section

of any other act that is enacted by the Legislature during the 2014 calendar year and takes effect on or before January 1, 2015, amends, amends and renumbers, adds, repeals and adds, or repeals any section contained in that article, chapter, part, title, or division.

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