

AMENDED IN ASSEMBLY AUGUST 4, 2014

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, 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 Existing law permits a member of STRS to purchase service credit in certain instances and permits a person who has withdrawn membership in STRS to become a member again upon redeposit of contributions plus interest, as specified.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~~ *former spouse* 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~~ *include various organizations, including a public retirement system, a broker-dealer, an investment company, and life insurance company, among others, that are qualified to do business in California that offers and provide a 403(b) product. product and would provide related definitions in this regard.*

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:

7 22106.1. For the purposes of determining supplemental benefits
8 pursuant to Sections 24412 and 24415, “base allowance” means
9 a monthly allowance under the Defined Benefit Program prior to
10 all allowance increases by this part and after modification for an
11 option, if applicable.

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

14 22106.3. “Base hours” means the number of hours of creditable
15 service required to earn one year of service credit.

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

18 22109.5. “Break in service,” for purposes of determining a
19 member’s final compensation, means:

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

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

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

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

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

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

8 (d) Earnable salaries for a full pay period, but not beyond the
9 effective date of retirement, shall be used in determining final
10 compensation when the member performed service within that pay
11 period.

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

14 22115. (a) “Compensation earnable” means the creditable
15 compensation a person could earn in a school year for creditable
16 service performed on a full-time basis, excluding service for which
17 contributions are credited by the system to the Defined Benefit
18 Supplement Program.

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

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

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

35 (e) If creditable service is not performed on a full-time basis
36 because a member is performing those activities pursuant to
37 paragraph (6) of subdivision (a) of Section 22119.5, compensation
38 earnable for those activities shall be determined as if the creditable
39 compensation had been earned at the lowest pay rate for other

1 creditable service activities performed by the member for the same
2 employer during the same school year.

3 (f) (1) Except as provided in subdivision (g), for purposes of
4 determining compensation earnable for a member employed by a
5 community college prior to July 1, 1996, full time shall be defined
6 pursuant to Section 22138.5 and pursuant to Section 20521 of Title
7 5 of the California Code of Regulations, as those provisions read
8 on June 30, 1996, if application of that definition will increase the
9 compensation earnable or otherwise enhance the benefits of the
10 member.

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

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

18 (i) Base hours.

19 (ii) Actual earnings.

20 (iii) Compensation earnable.

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

32 (i) Base hours.

33 (ii) Actual earnings.

34 (iii) Compensation earnable.

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

1 to the system of the act of the community college to reduce that
2 minimum standard.

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

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

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

10 22119.3. (a) "Creditable compensation" for members who are
11 subject to the California Public Employees' Pension Reform Act
12 of 2013 means remuneration that is paid each pay period in which
13 creditable service is performed for that position. Creditable
14 compensation shall be paid in cash by an employer to all persons
15 in the same class of employees in accordance with a publicly
16 available written contractual agreement, including, but not limited
17 to, a salary schedule or employment agreement. Creditable
18 compensation shall include:

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

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

24 (3) Amounts that are deducted from a member's remuneration,
25 including, but not limited to, deductions for participation in a
26 deferred compensation plan; deductions to purchase an annuity
27 contract, tax-deferred retirement plan, or insurance program; and
28 contributions to a plan that meets the requirements of Section 125,
29 401(a), 401(k), 403(b), 457(b), or 457(f) of Title 26 of the United
30 States Code.

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

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

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

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

- 1 (3) Remuneration that is not paid each pay period in which
- 2 creditable service is performed for that position.
- 3 (4) Remuneration that is paid in exchange for the relinquishment
- 4 of unused accumulated leave.
- 5 (5) Payments, including, but not limited to, those for
- 6 participation in a deferred compensation plan; to purchase an
- 7 annuity contract, tax-deferred retirement plan, or insurance
- 8 program; and for contributions to a plan that meets the requirements
- 9 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title
- 10 26 of the United States Code when the cost is covered by an
- 11 employer.
- 12 (6) Fringe benefits provided by an employer.
- 13 (7) Expenses paid or reimbursed by an employer.
- 14 (8) Severance pay, including lump sum and installment
- 15 payments, or money paid in excess of salary or wages to a member
- 16 as compensatory damages or as a compromise settlement.
- 17 (9) Creditable compensation determined by the system to have
- 18 been paid to enhance a member's benefit.
- 19 (10) Compensation paid to the member in lieu of benefits
- 20 provided to the member by the employer or paid directly by the
- 21 employer to a third party other than the system for the benefit of
- 22 the member.
- 23 (11) Any one-time or ad hoc payments made to a member.
- 24 (12) Any employer-provided allowance, reimbursement, or
- 25 payment, including, but not limited to, one made for housing,
- 26 vehicle, or uniform.
- 27 (13) Any bonus paid in addition to compensation described in
- 28 subdivision (a).
- 29 (14) Any other payments the board determines not to be
- 30 "creditable compensation."
- 31 (c) (1) Except for purposes of calculating credited service in
- 32 the Defined Benefit Program and for reporting compensation
- 33 earnable on or after January 1, 2013, creditable compensation in
- 34 any fiscal year shall not exceed:
- 35 (A) One hundred twenty percent of the "contribution and benefit
- 36 base," as determined under Section 430(b) of the Social Security
- 37 Act (42 U.S.C. Sec. 430(b)), on January 1, 2013, for a member
- 38 whose service is not included in the federal system.
- 39 (B) One hundred percent of the "contribution and benefit base,"
- 40 as determined under Section 430(b) of the Social Security Act (42

1 U.S.C. Sec. 430(b)), on January 1, 2013, for a member whose
2 service is included in the federal system pursuant to any changes
3 in state or federal law enacted on or after January 1, 2013.

4 (2) The system shall adjust the limit ~~in paragraph (1)~~ based on
5 the annual changes to the Consumer Price Index for All Urban
6 Consumers: U.S. City Average, calculated by dividing the
7 Consumer Price Index for All Urban Consumers: U.S. City
8 Average for the month of February in the fiscal year preceding the
9 adjustment by the Consumer Price Index for All Urban Consumers:
10 U.S. City Average for the month of February of the previous year
11 rounded to the nearest thousandth. Notwithstanding paragraph (1)
12 of subdivision (d) of Section 7522.10 of the Government Code,
13 the adjustment shall be effective annually on July 1, beginning
14 July 1, 2014.

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

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

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

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

34 (f) This definition of “creditable compensation” reflects sound
35 principles that support the integrity of the retirement fund. Those
36 principles include, but are not limited to, consistent treatment of
37 compensation throughout a member’s career, consistent treatment
38 of compensation among an entire class of employees, consistent
39 treatment of compensation for the position, preventing adverse
40 selection, and excluding from creditable compensation

1 remuneration that is paid to enhance a member's benefits. The
2 system shall determine the appropriate crediting of contributions
3 according to these principles, to the extent not otherwise specified
4 pursuant to this part. A presumption by the system that creditable
5 compensation was paid to enhance the member's benefits may be
6 rebutted by the member or by the employer on behalf of the
7 member. Upon receipt of sufficient evidence to the contrary, a
8 presumption by the system that creditable compensation was paid
9 to enhance the member's benefits may be reversed.

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

13 22119.5. (a) "Creditable service" means any of the following
14 activities performed for an employer in a position requiring a
15 credential, certificate, or permit pursuant to this code, or under the
16 appropriate minimum standards adopted by the Board of Governors
17 of the California Community Colleges, or under the provisions of
18 an approved charter for the operation of a charter school for which
19 the charter school is eligible to receive state apportionment, or
20 pursuant to a contract between a community college district and
21 the United States Department of Defense to provide vocational
22 training:

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

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

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

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

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

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

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

10 (8) Services as a school librarian.

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

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

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

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

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

22 22121. (a) “Credited service” means service for which the
23 required contributions have been paid.

24 (b) “Credited service” for members who are subject to the
25 California Public Employees’ Pension Reform Act of 2013 means
26 service for which required contributions have been paid and service
27 for which required contributions would have been paid in absence
28 of the limit established by subdivision (c) of Section 22119.3.

29 (c) “Credited service” for the limited purpose of determining
30 eligibility for benefits pursuant to Section 22134.5, 24203.5, or
31 24203.6 also includes up to two-tenths of one year of service
32 granted pursuant to Section 22717.

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

35 22131. (a) (1) “Employer” or “employing agency” means the
36 state or any agency or political subdivision thereof, including, but
37 not limited to, a joint powers authority, for which creditable service
38 subject to coverage by the plan is performed.

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

1 (A) The joint powers authority shall be formed pursuant to the
2 Joint Exercise of Powers Act (Chapter 5 (commencing with Section
3 6500) of Division 7 of Title 1 of the Government Code).

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

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

11 (b) This section shall be administered in compliance with the
12 requirements defining a governmental plan set forth in Section
13 414(d) of the Internal Revenue Code of 1986 (26 U.S.C. Sec.
14 414(d)).

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

17 22134. (a) “Final compensation” means the highest average
18 annual compensation earnable, as defined by Section 22115, by a
19 member during any period of 36 consecutive months while an
20 active member of the Defined Benefit Program or time during
21 which he or she was not a member but for which the member has
22 received credit under the Defined Benefit Program, except time
23 that was so credited for service performed outside this state prior
24 to July 1, 1944.

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

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

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

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

39 (d) The compensation earnable for the first position in which
40 California service was credited shall be used when additional

1 compensation earnable is required for the purpose of determining
2 final compensation under Section 23805.

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

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

13 (g) The amendment of former Section 22127 made by Chapter
14 782 of the Statutes of 1982 does not constitute a change in, but is
15 declaratory of, the existing law.

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

18 22134.5. (a) Notwithstanding Section 22134, "final
19 compensation" means the highest average annual compensation
20 earnable, as defined in Section 22115, by a member during any
21 period of 12 consecutive months while an active member of the
22 Defined Benefit Program or time during which he or she was not
23 a member but for which the member has received credit under the
24 Defined Benefit Program, except time that was so credited for
25 service performed outside this state prior to July 1, 1944.

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

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

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

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

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

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

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

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

14 (A) Section 22714.

15 (B) Section 22715.

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

18 (D) Section 22826.

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

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

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

27 22135. (a) Notwithstanding subdivision (a) of Section 22134,
28 "final compensation" means the highest average annual
29 compensation earnable, as defined by Section 22115, by an active
30 member who is a classroom teacher not subject to the California
31 Public Employees' Pension Reform Act of 2013 and who retires,
32 becomes disabled, or dies, after June 30, 1990, during any period
33 of 12 consecutive months while an active member of the Defined
34 Benefit Program.

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

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

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

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

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

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

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

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

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

36 (5) Classified employees.

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

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

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

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

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

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

9 (i) For a nonmember spouse, final compensation shall be
10 determined pursuant to paragraph (5) of subdivision (c) of Section
11 22664. The employer, within 30 days of receiving an invoice from
12 the system, shall reimburse the retirement fund pursuant to
13 subdivision (f). Interest shall be charged at the regular interest rate
14 for payments not received within the prescribed timeframe.
15 Payments not received within 30 days of invoicing may be
16 collected pursuant to Section 23007.

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

19 22136. (a) “Final compensation” with respect to a member
20 whose salary while an active member was reduced because of a
21 reduction in school funds as certified by the employer means the
22 highest average annual compensation earnable, as defined by
23 Section 22115, by the member during any 36 months while
24 employed to perform creditable service subject to coverage by the
25 Defined Benefit Program.

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

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

32 ~~22146.2. (a) Notwithstanding subdivision (f) of Section~~
33 ~~7522.04 of the Government Code, “member subject to the~~
34 ~~California Public Employees’ Pension Reform Act of 2013” means~~
35 ~~a person who first becomes employed to perform creditable service~~
36 ~~subject to coverage under the Defined Benefit Program on or after~~
37 ~~January 1, 2013.~~

38 ~~(b) A member as defined in subdivision (a) does not include a~~
39 ~~person who was a member on or before December 31, 2012, of~~
40 ~~the California Public Employees’ Retirement System, the~~

1 ~~Legislators' Retirement System, the University of California~~
2 ~~Retirement System, a county retirement system established under~~
3 ~~Chapter 3 (commencing with Section 31450) of Part 3 of Division~~
4 ~~4 of Title 3 of the Government Code, or the San Francisco~~
5 ~~Employees' Retirement System, and the person performed service~~
6 ~~in the other retirement system within the six months prior to~~
7 ~~becoming employed to perform creditable service subject to~~
8 ~~coverage under the Defined Benefit Program.~~

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

11 ~~SEC. 16.~~

12 *SEC. 15.* Section 22516 of the Education Code is amended to
13 read:

14 22516. (a) Nothing in this chapter shall be construed or applied
15 to exclude from membership in the Defined Benefit Program any
16 person employed to perform creditable service at a level that
17 requires mandatory membership in the program for which he or
18 she has the right to elect membership in the program or another
19 retirement system and who elects membership in the other
20 retirement system, or who is employed to perform creditable
21 service at a level that does not require mandatory membership in
22 the Defined Benefit Program.

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

29 ~~SEC. 17.~~

30 *SEC. 16.* Section 22655 of the Education Code is amended to
31 read:

32 22655. (a) Upon the legal separation or dissolution of marriage
33 of a retired member, the court may include in the judgment or court
34 order a determination of the community property rights of the
35 parties in the retired member's retirement allowance and, if
36 applicable, retirement benefit under this part consistent with this
37 section. Upon election under subparagraph (B) of paragraph (3)
38 of subdivision (a) of Section 2610 of the Family Code, the court
39 order awarding the nonmember spouse a community property share

1 in the retirement allowance or retirement benefit, or both, of a
2 retired member shall be consistent with this section.

3 (b) If the court does not award the entire retirement allowance
4 or retirement benefit under this part to the retired member and the
5 retired member is receiving a retirement allowance that has not
6 been modified pursuant to Section 24300 or 24300.1, a single life
7 annuity pursuant to Section 25011 or 25018, or a member only
8 annuity described in paragraph (1) of subdivision (a) of Sections
9 25011.1 and 25018.1, the court shall require only that the system
10 pay the nonmember spouse, by separate warrant, his or her
11 community property share of the retired member's retirement
12 allowance or retirement benefit, or both, under this part.

13 (c) If the court does not award the entire retirement allowance
14 or retirement benefit under this part to the retired member and the
15 retired member is receiving an allowance that has been actuarially
16 modified pursuant to Section 24300 or 24300.1, or a joint and
17 survivor annuity pursuant to Section 25011, 25011.1, 25018, or
18 25018.1, the court shall order only one of the following:

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

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

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

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

39 (5) The retired member shall cancel the option that modified
40 the retirement allowance under this part pursuant to Section 24322

1 and elect an unmodified retirement allowance and the system shall
2 pay the nonmember spouse, by separate warrant, his or her
3 community property share of the retired member’s retirement
4 allowance under this part.

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

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

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

22 (e) The right of the nonmember spouse to receive his or her
23 community property share of the retired member’s retirement
24 allowance or retirement benefit or both under this section shall
25 terminate upon the death of the nonmember spouse. However, the
26 nonmember spouse may designate a beneficiary under the Defined
27 Benefit Program and a payee under the Defined Benefit
28 Supplement Program to receive his or her community property
29 share of the retired member’s accumulated retirement contributions
30 and accumulated Defined Benefit Supplement account balance
31 under this part in the event that there are remaining accumulated
32 retirement contributions and a balance of credits in the member’s
33 Defined Benefit Supplement account to be paid upon the death of
34 the nonmember spouse.

35 ~~SEC. 18.~~

36 *SEC. 17.* Section 22662 of the Education Code is amended to
37 read:

38 22662. The nonmember spouse who is awarded a separate
39 account under the Defined Benefit Program may redeposit
40 accumulated retirement contributions previously refunded to the

1 member in accordance with the determination of the court pursuant
2 to Section 22652.

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

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

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

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

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

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

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

1 ~~SEC. 19.~~

2 *SEC. 18.* Section 22663 of the Education Code is amended to
3 read:

4 22663. The nonmember spouse who is awarded a separate
5 account under this part has the right to purchase additional service
6 credit in accordance with the determination of the court pursuant
7 to Section 22652.

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

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

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

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

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

35 (2) The contributions shall be based on the member's
36 compensation earnable in the most recent school year during which
37 the member was employed, preceding the date of separation
38 established by the court pursuant to Section 22652.

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

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

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

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

18 ~~SEC. 20.~~

19 *SEC. 19.* Section 22664 of the Education Code is amended to
20 read:

21 22664. The nonmember spouse who is awarded a separate
22 account shall have the right to a service retirement allowance and,
23 if applicable, a retirement benefit under this part.

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

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

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

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

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

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

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

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

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

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

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

26	Age at Retirement	Percentage
27	60¼	2.033
28	60½	2.067
29	60¾	2.10
30	61	2.133
31	61¼	2.167
32	61½	2.20
33	61¾	2.233
34	62	2.267
35	62¼	2.30
36	62½	2.333
37	62¾	2.367
38	63 and over	2.40
39		
40		

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

4 (5) Final compensation, for purposes of calculating the service
5 retirement allowance of the nonmember spouse under this
6 subdivision, shall be calculated according to the definition of final
7 compensation in Section 22134, 22134.5, 22135, or 22136,
8 whichever is applicable, and shall be based on the member's
9 compensation earnable up to the date the parties separated, as
10 established in the judgment or court order pursuant to Section
11 22652. The nonmember spouse shall not be entitled to use any
12 other calculation of final compensation.

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

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

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

28 (e) If the member is or was receiving a disability allowance
29 under this part with an effective date before or on the date the
30 parties separated as established in the judgment or court order
31 pursuant to Section 22652, or at any time applies for and receives
32 a disability allowance with an effective date that is before or
33 coincides with the date the parties separated as established in the
34 judgment or court order pursuant to Section 22652, the nonmember
35 spouse shall not be eligible to retire until after the disability
36 allowance of the member terminates. If the member who is or was
37 receiving a disability allowance returns to employment to perform
38 creditable service subject to coverage under the Defined Benefit
39 Program or has his or her allowance terminated under Section
40 24015, the nonmember spouse may not be paid a retirement

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

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

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

28 (f) The nonmember spouse who receives a retirement allowance
29 is not a retired member under this part. However, the allowance
30 of the nonmember spouse shall be increased by application of the
31 improvement factor and shall be eligible for the application of
32 supplemental increases and other benefit maintenance provisions
33 under this part, including, but not limited to, Sections 24412 and
34 24415 based on the same criteria used for the application of these
35 benefit maintenance increases to the service retirement allowances
36 of members.

37 (g) Paragraphs (1) to (3), inclusive, of subdivision (c) shall not
38 apply to a nonmember spouse of a member subject to the California
39 Public Employees' Pension Reform Act of 2013. For a person who
40 is a nonmember spouse of a member subject to the California

1 Public Employees' Pension Reform Act of 2013 and is awarded
2 a separate account, the retirement allowance shall equal the
3 percentage of final compensation for each year of credited service
4 that is equal to the percentage specified in Section 24202.6 based
5 on the age of the nonmember spouse on the effective date of the
6 allowance.

7 ~~SEC. 21.~~

8 *SEC. 20.* Section 22801 of the Education Code is amended to
9 read:

10 22801. (a) A member who requests to purchase additional
11 service credit as provided in this chapter and Chapter 14.2
12 (commencing with Section 22820) shall pay, prior to retirement,
13 all contributions with respect to that service at the contribution
14 rate for additional service credit, adopted by the board as a plan
15 amendment, in effect on the date of the request to purchase
16 additional service credit. If the system is unable to inform the
17 member or beneficiary of the amount required to purchase
18 additional service credit prior to the effective date of the applicable
19 allowance, the member or beneficiary may make the required
20 payment within 30 working days after the date of mailing of the
21 statement of contributions and interest required or the effective
22 date of the appropriate allowance, whichever is later, except as
23 provided in subdivision (i). The payment shall be paid in full before
24 a member or beneficiary receives any adjustment in the appropriate
25 allowance due because of that payment. Contributions shall be
26 made in a lump sum, or in not more than 120 monthly installments,
27 not to exceed ten years. No installment, except the final installment,
28 shall be less than twenty-five dollars (\$25).

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

35 (c) If the member is not employed to perform creditable service
36 subject to coverage by the Defined Benefit Program on the date
37 of the request to purchase additional service credit, the
38 contributions shall be based upon the compensation earnable in
39 the last school year of credited service or either of the two
40 immediately preceding school years, whichever is highest, and

1 additional regular interest shall be added to the contributions from
2 July 1 of the subsequent year in which the member last performed
3 creditable service subject to coverage by the Defined Benefit
4 Program to 20 days after the date of the request.

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

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

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

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

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

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

37 ~~SEC. 22.~~

38 *SEC. 21.* Section 22826 of the Education Code is amended to
39 read:

1 22826. (a) A member, other than a retired member, may
2 request to purchase up to five years of nonqualified service credit
3 provided the member is vested in the Defined Benefit Program as
4 provided in Section 22156.

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

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

17 ~~SEC. 23.~~

18 *SEC. 22.* Section 22828 of the Education Code is amended to
19 read:

20 22828. A request to purchase out-of-state service credit
21 pursuant to Section 22827 must be received no later than June 30,
22 2009.

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

25 ~~22905. (a) Member contributions pursuant to Section 22901,~~
26 ~~employer contributions pursuant to Section 22903 or 22904, and~~
27 ~~member contributions made by an employer pursuant to Section~~
28 ~~22909 shall be credited to the member's individual account under~~
29 ~~the Defined Benefit Program or the Defined Benefit Supplement~~
30 ~~Program, whichever is applicable pursuant to the provisions of~~
31 ~~this part.~~

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

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

39 ~~(2) Compensation that is determined by the system to have been~~
40 ~~paid to enhance a member's benefits pursuant to subdivision (b)~~

1 of Section 22119.2 or to not reflect sound principles that support
2 the integrity of the retirement fund pursuant to subdivision (f) of
3 Section 22119.2.

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

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

12 ~~(d) Member and employer contributions pursuant to paragraph~~
13 ~~(1) of subdivision (b) under the Defined Benefit Supplement~~
14 ~~Program shall be credited to the accounts of members as of July~~
15 ~~1 each year following a determination by the system under the~~
16 ~~provisions of this part that those contributions should be credited~~
17 ~~to the Defined Benefit Supplement Program. Any other~~
18 ~~contributions under the Defined Benefit Supplement Program~~
19 ~~pursuant to paragraph (2) or (3) of subdivision (b) shall be credited~~
20 ~~to the individual account of the member upon receipt by the system.~~
21 ~~Contributions to a member's Defined Benefit Supplement account~~
22 ~~shall be identified separately from the member's contributions~~
23 ~~credited under the Defined Benefit Program.~~

24 ~~(e) The provisions of this section shall become operative on~~
25 ~~July 1, 2002, if the revenue limit cost-of-living adjustment~~
26 ~~computed by the Superintendent of Public Instruction for the~~
27 ~~2001-02 fiscal year is equal to or greater than 3.5 percent.~~
28 ~~Otherwise this section shall become operative on July 1, 2003.~~

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

32 *SEC. 23. Section 22905 of the Education Code is amended to*
33 *read:*

34 22905. (a) Member contributions pursuant to Sections 22901,
35 22901.3, and 22901.7, employer contributions pursuant to Section
36 22903 or 22904, and member contributions made by an employer
37 pursuant to Section 22909 shall be credited to the member's
38 individual account under the Defined Benefit Program or the
39 Defined Benefit Supplement Program, whichever is applicable
40 pursuant to the provisions of this part.

1 (b) Except as provided in subdivision (g), member and employer
2 contributions, exclusive of contributions pursuant to Sections
3 22901.7, 22950.5, and 22951, on a member's compensation under
4 the following circumstances shall be credited to the member's
5 Defined Benefit Supplement account:

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

8 (2) Compensation that is ~~consistent with subdivision (b) of~~
9 ~~Section 22119.2~~ *determined by the system to have been paid to*
10 *enhance a member's benefits pursuant to subdivision (b) of Section*
11 *22119.2 or to not reflect sound principles that support the integrity*
12 *of the retirement fund pursuant to subdivision (f) of Section*
13 *22119.2.*

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

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

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

34 (e) Any contributions on compensation that is creditable to the
35 Defined Benefit Supplement account shall be limited to the
36 contributions made pursuant to Sections 22901, 22901.3, 22950,
37 and 22951. Any excess member contributions, as determined by
38 the system, shall be returned to the member through the employer
39 and any excess employer contributions shall be returned to the
40 employer.

1 (f) The provisions of this section shall become operative on July
2 1, 2002, if the revenue limit cost-of-living adjustment computed
3 by the Superintendent of Public Instruction for the 2001–02 fiscal
4 year is equal to or greater than 3.5 percent. Otherwise this section
5 shall become operative on July 1, 2003.

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

9 ~~SEC. 25.~~

10 *SEC. 24.* Section 22909 of the Education Code is amended to
11 read:

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

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

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

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

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

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

16 ~~SEC. 26.~~

17 *SEC. 25.* Section 23104 of the Education Code is amended to
18 read:

19 23104. (a) Deposit in the United States mail of an initial
20 warrant drawn as directed by the member as a refund of
21 contributions upon termination of employment, and addressed to
22 the address directed by the member, constitutes a return of the
23 member's accumulated retirement contributions under this part.
24 In lieu of an initial warrant, the system may initiate a disbursement
25 by electronic funds transfer to a specific account at a financial
26 institution as directed by the member as a refund of contributions
27 upon termination of employment, which shall constitute a return
28 of the member's accumulated retirement contributions under this
29 part.

30 (b) Except as provided in subdivision (e), if the member has
31 elected on a form provided by the system to transfer all or a
32 specified portion of the accumulated retirement contributions that
33 are eligible for direct trustee-to-trustee transfer to the trustee of a
34 qualified plan under Section 402 of the Internal Revenue Code of
35 1986 (26 U.S.C. Sec. 402), deposit in the United States mail of a
36 notice that the requested transfer has been made constitutes a return
37 of the member's accumulated retirement contributions under this
38 part.

39 (c) Except as provided in subdivision (e), for refunds not
40 involving direct trustee-to-trustee transfers, if the member returns

1 the total gross distribution amount to the system's headquarters
2 office within 30 days from the mailing date, the refund shall be
3 canceled and the person shall be restored as a member of the
4 Defined Benefit Program with all the rights and privileges under
5 this part restored.

6 (d) Except as provided in subdivision (e), for refunds involving
7 direct trustee-to-trustee transfers, if the member returns the warrant
8 drawn to the trustee of the qualified plan or the trustee returns the
9 amount of the qualified refund and, if applicable, any additional
10 amounts necessary to equal, but in no event to exceed, the total
11 gross distribution amount to the system's headquarters office within
12 30 days from the mailing date, the refund shall be canceled and
13 the person shall be restored as a member of the Defined Benefit
14 Program with all the rights and privileges under this part restored.

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

19 ~~SEC. 27.~~

20 *SEC. 26.* Section 24001 of the Education Code is amended to
21 read:

22 24001. (a) (1) A member may apply for a disability allowance
23 under the Defined Benefit Program, upon written application for
24 disability allowance to the board on a properly executed form
25 provided by the system, if the member has five or more years of
26 credited service and if all of the following requirements are met:

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

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

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

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

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

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

12 (2) A member who becomes disabled prior to normal retirement
13 age, who has sick leave which will extend beyond normal
14 retirement age, and who has a dependent child, may be awarded
15 a disability allowance with an effective date after normal retirement
16 age if the application is filed prior to attaining normal retirement
17 age.

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

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

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

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

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

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

5 ~~SEC. 28.~~

6 *SEC. 27.* Section 24101 of the Education Code is amended to
7 read:

8 24101. (a) A member may apply for a disability retirement
9 under this part, upon written application for disability retirement
10 to the board on a properly executed form provided by the system,
11 if the member has five or more years of credited service and if all
12 of the following requirements are met:

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

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

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

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

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

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

35 (b) Nothing in subdivision (a) shall affect the right of a member
36 to a disability retirement if the reason that the member has
37 performed less than four years of actual service is due to an
38 on-the-job injury or a disease while in employment subject to
39 coverage by the Defined Benefit Program and the four-year
40 requirement can be satisfied by credit obtained under Chapter 14

1 (commencing with Section 22800) or Chapter 14.5 (commencing
2 with Section 22850) in addition to any credit received from
3 workers' compensation payments.

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

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

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

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

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

22 ~~SEC. 29.~~

23 *SEC. 28.* Section 24105 of the Education Code is amended to
24 read:

25 24105. (a) A disability retirement allowance under this part
26 shall become effective upon any date designated by the member,
27 provided that all of the following conditions are met:

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

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

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

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

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

11 ~~SEC. 30.~~

12 *SEC. 29.* Section 24107 of the Education Code is amended to
 13 read:

14 24107. A member retired for disability under this part may
 15 elect an option pursuant to Section 24332 to modify the disability
 16 retirement allowance payable pursuant to subdivision (a) of Section
 17 24106.

18 ~~SEC. 31.~~

19 *SEC. 30.* Section 24201.5 of the Education Code is amended
 20 to read:

21 24201.5. (a) A member who is eligible and applies for a
 22 disability allowance or retirement pursuant to Section 24001 or
 23 24101 may apply to receive a service retirement allowance pending
 24 the determination of his or her application for disability, subject
 25 to all of the following:

26 (1) The member is eligible to retire for service under Section
 27 24201 or 24203.

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

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

33 (B) The effective date is no earlier than the first day of the month
 34 in which the application for disability benefits is received at the
 35 system’s headquarters office, unless the application for disability
 36 benefits is denied or canceled and the member has indicated an
 37 earlier service retirement date on the application to use if denied
 38 or canceled. If the application for disability benefits is denied or
 39 canceled, the service retirement date of a member who submits an

1 application for retirement pursuant to this section on or after
2 January 1, 2014, shall be no earlier than January 1, 2014.

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

5 (D) The effective date is no earlier than one year following the
6 date on which a retirement allowance was terminated pursuant to
7 Section 24208, unless the application for disability benefits is
8 denied or canceled and the member has indicated an earlier service
9 retirement date on the application to use if denied or canceled. If
10 the application for disability benefits is denied or canceled, the
11 service retirement date is no earlier than one day after the date on
12 which a retirement allowance was terminated pursuant to Section
13 24208, provided that the retirement allowance is terminated on or
14 after January 1, 2014.

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

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

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

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

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

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

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

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

5 (B) If the member receives a modified service retirement
6 allowance based on the election of an option pursuant to Section
7 24300.1 or 24307, that modified service retirement allowance shall
8 continue in effect and unchanged.

9 (C) If the member did not elect an option pursuant to Section
10 24300.1 or 24307 and receives an unmodified service retirement
11 allowance, that unmodified service retirement allowance shall
12 continue in effect and unchanged.

13 (b) A member who applies for service retirement under this
14 section may change or cancel his or her service retirement
15 application pursuant to Section 24204, or may terminate his or her
16 service retirement allowance pursuant to Section 24208.

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

24 (d) (1) Subparagraph (C) of paragraph (1) of subdivision (a)
25 of Section 24001 and paragraph (3) of subdivision (a) of Section
26 24101 shall not apply to a member who cancels an application for
27 service retirement pursuant to Section 24204 or who terminates a
28 service retirement allowance pursuant to Section 24208, if all of
29 the following apply:

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

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

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

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

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

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

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

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

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

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

36 ~~SEC. 32.~~

37 *SEC. 31.* Section 24203.5 of the Education Code is amended
38 to read:

39 24203.5. (a) The percentage of final compensation used to
40 compute the allowance pursuant to Section 24202.5, 24203, 24205,

1 24209, 24209.3, 24210, 24211, 24212, or 24213 of a member
2 retiring on or after January 1, 1999, who has 30 or more years of
3 credited service, shall be increased by two-tenths of 1 percentage
4 point, provided that the sum of the percentage of final
5 compensation used to compute the allowance, including any
6 adjustments for retiring before the normal retirement age, and the
7 additional percentage provided by this section does not exceed
8 2.40 percent.

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

12 (1) Section 22714.

13 (2) Section 22715.

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

16 (4) Section 22717.5.

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

25 (d) Nonqualified service credit for which contributions pursuant
26 to Section 22826 were made in a lump sum on or after January 1,
27 2000, or for which the first installment was made on or after
28 January 1, 2000, may not be included in determining the eligibility
29 for an increased allowance pursuant to this section.

30 ~~SEC. 33.~~

31 *SEC. 32.* Section 24203.6 of the Education Code is amended
32 to read:

33 24203.6. (a) In addition to the amount otherwise payable
34 pursuant to Section 24202.5, 24203, 24203.5, 24205, 24209,
35 24209.3, 24210, 24211, 24212, or 24213, a member shall receive
36 an increase in the monthly allowance, prior to any modification
37 pursuant to Sections 24300, 24300.1, and 24309, in the amount
38 identified in subdivision (b), if the member meets all of the
39 following criteria:

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

1 (2) Prior to January 1, 2011, the member has 30 or more years
2 of credited service, including any credited service that a court has
3 ordered be awarded to a nonmember spouse pursuant to Section
4 22652, but excluding service credited pursuant to the following:

- 5 (A) Section 22714.
- 6 (B) Section 22715.
- 7 (C) Section 22717, except as provided in subdivision (c) of
- 8 Section 22121.
- 9 (D) Section 22717.5.
- 10 (E) Section 22826.

11 (3) The member is receiving an allowance subject to Section
12 24203.5.

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

16		
17	30 years of credited service	\$200
18	31 years of credited service	\$300
19	32 or more years of credited service	\$400

20
21 (c) This section also applies to a nonmember spouse, if all of
22 the following conditions are satisfied:

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

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

- 29 (A) Section 22714.
- 30 (B) Section 22715.
- 31 (C) Section 22717, except as provided in subdivision (c) of
- 32 Section 22121.
- 33 (D) Section 22717.5.
- 34 (E) Section 22826.

35 (3) The service credit of the member was divided into separate
36 accounts in the name of the member and the nonmember spouse
37 by a court pursuant to Section 22652. The amount identified in the
38 schedule in subdivision (b) and payable pursuant to this section,
39 that is based on the service credited during the marriage, shall be
40 divided and paid to the member and the nonmember spouse

1 proportionately according to the respective percentages of the
 2 member’s service credit that were allocated to the member and the
 3 nonmember spouse in the court’s order.

4 (d) The allowance increase provided under this section is not
 5 subject to Sections 24415 and 24417, but is subject to Section
 6 22140.

7 ~~SEC. 34.~~

8 *SEC. 33.* Section 24204 of the Education Code is amended to
 9 read:

10 24204. (a) A service retirement allowance under this part shall
 11 become effective upon any date designated by the member,
 12 provided all of the following conditions are met:

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

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

18 (3) The effective date is no earlier than one day after the date
 19 on which the retirement allowance was terminated under Section
 20 24208.

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

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

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

32 (b) A member who files an application for service retirement
 33 may change or cancel his or her retirement application, as long as
 34 the form provided by the system is received in the system’s
 35 headquarters office no later than 30 days from the date the
 36 member’s initial benefit payment for the member’s most recent
 37 retirement under the Defined Benefit Program is paid by the
 38 system. If a member cancels his or her retirement application, the
 39 member shall return the total gross distribution amount of all
 40 payments for the canceled retirement benefit to the system’s

1 headquarters office no later than 45 days from the date of the
2 member's initial benefit payment and shall be liable for any adverse
3 tax consequences that may result from these actions.

4 (c) The retirement date of a member who files an application
5 for retirement pursuant to Section 24201 on or after January 1,
6 2012, shall be no earlier than January 1, 2012.

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

10 ~~SEC. 35.~~

11 *SEC. 34.* Section 24205 of the Education Code is amended to
12 read:

13 24205. A member retiring prior to 60 years of age, and who
14 has attained 55 years of age, may elect to receive one-half of the
15 service retirement allowance for normal retirement age for a limited
16 time and then revert to the full retirement allowance for normal
17 retirement age.

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

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

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

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

38 (e) The annual improvement factor provided for in Sections
39 22140 and 22141 shall be based upon the retirement allowance as
40 calculated under subdivision (a) or (b). The improvement factor

1 shall begin to accrue on September 1 following the retired
2 member's 60th birthday. These increases shall be accumulated
3 and shall become payable when the full retirement allowance for
4 normal retirement age first becomes payable.

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

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

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

27 (i) This section shall not apply to a member who retires for
28 service pursuant to Section 24201.5, 24209, 24209.3, 24210,
29 24211, or 24212.

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

32 ~~SEC. 36.~~

33 *SEC. 35.* Section 24210 of the Education Code is amended to
34 read:

35 24210. Upon retirement for service following a prior disability
36 retirement granted pursuant to Chapter 26 (commencing with
37 Section 24100) that was terminated, the member shall receive a
38 service retirement allowance calculated pursuant to Section 24202,
39 24202.5, 24202.6, 24203, 24203.5, 24203.6, or 24206 and equal
40 to the sum of both of the following:

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

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

8 ~~SEC. 37.~~

9 *SEC. 36.* Section 24211 of the Education Code is amended to
10 read:

11 24211. When a member who has been granted a disability
12 allowance under this part after June 30, 1972, returns to
13 employment subject to coverage under the Defined Benefit
14 Program and performs:

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

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

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

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

4 (1) A service retirement allowance calculated on all actual and
5 projected service excluding service credited pursuant to Sections
6 22717 and 22717.5 or Chapter 14 (commencing with Section
7 22800) or Chapter 14.2 (commencing with Section 22820) or
8 Chapter 19 (commencing with Section 23200), the age of the
9 member on the last day of the month in which the retirement
10 allowance begins to accrue, and final compensation using
11 compensation earnable, or projected final compensation, or a
12 combination of both.

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

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

23 (d) If the total amount of credited service, other than projected
24 service or service that accrued pursuant to Sections 22714, 22715,
25 22717, 22717.5, and 22826, is equal to or greater than 30 years,
26 the amounts identified in subdivisions (a) and (b) shall be
27 calculated pursuant to Sections 24203.5 and 24203.6.

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

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

34 ~~SEC. 38.~~

35 *SEC. 37.* Section 24212 of the Education Code is amended to
36 read:

37 24212. (a) If a disability allowance granted under this part
38 after June 30, 1972, is terminated for reasons other than those
39 specified in Section 24213 and the member does not return to
40 employment subject to coverage under the Defined Benefit

1 Program, the member's service retirement allowance, when
2 payable, shall be based on projected service, excluding service
3 credited pursuant to Sections 22717 and 22717.5 or Chapter 14
4 (commencing with Section 22800) or Chapter 14.2 (commencing
5 with Section 22820), or Chapter 19 (commencing with Section
6 23200), projected final compensation, and the age of the member
7 on the last day of the month in which the retirement allowance
8 begins to accrue. The allowance payable under this section,
9 excluding annuities payable from accumulated annuity deposit
10 contributions, shall not be greater than the terminated disability
11 allowance excluding children's portions.

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

19 (c) If the total amount of credited service, other than projected
20 service or service that accrued pursuant to Sections 22714, 22715,
21 22717, 22717.5, and 22826, is equal to or greater than 30 years,
22 the amounts identified in subdivisions (a) and (b) shall be
23 calculated pursuant to Sections 24203.5 and 24203.6.

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

27 ~~SEC. 39.~~

28 *SEC. 38.* Section 24213 of the Education Code is amended to
29 read:

30 24213. (a) When a member who has been granted a disability
31 allowance under this part after June 30, 1972, attains normal
32 retirement age, or at a later date when there is no dependent child,
33 the disability allowance shall be terminated and the member shall
34 be eligible for service retirement. The retirement allowance shall
35 be calculated on the projected final compensation and projected
36 service to normal retirement age, excluding service credited
37 pursuant to Sections 22717 and 22717.5, or Chapter 14
38 (commencing with Section 22800) or Chapter 14.2 (commencing
39 with Section 22820), or Chapter 19 (commencing with Section
40 23200), and the age of the member on the last day of the month

1 in which the retirement allowance begins to accrue. The allowance
2 payable under this section, excluding annuities payable from
3 accumulated annuity deposit contributions, shall not be greater
4 than the terminated disability allowance, excluding children's
5 portions.

6 (b) The allowance shall be increased by an amount based on
7 any service credited pursuant to Section 22714, 22715, 22717, or
8 22717.5, or Chapter 14 (commencing with Section 22800), Chapter
9 14.2 (commencing with Section 22820), or Chapter 19
10 (commencing with Section 23200) and projected final
11 compensation to normal retirement age.

12 (c) If the total amount of credited service, other than projected
13 service or service that accrued pursuant to Sections 22714, 22715,
14 22717, 22717.5, and 22826, is equal to or greater than 30 years,
15 the amounts identified in subdivisions (a) and (b) shall be
16 calculated pursuant to Sections 24203.5 and 24203.6.

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

20 ~~SEC. 40.~~

21 *SEC. 39.* Section 24214.5 of the Education Code is amended
22 to read:

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

32 (2) For written agreements pertaining to the performance of
33 retired member activities entered into, extended, renewed, or
34 amended on or after January 1, 2014, the limitation in paragraph
35 (1) shall also apply to payments, including, but not limited to,
36 those for participation in a deferred compensation plan; to purchase
37 an annuity contract, tax-deferred retirement plan, or insurance
38 program; and for contributions to a plan that meets the requirements
39 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title

1 26 of the United States Code when the cost is covered by an
2 employer.

3 (b) If the retired member has attained normal retirement age at
4 the time the compensation is earned, subdivision (a) shall not apply
5 and Section 24214 shall apply if the appointment has been
6 approved by the governing body of the employer in a public
7 meeting, as reflected in a resolution adopted by the governing body
8 of the employer prior to the performance of retired member
9 activities, expressing its intent to seek an exemption from the
10 limitation specified in subdivision (a). Approval of the appointment
11 may not be placed on a consent calendar. Notwithstanding any
12 other provision of Article 3.5 (commencing with Section 6250) of
13 Division 7 of Title 1 of the Government Code or any state or
14 federal law incorporated by subdivision (k) of Section 6254 of the
15 Government Code, the resolution shall be subject to disclosure by
16 the entity adopting the resolution and the system. The resolution
17 shall include the following specific information and findings:

- 18 (1) The nature of the employment.
- 19 (2) A finding that the appointment is necessary to fill a critically
20 needed position before 180 calendar days have passed.
- 21 (3) A finding that the member is not ineligible for application
22 of this subdivision pursuant to subdivision (d).
- 23 (4) A finding that the termination of employment of the retired
24 member with the employer is not the basis for the need to acquire
25 the services of the member.

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

29 (d) Subdivision (b) shall not apply if the retired member received
30 additional service credit pursuant to Section 22714 or 22715 or
31 received from any public employer any financial inducement to
32 retire. For purposes of this section, “financial inducement to retire”
33 includes, but is not limited to, any form of compensation or other
34 payment that is paid directly or indirectly by a public employer to
35 the member, even if not in cash, either before or after retirement,
36 if the participant retires for service on or before a specific date or
37 specific range of dates established by a public employer on or
38 before the date the inducement is offered. The system shall liberally
39 interpret this subdivision to further the Legislature’s intent to make
40 subdivision (b) inapplicable to members if the member received

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

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

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

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

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

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

29 ~~SEC. 41.~~

30 *SEC. 40.* Section 24300 of the Education Code is amended to
31 read:

32 24300. (a) A member may, upon application for retirement,
33 elect an option pursuant to this part that would provide an
34 actuarially modified retirement allowance payable throughout the
35 life of the member and the member's option beneficiary or
36 beneficiaries, as follows:

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

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

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

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

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

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

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

34 (B) The modified retirement allowance shall be paid to the
35 retired member as long as the retired member and at least one of
36 the option beneficiaries are living. Upon the retired member's
37 death, an allowance shall be paid to each surviving option
38 beneficiary in accordance with the option elected respective to that
39 beneficiary. The member shall determine the percentage of the
40 unmodified allowance that will be modified by the election of

1 Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7
2 within this option, the aggregate of which shall equal 100 percent
3 of the member's unmodified allowance. The election of this option
4 is subject to approval by the board.

5 (C) A member who is a party to an action for legal separation
6 or dissolution of marriage and who is required by court order to
7 designate a spouse or former spouse as an option beneficiary may
8 designate his or her spouse or former spouse as a sole option
9 beneficiary under subparagraphs (A) and (B). The member shall
10 specify the option elected for the spouse or former spouse and the
11 percentage of his or her unmodified allowance to be modified by
12 the option, consistent with the court order. The percentage of the
13 member's unmodified allowance that is not modified by the option
14 shall remain an unmodified allowance payable to the member. The
15 aggregate of the percentages specified for the option beneficiary
16 and the member's remaining unmodified allowance, if any, shall
17 equal 100 percent.

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

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

27 (d) On or before July 1, 2004, the board shall evaluate the
28 existing options and annuities provided pursuant to this section,
29 Chapter 38 (commencing with Section 25000) of this part, and
30 Part 14 (commencing with Section 26000) and adopt, as a plan
31 amendment, any appropriate changes to the options and annuities
32 based on the needs of members, participants, and their
33 beneficiaries, including, but not limited to, providing economic
34 security for beneficiaries and reducing complexity in the election
35 of options and annuities by members and participants. The changes
36 to the options and annuities may have no net actuarial impact on
37 the retirement fund, and the board may establish any eligibility
38 criteria it deems necessary to prevent an adverse actuarial impact
39 to the fund. The board shall designate the effective date of the plan
40 amendment, which shall be at least 18 months after the amendment

1 is adopted by the board, and notwithstanding any other provision
2 of this section, the options and annuities available to members and
3 participants eligible to retire pursuant to this part and Part 14
4 (commencing with Section 26000), after the effective date of the
5 plan amendment made pursuant to this subdivision, shall reflect
6 the changes adopted as a plan amendment pursuant to this
7 subdivision.

8 (e) Any member or participant who retired and elected an option
9 or a joint and survivor annuity, or who filed a preretirement election
10 of an option prior to the effective date of the plan amendment made
11 pursuant to subdivision (d), may elect to change to a different
12 option or joint and survivor annuity, as modified by the board as
13 a plan amendment pursuant to subdivision (d), if the member or
14 participant meets all the criteria established by the board to prevent
15 a change in an option or joint and survivor annuity from having
16 an adverse actuarial impact on the retirement fund, including, but
17 not limited to, the effective date of a new designation or limitations
18 on any changes if a member or participant, as the case may be, or
19 beneficiary, or both, is currently not living or afflicted with a
20 known terminal illness. The member or participant shall designate
21 the change during the six-month period that begins with the
22 effective date of the plan amendment, on a form prescribed by the
23 system. Any member changing an option election pursuant to this
24 subdivision is not subject to the allowance reduction prescribed
25 in Section 24309 or 24310 as a result of the election. If a member
26 or participant elects to change his or her option or joint and survivor
27 annuity under this subdivision, the member or participant shall
28 retain the same option beneficiary or beneficiaries as named in the
29 prior designation.

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

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

37 (h) Any member with a retirement effective on or after January
38 1, 2007, shall elect an option from the options described in Section
39 24300.1. Any member making a new option election under the
40 provisions of Section 24320, 24321, 24322, or 24323 shall elect

1 an option from the options described in Section 24300.1 if the
2 effective date of the new option election is on or after January 1,
3 2007.

4 ~~SEC. 42.~~

5 *SEC. 41.* Section 24300.1 of the Education Code is amended
6 to read:

7 24300.1. (a) A member may, upon application for retirement,
8 elect an option pursuant to this part that would provide an
9 actuarially modified retirement allowance payable throughout the
10 life of the member and the member's option beneficiary or
11 beneficiaries, as follows:

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

16 (2) Seventy-five percent beneficiary option. The modified
17 retirement allowance shall be paid to the retired member and upon
18 the member's death, 75 percent of the modified allowance shall
19 continue to be paid to the option beneficiary. Pursuant to Section
20 401(a)(9) of the Internal Revenue Code, unless the option
21 beneficiary is the member's spouse or former spouse who has been
22 awarded a community property interest in the benefits of the
23 member under this part, the member may not designate an option
24 beneficiary under this option who is more than exactly 19 years
25 younger than the member.

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

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

38 (A) The modified retirement allowance shall be paid to the
39 member as long as the member and at least one option beneficiary
40 is living. Upon the member's death, an allowance shall be paid to

1 each surviving option beneficiary in accordance with the option
2 elected respective to that option beneficiary.

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

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

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

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

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

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

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

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

8 (f) The board may evaluate the existing options and annuities
9 provided pursuant to this section, Chapter 38 (commencing with
10 Section 25000) of this part, and Part 14 (commencing with Section
11 26000) and adopt, as a plan amendment, any appropriate changes
12 to the options and annuities based on the needs of the members,
13 participants, and their beneficiaries, including, but not limited to,
14 providing economic security for beneficiaries and reducing the
15 complexity of the options and annuities. The changes to the options
16 and annuities may have no net actuarial impact on the retirement
17 fund and the board may establish any eligibility criteria the board
18 deems necessary to prevent an adverse actuarial impact to the fund.
19 The board shall designate the effective date of the plan amendment,
20 which shall be at least 18 months after the amendment is adopted
21 by the board, and notwithstanding any other provision of this
22 section, the options and annuities available to members and
23 participants eligible to retire pursuant to this part and Part 14
24 (commencing with Section 26000), after the effective date of the
25 plan amendment made pursuant to this subdivision, shall reflect
26 the changes adopted as a plan amendment to this subdivision.

27 ~~SEC. 43.~~

28 *SEC. 42.* Section 24300.2 of the Education Code is amended
29 and renumbered to read:

30 24345. (a) A member who retired and elected an option
31 pursuant to Section 24300 may elect to change options, subject to
32 all of the following:

33 (1) A member who elected Option 2 may elect to change to the
34 100-percent beneficiary option described in paragraph (1) or the
35 75-percent beneficiary option described in paragraph (2) of
36 subdivision (a) of Section 24300.1.

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

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

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

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

9 (6) The member designates the same beneficiary that was
10 designated under the prior option elected by the member, if the
11 option and beneficiary designation were effective on or before
12 December 31, 2006.

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

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

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

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

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

1 subdivision, the change shall be effective as of the member's
2 signature date on the initial election to change.

3 (e) If the system is unable to mail an acknowledgment notice
4 to the member on or before June 1, 2007, or prior to the end of the
5 election period, provided that the member and the option
6 beneficiary are alive and not afflicted with a known terminal
7 illness, the system shall allow a member to cancel the election to
8 change options and elect to receive the benefit according to the
9 preexisting option election. After cancellation, the member may
10 elect to make a one-time change from the preexisting option to
11 any other option provided by and subject to the restrictions of
12 paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation
13 or the cancellation and one-time change may be made after the
14 end of the election period if it is made on a properly executed form
15 provided by the system and is received at the system's headquarters
16 office no later than 30 days following the date of the
17 acknowledgment notice. If the member elects to make the one-time
18 change provided by this subdivision, the change shall be effective
19 as of the member's signature date on the initial election to change.

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

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

27 ~~SEC. 44.~~

28 *SEC. 43.* Section 24300.5 of the Education Code is amended
29 and renumbered to read:

30 24331. An option beneficiary who is receiving an allowance
31 pursuant to the option elected by the member may designate a
32 beneficiary to receive any allowance that has accrued and is unpaid,
33 and any remaining balance of the retired member's accumulated
34 retirement contributions payable pursuant to Section 23881, upon
35 the death of the option beneficiary.

36 ~~SEC. 45.~~

37 *SEC. 44.* Section 24300.6 of the Education Code is amended
38 and renumbered to read:

39 24321. (a) Any retired member who was unmarried and not
40 in a registered domestic partnership on the benefit effective date

1 who did not elect an option pursuant to Section 24300, 24300.1,
2 or 24307, and who thereafter marries or registers in a domestic
3 partnership, may, after the effective date of the member's
4 retirement under this part, elect an option described in paragraph
5 (1), (2), or (3) of subdivision (a) of Section 24300.1, naming his
6 or her new spouse or registered domestic partner as the option
7 beneficiary, subject to all of the following:

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

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

17 (3) The election of an option under this section is subject to
18 approval by the board. A retired member may not elect a joint and
19 survivor option that would result in any additional liability to the
20 retirement fund. A retired member may not elect the compound
21 option described in paragraph (4) of subdivision (a) of Section
22 24300.1.

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

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

1 new spouse or registered domestic partner as of the effective date
2 of the election.

3 ~~SEC. 46.~~

4 *SEC. 45.* Section 24301 of the Education Code is amended and
5 renumbered to read:

6 24332. (a) A member upon application for a disability
7 retirement pursuant to Chapter 26 (commencing with Section
8 24100), may elect, as provided in Section 24300 or 24300.1 to
9 receive an actuarially modified disability retirement allowance.

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

23 (c) Except as provided in Sections 24300, 24300.1, 24320,
24 24321, 24322, and 24323, a member may revoke or change an
25 election of an option no later than 30 days from the date of the
26 member's initial disability retirement benefit payment.

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

31 ~~SEC. 47.~~

32 *SEC. 46.* Section 24302 of the Education Code is amended and
33 renumbered to read:

34 24311. Upon termination of a service retirement allowance
35 pursuant to Section 24208, any option elected pursuant to Section
36 24300 or 24300.1 and in effect at the time of reinstatement shall
37 be considered to be a preretirement election of an option elected
38 as of the effective date of the most recent retirement and shall be
39 subject to the same provisions as an option elected under Section
40 24307.

1 ~~SEC. 48.~~

2 *SEC. 47.* Section 24303 of the Education Code is amended and
3 renumbered to read:

4 24312. Termination of the service retirement allowance
5 pursuant to Section 24208 shall not cancel an option elected under
6 the provisions of Section 24307. The effective date of the option
7 shall remain the original election date pursuant to Section 24307.

8 ~~SEC. 49.~~

9 *SEC. 48.* Section 24304 of the Education Code is amended and
10 renumbered to read:

11 24333. Upon termination of a disability retirement allowance
12 pursuant to Section 24117, any option elected at the time of
13 retirement pursuant to Section 24332 shall be void as of the
14 effective date of the reinstatement. The preretirement election of
15 option subsequent to termination of the allowance pursuant to
16 Section 24117 shall be subject to the following:

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

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

25 (c) A member who has elected an option pursuant to Section
26 24332, and is otherwise eligible to make a preretirement election
27 of an option, may make the election anytime during the six months
28 following the date on which the disability retirement allowance
29 was terminated pursuant to Section 24117. The member shall elect
30 the same option and designate the same option beneficiary as
31 designated under Section 24332 when making the election during
32 the six-month period following the date the disability retirement
33 allowance was terminated.

34 ~~SEC. 50.~~

35 *SEC. 49.* Section 24305 of the Education Code is amended and
36 renumbered to read:

37 24322. (a) An option elected under Section 24300, 24300.1,
38 or 24307 may be canceled by a retired member if the option
39 beneficiary is the retired member's spouse or former spouse and
40 a final decree of dissolution of marriage or a judgment of nullity

1 has been entered or an order of separate maintenance has been
2 made on or after January 1, 1978, by a court of competent
3 jurisdiction. A retired member may cancel the option before or
4 after issuance of the first retirement allowance payment.

5 (b) The retired member shall notify the board in writing of
6 cancellation of the option. Notification shall not be earlier than
7 the effective date of the decree, judgment, or order and shall include
8 a certified copy of the final decree of dissolution, or judgment of
9 nullity, or an order of separate maintenance, and any property
10 settlement agreement.

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

26 ~~SEC. 51.~~

27 *SEC. 50.* Section 24305.3 of the Education Code, as amended
28 by Section 39 of Chapter 655 of the Statutes of 2006, is amended
29 and renumbered to read:

30 24324. (a) A member who is receiving a joint and survivor
31 annuity under the Defined Benefit Supplement Program may
32 change the annuity or the annuity beneficiary elected pursuant to
33 Section 25011, 25011.1, 25018, or 25018.1, provided all of the
34 following conditions are met:

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

37 (2) A final decree of dissolution of marriage is granted, or a
38 judgment of nullity is entered, or an order of separate maintenance
39 is made by a court of competent jurisdiction with respect to the
40 member and the spouse or former spouse on or after the beginning

1 of the initial plan year designated by the board pursuant to Section
2 22156.05.

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

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

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

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

22 ~~SEC. 52.~~

23 *SEC. 51.* Section 24305.3 of the Education Code, as added by
24 Section 56 of Chapter 74 of the Statutes of 2000, is repealed.

25 ~~SEC. 53.~~

26 *SEC. 52.* Section 24305.5 of the Education Code is amended
27 and renumbered to read:

28 24320. (a) An option elected under Section 24300 or 24300.1
29 may be canceled by a retired member if the option beneficiary is
30 not the retired member's spouse or former spouse. A retired
31 member may cancel the option before or after issuance of the first
32 retirement allowance payment and shall designate his or her spouse
33 as the new option beneficiary and the same or a different joint and
34 survivor option described in Section 24300.1.

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

1 (c) The effective date of the new election shall be six months
2 following the date notification is received by the board, provided
3 both the retired member and the new designated option beneficiary
4 are then living. If the effective date of the new option election is
5 on or after January 1, 2007, at the time of the new election the
6 retired member shall elect an option from the options described in
7 Section 24300.1. If, before the new election becomes effective,
8 the member terminates his or her benefit pursuant to Section 24208
9 or the retired member or the new option beneficiary dies, the new
10 election is void and the previous election remains in effect.

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

22 ~~SEC. 54.~~

23 *SEC. 53.* Section 24306 of the Education Code is amended and
24 renumbered to read:

25 24323. (a) If an option beneficiary designated in the election
26 of an Option 2 or Option 3 as described in Section 24300
27 predeceases the retired member, the retired member may elect a
28 new joint and survivor option described in paragraph (1), (2), (3),
29 or (4) of subdivision (a) of Section 24300.1 and designate one or
30 multiple new option beneficiaries.

31 (b) If an option beneficiary designated in the election of an
32 Option 4 or Option 5 as described in Section 24300 predeceases
33 the retired member, a retirement allowance adjusted for the
34 specified option shall be payable to the retired member and shall
35 commence to accrue to the retired member as of the day following
36 the date of the death of the option beneficiary. The retired member
37 may elect a new joint and survivor option described in paragraph
38 (1), (2), (3), or (4) of subdivision (a) of Section 24300.1 and
39 designate one or multiple new option beneficiaries.

1 (c) If an option beneficiary designated in the election of Option
2 2 or Option 3 within Option 8 as described in Section 24300
3 predeceases the retired member, the retired member may elect a
4 new joint and survivor option described in paragraph (1), (2), or
5 (3) of subdivision (a) of Section 24300.1 and designate a new
6 option beneficiary for the portion of the retirement allowance that
7 was modified for the prior option beneficiary. The retired member
8 may not elect the compound option described in paragraph (4) of
9 subdivision (a) of Section 24300.1.

10 (d) If an option beneficiary designated in the election of Option
11 4 or Option 5 within Option 8 as described in Section 24300
12 predeceases the retired member, a retirement allowance adjusted
13 for the specified option for the portion of the benefit allocated to
14 that beneficiary shall be payable to the retired member and shall
15 commence to accrue to the retired member as of the day following
16 the date of the death of the option beneficiary. The retired member
17 may elect a new joint and survivor option described in paragraph
18 (1), (2), or (3) of subdivision (a) of Section 24300.1 for that portion
19 of the retirement allowance that was modified for the prior option
20 beneficiary and designate a new option beneficiary. The retired
21 member may not elect the compound option described in paragraph
22 (4) of subdivision (a) of Section 24300.1.

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

34 (f) If an option beneficiary designated in the election of an
35 option pursuant to paragraph (1), (2), (3), or (4) of subdivision (a)
36 of Section 24300.1 predeceases the retired member, that portion
37 of the retirement allowance attributable to the option without
38 modification for the option shall be payable to the member upon
39 notification to the board and shall commence to accrue to the
40 retired member as of the day following the date of the death of the

1 option beneficiary. The retired member may designate a new
2 beneficiary for that portion of the retirement allowance within the
3 same option designated for the prior beneficiary.

4 (g) The retired member shall submit proof of death of the prior
5 beneficiary before making a new beneficiary election under this
6 section. The effective date of any new election under this section
7 shall be six months following the date notification is received by
8 the board provided both the retired member and the newly
9 designated option beneficiary are living on the date the new
10 election is to become effective. Notification shall be on a properly
11 executed form prescribed by the system for the new designation.

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

15 (i) If the retired member is eligible to elect a new option and
16 the effective date of the new option election is on or after January
17 1, 2007, at the time of the new election the retired member shall
18 elect an option from the options described in Section 24300.1.

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

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

28 ~~SEC. 55.~~

29 *SEC. 54.* Section 24306.5 of the Education Code is amended
30 and renumbered to read:

31 24341. (a) A member who retired for service under Option 2
32 or Option 3 with an effective date prior to January 1, 1991, may
33 elect to change Option 2 to Option 6 or Option 3 to Option 7 under
34 all of the following conditions:

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

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

39 (3) The change in options is consistent with Sections 22453 and
40 24322.

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

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

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

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

15 ~~SEC. 56.~~

16 *SEC. 55.* Section 24306.7 of the Education Code is amended
17 and renumbered to read:

18 24342. (a) Any member who retired for service under Option
19 4 or Option 5 with an effective date prior to January 1, 1991, may
20 elect to change Option 4 to Option 6 or Option 5 to Option 7 if all
21 of the following conditions are met:

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

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

26 (3) The change in options is consistent with Sections 22453 and
27 24322.

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

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

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

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

37 (c) The change in options under this section shall be effective
38 on the date the election is signed, provided all the conditions set
39 forth in subdivision (a) are satisfied and the election is received at

1 the system's headquarters office within 30 days after the date of
2 the signature.

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

8 ~~SEC. 57:~~

9 *SEC. 56.* Section 24307 of the Education Code is amended to
10 read:

11 24307. (a) A member who qualifies to apply for retirement
12 under Section 24201 or 24203 may make a preretirement election
13 of an option, as provided in Section 24300.1 without right of
14 revocation or change after the benefit effective date, except as
15 provided in this part. The preretirement election of an option shall
16 become effective as of the date of the member's signature on a
17 properly executed form prescribed by the system, subject to the
18 following requirements:

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

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

26 (b) A member who makes a preretirement election of an Option
27 2, Option 3, Option 4, Option 5, Option 6, or Option 7 pursuant
28 to Section 24300, or an election as described in paragraph (1), (2),
29 or (3) of Section 24300.1 may subsequently make a preretirement
30 election of the compound option described in paragraph (4) of
31 subdivision (a) of Section 24300.1. The member may retain the
32 same option and the same option beneficiary as named in the prior
33 preretirement election for a designated percentage within the
34 compound option.

35 (c) Upon the member's death prior to the benefit effective date,
36 the beneficiary who was designated under the option elected and
37 who survives shall receive an allowance calculated under the
38 option, under the assumption that the member retired for service
39 pursuant to Chapter 27 (commencing with Section 24201) on the
40 date of death. The payment of the allowance to the option

1 beneficiary shall be in lieu of the family allowance provided in
2 Section 23804, the payment provided in paragraph (1) of
3 subdivision (a) of Section 23802, the survivor benefit allowance
4 provided in Section 23854, and the payment provided in
5 subdivisions (a) and (b) of Section 23852, except that if the
6 beneficiary dies before all of the member's accumulated retirement
7 contributions are paid, the balance, if any, shall be paid to the estate
8 of the person last receiving or entitled to receive the allowance.
9 The accumulated annuity deposit contributions and the death
10 payment provided in Sections 23801 and 23851 shall be paid to
11 the beneficiary in a lump sum.

12 (d) If the member subsequently retires for service, and the
13 elected option has not been canceled pursuant to Section 24309,
14 a modified service retirement allowance computed under Section
15 24300 or 24300.1 and the option elected shall be paid.

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

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

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

1 (2) If a final decree of dissolution of marriage or a judgment of
2 nullity has been entered or an order of separate maintenance has
3 been made within one calendar year of the termination of benefits
4 and the member has not retired again, upon notification to the
5 system, the system shall cancel or change the option election in
6 accordance with the court order with reduction pursuant to Section
7 24309. Any additional changes shall not be made until one calendar
8 year from the termination effective date has elapsed.

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

12 ~~SEC. 58.~~

13 *SEC. 57.* Section 24308 of the Education Code is amended and
14 renumbered to read:

15 24330. (a) The election of an option as provided in Section
16 24307 shall preclude the payment of a family allowance to any
17 beneficiary under this part.

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

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

29 ~~SEC. 59.~~

30 *SEC. 58.* Section 24309 of the Education Code is amended to
31 read:

32 24309. (a) A member may change or cancel the election of an
33 option made pursuant to Section 24307. The change or cancellation
34 shall be on a properly executed form provided by the system and
35 received at the system's headquarters office within 30 days after
36 the date of the member's signature and, if applicable, the spouse's
37 signature, and no later than 30 days from the date the member's
38 initial benefit payment for the member's most recent retirement
39 under the Defined Benefit Program is paid by the system. The
40 change or cancellation shall become effective as of the date of the

1 member's signature or the day prior to the member's benefit
2 effective date, whichever is earlier.

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

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

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

19 (c) If the option elected pursuant to Section 24307 is "Option
20 8" as described in paragraph (7) of subdivision (a) of Section 24300
21 or the compound option as described in paragraph (4) of
22 subdivision (a) of Section 24300.1, a member may cancel the
23 designation of an option beneficiary. If the member cancels the
24 designation of the option beneficiary or the option beneficiary
25 predeceases the member prior to the member's retirement, the
26 member may elect to receive that portion of the retirement
27 allowance without modification for the option or elect one or
28 multiple new or existing option beneficiaries as described in
29 Section 24307. Any change or cancellation of the designation of
30 the option beneficiary under this subdivision shall result in the
31 allowance reduction prescribed in this section.

32 ~~SEC. 60.~~

33 *SEC. 59.* Section 24310 of the Education Code is amended to
34 read:

35 24310. If an election of an option is canceled under Section
36 24309, the member may again elect an option under Section 24307.
37 If an election of an option is changed or canceled during any year,
38 the reduction for that year shall be that for the option to which the
39 greater reduction under Section 24309 as it read on December 31,
40 1995, is applicable.

1 ~~SEC. 61.~~

2 *SEC. 60.* Section 24311 of the Education Code is amended and
3 renumbered to read:

4 24340. (a) A member who has a preretirement election of an
5 option in effect on December 31, 1990, may change his or her
6 preretirement election of Option 2, Option 3, Option 4, or Option
7 5 to either Option 6 or Option 7 without the allowance reduction
8 prescribed in Sections 24309 and 24310, provided the change is
9 made on or after January 1, 1991, and prior to the earlier of January
10 1, 1992, or the member's retirement under this part.

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

17 ~~SEC. 62.~~

18 *SEC. 61.* Section 24312 of the Education Code is amended and
19 renumbered to read:

20 24344. (a) A member who has a preretirement election of an
21 option in effect on December 31, 1999, may change his or her
22 preretirement election of Option 2, Option 3, Option 4, Option 5,
23 Option 6, or Option 7 to Option 8 without the allowance reduction
24 prescribed in Sections 24309 and 24310, provided the change is
25 made on or after January 1, 2000, and prior to the earlier of July
26 1, 2000, or the member's benefit effective date.

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

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

35 ~~SEC. 63.~~

36 *SEC. 62.* Section 24312.1 of the Education Code is amended
37 and renumbered to read:

38 24346. (a) A member who has a preretirement election of an
39 option in effect on December 31, 2006, pursuant to paragraphs (1)
40 to (6), inclusive, of subdivision (a) of Section 24300 may change

1 his or her preretirement election to an option described in paragraph
2 (1), (2), or (3) of subdivision (a) of Section 24300.1 without the
3 allowance reduction described in Sections 24309 and 24310,
4 provided the change is made on or after January 1, 2007, and prior
5 to July 1, 2007.

6 (b) A member who has a preretirement election of Option 8 as
7 described in Section 24300 in effect on December 31, 2006, and
8 in that Option 8 election has an option pursuant to paragraphs (1)
9 to (6), inclusive, of subdivision (a) of Section 24300, may change
10 any of the options under paragraphs (1) to (6), inclusive, of
11 subdivision (a) of Section 24300 to an option described in
12 paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1
13 without the allowance reduction described in Sections 24309 and
14 24310, if change is made on or after January 1, 2007, and prior to
15 July 1, 2007. A member may not change the portion of the
16 unmodified benefit that would be modified pursuant to that prior
17 option.

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

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

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

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

32 ~~SEC. 64.~~

33 *SEC. 63.* Section 24313 of the Education Code is amended and
34 renumbered to read:

35 24343. (a) Any member who retired for service under Option
36 2 or Option 3 with an effective date prior to January 1, 1991, whose
37 option beneficiary had died prior to January 1, 1995, shall receive,
38 effective January 1, 1999, the retirement allowance without
39 modification for the option if all of the following conditions are
40 met:

- 1 (1) The retired member is living as of January 1, 1999.
- 2 (2) The retired member has not elected a new option beneficiary
- 3 under Section 24323.
- 4 (3) The retirement allowance without modification for the option
- 5 payable as of January 1, 1999, is greater than the amount payable
- 6 under the option, plus the amounts from annual benefit
- 7 improvements, ad hoc benefit increases, and payments from the
- 8 Supplemental Benefit Maintenance Account.
- 9 (4) The retired member does not inform the system in writing,
- 10 on a form provided by the system, within 30 days of receipt of the
- 11 notification of the change to the retirement allowance without
- 12 modification for the option, of his or her election to continue to
- 13 receive the option allowance.
- 14 (b) Any member who retired for service under Option 4 or
- 15 Option 5 with an effective date prior to January 1, 1991, whose
- 16 option beneficiary had died prior to January 1, 1999, shall receive
- 17 effective January 1, 1999, the retirement allowance without
- 18 modification for the option if all the following conditions are met:
- 19 (1) The retired member is living as of January 1, 1999.
- 20 (2) The retired member has not elected a new option beneficiary
- 21 under Section 24323.
- 22 (3) The retirement allowance without modification for the option
- 23 payable as of January 1, 1999, is greater than the amount payable
- 24 under the option, plus the amount from annual benefit
- 25 improvements, ad hoc benefit increases, and payments from the
- 26 Supplemental Benefit Maintenance Account.
- 27 (4) The retired member does not inform the system in writing,
- 28 on a form provided by the system, within 30 days of receipt of the
- 29 notification of the change to the retirement allowance without
- 30 modification for the option, of his or her election to continue to
- 31 receive the option allowance.
- 32 (c) The change to the retirement allowance without modification
- 33 for the option shall be consistent with Section 22453.
- 34 (d) A member retired for service who receives the retirement
- 35 allowance without modification for the option provided under this
- 36 section shall not elect a new option beneficiary under Section
- 37 24323.
- 38 (e) The cost of this section shall be paid by the transfer for that
- 39 purpose of the one-time gain accrued to the State Teachers'
- 40 Retirement System from the difference between the contributions

1 received pursuant to Sections 22901 and 22950 in the 1997–98
2 fiscal year minus the normal cost as displayed in the June 30, 1997,
3 actuarial valuation.

4 ~~SEC. 65.~~

5 *SEC. 64.* Section 24347 is added to the Education Code, to
6 read:

7 24347. (a) A member who retired and elected an option
8 pursuant to ~~Section 24300.1~~ *this chapter* and designated his or her
9 same-sex spouse or ~~former~~ same-sex *former* spouse as option
10 beneficiary may elect to change his or her option subject to the
11 following:

12 (1) A member who elected the 100 percent beneficiary option
13 or the 50 percent beneficiary option may elect to change his or her
14 option to the 75 percent beneficiary option described in paragraph
15 ~~(7)~~ (2) of subdivision (a) of Section 24300.1, provided the
16 member’s same-sex spouse or ~~former~~ same-sex *former* spouse is
17 more than exactly 19 years younger than the member.

18 (2) (A) A member who elected the compound option may elect
19 to change the option designated for his or her same-sex spouse or
20 ~~former~~ same-sex *former* spouse within the compound option to
21 the 100 percent beneficiary option described in paragraph (1) of
22 subdivision (a) of Section 24300.1, provided the member’s
23 same-sex spouse or ~~former~~ same-sex *former* spouse is more than
24 exactly 10 years younger than the member, or the 75 percent
25 beneficiary option described in paragraph (2) of subdivision (a)
26 of Section 24300.1, provided the member’s same-sex spouse or
27 ~~former~~ same-sex *former* spouse is more than exactly 19 years
28 younger than the member.

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

37 (C) If a member elects to change the option designated for his
38 or her same-sex spouse or ~~former~~ same-sex *former* spouse within
39 the compound option, the member may also elect to change the
40 percentage of his or her unmodified allowance designated to the

1 option beneficiary or beneficiaries. The percent of the allowance
2 that is not modified by an option, if any, shall be payable to the
3 member. The sum of all ~~percentage~~ *percentages* specified for the
4 option beneficiary or beneficiaries and the member's remaining
5 unmodified allowance, if any, shall equal 100 percent.

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

11 (3) The option change made by the member pursuant to this
12 section is made on or after ~~January~~ *July 1, 2015*, and ~~prior to July~~
13 ~~1, on or before December 31, 2015.~~

14 (4) The member married a same-sex spouse, the marriage is or
15 was recognized by the United States government, any state
16 government, or any foreign government, and his or her same-sex
17 spouse or ~~former~~ *former* spouse was designated as his
18 or her option beneficiary prior to ~~June 26, 2013~~ *July 1, 2015*.

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

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

26 (b) The option change made by a member pursuant to
27 subdivision (a) shall ~~become~~ *be deemed* effective as of ~~the~~
28 ~~member's signature date on~~ *the effective date of the prior option*
29 *elections or June 26, 2013, whichever is later.*

30 (c) *The option change made by the member pursuant to*
31 *subdivision (a) shall be on* a properly executed form provided by
32 the system subject to the following requirements:

33 (1) ~~The form includes the signature of the member's spouse, if~~
34 ~~applicable, and the signature is dated.~~ *is signed and dated by the*
35 *member and the member's spouse, if applicable, on or after July*
36 *1, 2015, and on or before December 31, 2015.*

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

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

4 ~~(e)~~

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

8 ~~(d)~~

9 (e) A member may cancel an option change made pursuant to
10 subdivision (a) and elect to receive his or her benefit according to
11 his or her prior option election provided the requirements of
12 paragraphs (5) and (6) of subdivision (a) are still met. The
13 cancellation shall become effective as of the ~~member's signature~~
14 ~~date on~~ of the initial option change made by the member pursuant
15 to subdivision ~~(a)~~ (b) subject to the following requirements:

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

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

20 (3) The form is received at the system's headquarters office
21 within 30 calendar days after the date of the acknowledgment
22 notice described in subdivision ~~(e)~~, (d), regardless of whether the
23 form is received ~~on or after July 1, December 31, 2015.~~

24 ~~(e)~~

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

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

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

36 (3) The form is received at the system's headquarters office
37 within 30 calendar days after the date of the acknowledgment
38 notice described in subdivision ~~(e)~~, (d), regardless of whether the
39 form is received ~~on or after July 1, December 31, 2015.~~

40 ~~(f)~~

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

5 ~~(g)~~

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

9 ~~SEC. 66.~~

10 *SEC. 65.* Section 24348 is added to the Education Code, to
11 read:

12 24348. (a) A member who has a preretirement option pursuant
13 to Section 24307 in effect on ~~June 26, 2013~~, *July 1, 2015*, and
14 designated his or her same-sex spouse or ~~former~~ same-sex *former*
15 spouse as option beneficiary may elect to change his or her option
16 subject to the following:

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

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

34 (B) If a member elects to change the option designated for his
35 or her same-sex spouse or ~~former~~ same-sex *former* spouse within
36 the compound option, the member may also elect to change the
37 option designated to any other option beneficiary or beneficiaries
38 within the compound option to the 100 percent beneficiary option,
39 the 75 percent beneficiary option, or the 50 percent beneficiary

1 option described in paragraph (1), (2), or (3) of subdivision (a) of
2 Section 24300.1.

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

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

17 (3) The option change made by the member pursuant to this
18 section is made on or after ~~January~~ *July 1, 2015*, and ~~prior to July~~
19 ~~1, on or before December 31, 2015.~~

20 (4) The member married a same-sex spouse, the marriage is or
21 was recognized by the United States government, any state
22 government, or any foreign government, and his or her same-sex
23 spouse or ~~former~~ same-sex *former* spouse was designated as his
24 or her option beneficiary prior to ~~June 26, 2013.~~ *July 1, 2015.*

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

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

32 (b) The option change made by a member pursuant to
33 subdivision (a) shall ~~become~~ *be deemed* effective as of the
34 ~~member's signature date~~ *effective date of the prior election of June*
35 *26, 2013, whichever is later.*

36 (c) *The option change made by the member pursuant to*
37 *subdivision (a) shall be* on a properly executed form provided by
38 the system subject to the following requirements:

39 (1) ~~The form includes the signature of the member's spouse, if~~
40 ~~applicable and the signature is dated.~~ *is signed and dated by the*

1 *member and the member's spouse, if applicable, on or after July*
 2 *1, 2015, and on or before December 31, 2015.*

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

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

10 (e)

11 (d) A preretirement option change made pursuant to this section
 12 will not result in the allowance reduction described in Sections
 13 24309 and 24310.

14 ~~(d)~~

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

20 ~~SEC. 67:~~

21 *SEC. 66.* Section 24402 of the Education Code is amended to
 22 read:

23 24402. (a) Service retirement allowances, disability
 24 allowances, disability retirement allowances, family allowances,
 25 and survivor benefit allowances payable pursuant to this part shall
 26 be increased by application of the benefit improvement factor.

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

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

36 ~~SEC. 68:~~

37 *SEC. 67.* Section 24412 of the Education Code is amended to
 38 read:

39 24412. (a) The annual revenues deposited to the Teachers'
 40 Retirement Fund pursuant to Section 6217.5 of the Public

1 Resources Code are continuously appropriated without regard to
2 fiscal year for the purposes of this section and shall be distributed
3 annually in quarterly supplemental payments commencing on
4 September 1 of each year to retired members, disabled members,
5 and beneficiaries under the Defined Benefit Program. The amount
6 available for distribution in any year shall be the income for that
7 year from the sale or use of school lands and lieu lands, as
8 estimated by the State Lands Commission prior to the beginning
9 of the fiscal year, adjusted by the difference between the estimated
10 and actual income for the preceding fiscal year. The board shall
11 deduct from the revenues an amount necessary for administrative
12 expenses to implement this section.

13 (b) The net revenues to be distributed shall be allocated among
14 those retired members, disabled members, and beneficiaries, as
15 defined in subdivision (a) of Section 22107, whose allowances
16 under the Defined Benefit Program, after applying the annual
17 improvement factor as defined in Section 22140, if any, are below
18 80 percent of the purchasing power of the base allowance. The
19 purchasing power calculation for each individual allowance shall
20 be based on the change in the All Urban California Consumer Price
21 Index between June of the calendar year of retirement and June of
22 the fiscal year preceding the fiscal year of the distribution. The
23 allocation shall provide a pro rata share of the amount needed to
24 restore the allowance payable, after application of the current year
25 annual improvement factor to 80 percent of the purchasing power
26 of the base allowance.

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

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

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

1 ~~SEC. 69.~~

2 *SEC. 68.* Section 24415 of the Education Code is amended to
3 read:

4 24415. (a) The proceeds of the Supplemental Benefit
5 Maintenance Account shall be distributed annually in quarterly
6 supplemental payments commencing on September 1, 1990, to
7 retired members, disabled members, and beneficiaries, as defined
8 in subdivision (a) of Section 22107. The amount available for
9 distribution in any fiscal year shall not exceed the amount necessary
10 to restore purchasing power up to 85 percent of the purchasing
11 power of the base allowance, after the application of all allowance
12 increases authorized by this part, including those specified in
13 Section 24412, and excluding those provided pursuant to Sections
14 24410.5, 24410.6, and 24410.7.

15 (b) The net revenues to be distributed shall be allocated among
16 those retired members, disabled members, and beneficiaries, as
17 defined in subdivision (a) of Section 22107, whose allowances,
18 after sequentially applying the annual improvement factor as
19 defined in Sections 22140 and 22141, and the annual supplemental
20 payment as specified in Section 24412, have the lowest purchasing
21 power percentage. The purchasing power calculation for each
22 individual shall be based on the change in the All Urban California
23 Consumer Price Index between June of the calendar year of
24 retirement and June of the fiscal year preceding the fiscal year of
25 distribution. In any year in which the purchasing power of the
26 allowances of all retired members, disabled members, and
27 beneficiaries, as defined in subdivision (a) of Section 22107, equals
28 not less than 85 percent and additional funds remain from the
29 allocation authorized by this section, those funds shall remain in
30 the Supplemental Benefit Maintenance Account for allocation in
31 future years.

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

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

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

8 (f) Notwithstanding subdivision (b), for purposes of restoring
9 the purchasing power of benefits provided pursuant to Section
10 24410.5 for members and beneficiaries receiving benefits pursuant
11 to subdivision (b), the purchasing power calculation shall be based
12 on 85 percent of the change in the All Urban California Consumer
13 Price Index between January 2000 and June of the fiscal year
14 preceding the fiscal year of distribution, after the application of
15 increases authorized by Section 24412 that are made to the
16 allowances provided pursuant to Section 24410.5.

17 (g) Notwithstanding subdivision (b), for purposes of restoring
18 the purchasing power of benefits provided pursuant to Sections
19 24410.6 and 24410.7 for members and beneficiaries receiving
20 benefits pursuant to subdivision (b), the purchasing power
21 calculation shall be based on 85 percent of the change in the All
22 Urban California Consumer Price Index between January 2001
23 and June of the fiscal year preceding the fiscal year of distribution,
24 after the application of increases authorized by Section 24412 that
25 are made to the allowances provided pursuant to Sections 24410.6
26 and 24410.7.

27 ~~SEC. 70.~~

28 *SEC. 69.* Section 24600 of the Education Code is amended to
29 read:

30 24600. (a) A retirement allowance under this part begins to
31 accrue on the effective date of the member's retirement and ceases
32 on the earlier of the day of the member's death or the day on which
33 the retirement allowance is terminated for a reason other than the
34 member's death.

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

39 (c) A disability allowance under this part begins to accrue on
40 the effective date of the member's disability allowance and ceases

1 on the earlier of the day of the member's death or the day on which
2 the disability allowance is terminated for a reason other than the
3 member's death.

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

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

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

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

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

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

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

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

38 (1) In the case of a refund of contributions, as described in
39 Chapter 18 (commencing with Section 23100) of this part and
40 distribution of an amount equal to the balance of credits in a

1 member's Defined Benefit Supplement account, as described in
2 Chapter 38 (commencing with Section 25000) of this part, not
3 later than April 1 of the calendar year following the later of (A)
4 the calendar year in which the member attains the age at which
5 the Internal Revenue Code of 1986 requires a distribution of
6 benefits or (B) the calendar year in which the member terminates
7 employment within the meaning of subdivision (i).

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

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

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

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

27 ~~SEC. 71.~~

28 *SEC. 70.* Section 25011.6 is added to the Education Code, to
29 read:

30 25011.6. (a) A member who retired and elected a beneficiary
31 annuity pursuant to Section 25011.1 with his or her same-sex
32 spouse or ~~former~~ same-sex *former* spouse designated as annuity
33 beneficiary pursuant to Section 25015 may elect to change his or
34 her annuity subject to the following:

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

1 (2) (A) A member who elected the compound option described
2 in paragraph (4) of subdivision (a) of Section 24300.1 may elect
3 to change his or her beneficiary annuity to the 100 percent
4 beneficiary annuity described in paragraph (2) of subdivision (a)
5 of Section 25011.1, or the 75 percent beneficiary annuity described
6 in paragraph (3) of subdivision (a) of Section 25011.1, provided
7 the member's same-sex spouse or ~~former~~ same-sex *former* spouse
8 is more than exactly 10 years younger than the member under the
9 100 percent beneficiary annuity, or more than exactly 19 years
10 younger than the member under the 75 percent beneficiary annuity.

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

13 (3) The annuity change made by the member pursuant to this
14 section is made on or after ~~January~~ *July* 1, 2015, and ~~prior to July~~
15 ~~1, on or before December 31, 2015.~~

16 (4) The member married a same-sex spouse, the marriage is or
17 was recognized by the United States government, any state
18 government, or any foreign government, and his or her same-sex
19 spouse or ~~former~~ same-sex *former* spouse was designated as his
20 or her annuity beneficiary prior to ~~June 26, 2013.~~ *July 1, 2015.*

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

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

28 (b) The annuity change made by a member pursuant to
29 subdivision (a) shall ~~become~~ *be deemed* effective as of the
30 ~~member's signature date~~ *effective date of the prior annuity election*
31 *or June 26, 2013, whichever is later.*

32 (c) *The annuity change made by the member pursuant to*
33 *subdivision (a) shall be* on a properly executed form provided by
34 the system subject to the following requirements:

35 (1) ~~The form includes the signature of the member's spouse, if~~
36 ~~applicable, and the signature is dated.~~ *is signed and dated by the*
37 *member and the member's spouse, if applicable, on or after July*
38 *1, 2015, and on or before December 31, 2015.*

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

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

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

6 ~~(e)~~

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

10 ~~(d)~~

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

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

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

22 (3) The form is received at the system's headquarters office
23 within 30 calendar days after the date of the acknowledgment
24 notice described in subdivision ~~(e)~~, (d), regardless of whether the
25 form is received ~~on or after July 1, December 31, 2015.~~

26 ~~(e)~~

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

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

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

39 (3) The form is received at the system's headquarters office
40 within 30 calendar days after the date of the acknowledgment

1 notice described in subdivision ~~(e)~~; (d), regardless of whether the
 2 form is received ~~on or after July 1, December 31, 2015.~~

3 ~~(f)~~

4 (g) If a member elects to change his or her annuity pursuant to
 5 subdivision (a) or ~~(e)~~; (f), the member’s annuity shall be modified
 6 in a manner determined by the board to prevent any additional
 7 liability to the plan.

8 ~~(g)~~

9 (h) A member shall not change his or her annuity in derogation
 10 of a spouse’s or former spouse’s community property rights as
 11 specified in a court order.

12 ~~SEC. 72.~~

13 *SEC. 71.* Section 25015 of the Education Code is amended to
 14 read:

15 25015. (a) If a member elects to receive a benefit payable
 16 under the Defined Benefit Supplement Program as a joint and
 17 survivor annuity, the designation of the beneficiary made pursuant
 18 to Section 24300 or 24300.1 shall apply to the benefit payable
 19 under this chapter. The annuity beneficiary designation shall not
 20 be changed after the date the benefit becomes payable to the
 21 member, except as provided in Section 24324, 25011, 25011.1,
 22 25018, or 25018.1, or Chapter 12 (commencing with Section
 23 22650).

24 (b) If the member designates one or multiple option beneficiaries
 25 within Option 8 pursuant to Section 24300 or the compound option
 26 pursuant to Section 24300.1, the percentage of the unmodified
 27 allowance attributable to each option beneficiary specified in that
 28 designation shall apply to the joint and survivor annuity payable
 29 under this chapter. The member shall elect one joint and survivor
 30 annuity type and this annuity type shall be applied the same for
 31 each beneficiary and each designated percentage of the member
 32 only annuity. If any percentage of the allowance was designated
 33 to remain unmodified, the member only annuity shall apply for
 34 the corresponding percentage of the annuity provided under this
 35 chapter. The annuity amount payable to the member during his or
 36 her lifetime shall be modified to be payable over the combined
 37 lives of the member and the annuity beneficiary or beneficiaries.

38 (1) Pursuant to Section 401(a)(9) of the Internal Revenue Code,
 39 the member shall not designate the 100 percent beneficiary annuity
 40 type under this subdivision if any annuity beneficiary is more than

1 exactly 10 years younger than the member, unless that annuity
2 beneficiary is the member's spouse or former spouse who has been
3 awarded a community property interest in the member's benefits
4 under this part.

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

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

17 ~~SEC. 73.~~

18 *SEC. 72.* Section 25018.6 is added to the Education Code, to
19 read:

20 25018.6. (a) A member receiving a disability retirement
21 allowance who elected a beneficiary annuity pursuant to Section
22 25018.1 with a same-sex spouse or ~~former~~ same-sex *former* spouse
23 designated as annuity beneficiary pursuant to Section 25015 may
24 elect to change his or her annuity subject to the following:

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

31 (2) (A) A member who elected the compound option described
32 in paragraph (4) of subdivision (a) of Section 24300.1 may elect
33 to change his or her beneficiary annuity to the 100 percent
34 beneficiary annuity described in paragraph (2) of subdivision (a)
35 of Section 25018.1, or the 75 percent beneficiary annuity described
36 in paragraph (3) of subdivision (a) of Section 25018.1, provided
37 the member's same-sex spouse or ~~former~~ same-sex *former* spouse
38 is more than exactly 10 years younger than the member under the
39 100 percent beneficiary annuity, or more than exactly 19 years
40 younger than the member under the 75 percent beneficiary annuity.

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

3 (3) The annuity change made by the member pursuant to this
4 section is made on or after ~~January~~ *July 1, 2015*, and ~~prior to July~~
5 ~~1, on or before December 31, 2015.~~

6 (4) The member married a same-sex spouse, the marriage is or
7 was recognized by the United States government, any state
8 government, or any foreign government, and his or her same-sex
9 spouse or ~~former~~ same-sex ~~former~~ spouse was designated as his
10 or her annuity beneficiary prior to ~~June 26, 2013.~~ *July 1, 2015.*

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

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

18 (b) The annuity change made by a member pursuant to
19 subdivision (a) shall ~~become~~ *be deemed* effective as of the
20 ~~member's signature date~~ *effective date of the prior annuity election*
21 *or June 26, 2013, whichever is later.*

22 (c) *The annuity change made by the member pursuant to*
23 *subdivision (a) shall be on a properly executed form provided by*
24 *the system subject to the following requirements:*

25 (1) ~~The form includes the signature of the member's spouse, if~~
26 ~~applicable, and the signature is dated.~~ *is signed and dated by the*
27 *member and the member's spouse, if applicable, on or after July*
28 *1, 2015, and on or before December 31, 2015.*

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

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

36 (e)

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

40 (d)

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

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

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

12 (3) The form is received at the system's headquarters office
13 within 30 calendar days after the date of the acknowledgment
14 notice described in subdivision ~~(e)~~; (d), regardless of whether the
15 form is received ~~on or~~ after ~~July 1, December 31, 2015.~~

16 ~~(e)~~

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

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

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

29 (3) The form is received at the system's headquarters office
30 within 30 calendar days after the date of the acknowledgment
31 notice described in subdivision ~~(e)~~; (d), regardless of whether the
32 form is received ~~on or~~ after ~~July 1, December 31, 2015.~~

33 ~~(f)~~

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

38 ~~(g)~~

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

4 ~~SEC. 74.~~

5 *SEC. 73.* Section 25100 of the Education Code is amended to
 6 read:

7 25100. (a) The board shall establish a vendor registration
 8 process through which information about tax-deferred retirement
 9 investment products as described in Section 403(b) of the Internal
 10 Revenue Code of 1986 shall be made available for consideration
 11 by public employees of all local school districts, community college
 12 districts, county offices of education, and state employees of a
 13 state employer under the uniform state payroll system, excluding
 14 the California State University System, eligible to participate in
 15 an annuity contract and custodial account as described in Section
 16 403(b) of the Internal Revenue Code of 1986.

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

23 (c) For the purposes of this chapter:

24 (1) "Employer" means any local school district, community
 25 college district, or county office of education, or any state employer
 26 under the uniform state payroll system, excluding the California
 27 State University System, with employees eligible to participate in
 28 an annuity contract and custodial account as described in Section
 29 403(b) of the Internal Revenue Code of 1986, with the Controller
 30 acting on the state employer's behalf.

31 (2) ~~"Vendor" means any organization~~ *means:*

32 (A) *A public retirement system, broker-dealer, registered*
 33 *investment company, nonbank custodian, or life insurance company*
 34 *qualified to do business in California that offers provides a 403(b)*
 35 *product. "Vendor" does not include individual registered*
 36 *representatives, brokers, financial planners, or agents.*

37 (B) *A statewide employee organization with an active*
 38 *membership primarily composed of persons employed in public*
 39 *education, or its wholly controlled affiliate, that has entered into*
 40 *a legally binding agreement with a bank custodian, as described*

1 *in Section 401(f)(2) of the Internal Revenue Code, for the purpose*
2 *of offering a custodial account meeting the requirements of Section*
3 *403(b)(7) of the Internal Revenue Code.*

4 (3) “Nonbank custodian” means a fund custodian, other than
5 a bank, that meets the criteria of a trustee specified in Section
6 408(a)(2) of the Internal Revenue Code.

7 (4) “Broker-dealer” means only those broker-dealers who offer
8 a proprietary 403(b) product or who charge fees that are otherwise
9 not disclosed.

10 ~~SEC. 75.~~

11 ~~SEC. 74.~~ Section 26113 of the Education Code is amended to
12 read:

13 26113. (a) “Creditable service” means any of the following
14 activities performed for an employer in a position requiring a
15 credential, certificate, or permit pursuant to this code, or under the
16 appropriate minimum standards adopted by the Board of Governors
17 of the California Community Colleges, or under the provisions of
18 an approved charter for the operation of a charter school for which
19 the charter school is eligible to receive state apportionment, or
20 pursuant to a contract between a community college district and
21 the United States Department of Defense to provide vocational
22 training:

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

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

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

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

- 1 (5) The examination, selection, in-service training, or assignment
2 of teachers, principals, or other similar personnel involved in the
3 instructional program.
- 4 (6) School activities related to, and an outgrowth of, the
5 instructional and guidance program of the school when performed
6 in addition to other activities described in this section.
- 7 (7) The work of nurses, physicians, speech therapists,
8 psychologists, audiometrists, audiologists, and other school health
9 professionals.
- 10 (8) Services as a school librarian.
- 11 (9) The work of county and district superintendents and other
12 employees who are responsible for the supervision of persons or
13 administration of the duties described in this section.
- 14 (10) Trustee service as described in Section 26403.
- 15 (b) “Creditable service” also means the work of superintendents
16 of California public schools.
- 17 (c) The board shall have final authority for determining
18 creditable service to cover activities not already specified.
- 19 ~~SEC. 76.~~
- 20 *SEC. 75.* Section 26703 of the Education Code is amended to
21 read:
- 22 26703. The signature of the spouse of a participant shall be
23 required on a designation of beneficiary form, an election, change,
24 or termination of an annuity, or an application for a retirement
25 benefit, disability benefit, or termination benefit under this part,
26 unless the participant declares in writing, under penalty of perjury,
27 that one of the following conditions exists:
- 28 (a) The participant is not married.
- 29 (b) The participant does not know, and has taken all reasonable
30 steps to determine, the whereabouts of the spouse.
- 31 (c) The spouse is incapable of executing the acknowledgment
32 because of an incapacitating mental or physical condition.
- 33 (d) The participant and spouse have executed a marriage
34 settlement agreement pursuant to Part 5 (commencing with Section
35 1500) of Division 4 of the Family Code that makes the community
36 property law inapplicable to the marriage.
- 37 (e) The current spouse has no identifiable community property
38 interest in the benefit.

1 ~~SEC. 77.~~

2 *SEC. 76.* Section 26704 of the Education Code is amended to
3 read:

4 26704. If a spouse refuses to sign a beneficiary designation,
5 an election, change, or termination of an annuity, or an application
6 for a retirement benefit, disability benefit, or termination benefit
7 payable under this part, the participant may bring an action in court
8 to enforce the spousal signature requirement or to waive the spousal
9 signature requirement. Either party may bring an action pursuant
10 to Section 1101 of the Family Code to determine the rights of the
11 party.

12 ~~SEC. 78.~~

13 *SEC. 77.* Section 26803 of the Education Code is amended to
14 read:

15 26803. (a) All creditable service subject to coverage by the
16 Cash Balance Benefit Program and all service with the participant's
17 last employer or employers that is creditable under the Defined
18 Benefit Program shall be terminated prior to the retirement date.

19 (b) All employers with which the participant is employed to
20 perform creditable service subject to coverage by the plan shall
21 certify on a form prescribed by the system that the participant's
22 employment has been terminated unless the employment was
23 terminated 12 months or more prior to the member's retirement
24 date.

25 ~~SEC. 79.~~

26 *SEC. 78.* Section 26807.7 is added to the Education Code, to
27 read:

28 26807.7. (a) A participant who retired and elected a beneficiary
29 annuity pursuant to Section 26807.5 and designated his or her
30 same-sex spouse or ~~former~~ same-sex *former* spouse as annuity
31 beneficiary may elect to change his or her annuity subject to all
32 of the following:

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

1 (2) The annuity change made by the participant pursuant to this
 2 section is made on or after ~~January~~ *July* 1, 2015, and ~~prior to July~~
 3 ~~1, on or before December 31, 2015.~~

4 (3) The participant married a same-sex spouse, the marriage is
 5 or was recognized by the United States government, any state
 6 government, or any foreign government, and his or her same-sex
 7 spouse or ~~former~~ same-sex *former* spouse was designated as his
 8 or her annuity beneficiary prior to ~~June 26, 2013.~~ *July 1, 2015.*

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

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

15 (b) The annuity change made by a participant pursuant to
 16 subdivision (a) shall ~~become~~ *be deemed* effective as of the
 17 ~~participant's signature date effective date of the prior annuity~~
 18 ~~election or June 26, 2013, whichever is later.~~

19 (c) *The annuity change made by the participant pursuant to*
 20 *subdivision (a) shall be* on a properly executed form provided by
 21 the system subject to the following requirements:

22 (1) ~~The form includes the signature of the participant's spouse,~~
 23 ~~if applicable, and the signature is dated.~~ *is signed and dated by the*
 24 *participant and the participant's spouse, if applicable, on or after*
 25 *July 1, 2015, and on or before December 31, 2015.*

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

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

33 (e)

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

37 (d)

38 (e) A participant may cancel an annuity change made pursuant
 39 to subdivision (a) and elect to receive his or her benefit according
 40 to his or her prior annuity election provided the requirements of

1 paragraphs (4) and (5) of subdivision (a) are still met. The
2 cancellation shall become effective as of the participant's signature
3 date ~~on~~ of the initial option change ~~made by the participant~~ pursuant
4 to subdivision ~~(a)~~ (b) subject to the following requirements:

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

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

9 (3) The form is received at the system's headquarters office
10 within 30 calendar days after the date of the acknowledgment
11 notice described in subdivision ~~(e)~~, (d), regardless of whether the
12 form is received ~~on or after July 1, December 31, 2015.~~

13 ~~(e)~~

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

18 ~~(f)~~

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

22 ~~SEC. 80.~~

23 *SEC. 79.* Section 27201 of the Education Code is amended to
24 read:

25 27201. (a) All creditable service subject to coverage by the
26 Cash Balance Benefit Program and all service with the participant's
27 last employer or employers that is creditable service under the
28 Defined Benefit Program shall terminate prior to application for
29 a termination benefit under this part.

30 (b) All employers with which the participant is employed to
31 perform creditable service subject to coverage by the plan shall
32 certify on a form prescribed by the system that the participant's
33 employment has been terminated unless the employment was
34 terminated 12 months or more prior to the date the member signed
35 the termination application.

36 ~~SEC. 81.~~

37 *SEC. 80.* Section 33050 of the Education Code is amended to
38 read:

39 33050. (a) The governing board of a school district or a county
40 board of education, on a districtwide or countywide basis or on

- 1 behalf of one or more of its schools or programs, after a public
2 hearing on the matter, may request the State Board of Education
3 to waive all or part of any section of this code or any regulation
4 adopted by the State Board of Education that implements a
5 provision of this code that may be waived, except:
- 6 (1) Article 1 (commencing with Section 15700) and Article 2
7 (commencing with Section 15780) of Chapter 4 of Part 10.
8 (2) Chapter 6 (commencing with Section 16000) of Part 10.
9 (3) Chapter 12 (commencing with Section 17000), Chapter 12.5
10 (commencing with Section 17070.10), and Chapter 14
11 (commencing with Section 17085) of Part 10.
12 (4) Part 13 (commencing with Section 22000), Part 13.5
13 (commencing with Section 25900), and Part 14 (commencing with
14 Section 26000).
15 (5) Section 35735.1.
16 (6) Paragraph (8) of subdivision (a) of Section 37220.
17 (7) The following provisions of Part 10.5 (commencing with
18 Section 17211):
19 (A) Chapter 1 (commencing with Section 17211).
20 (B) Article 1 (commencing with Section 17251) to Article 6
21 (commencing with Section 17365), inclusive, of Chapter 3.
22 (C) Sections 17416 to 17429, inclusive; Sections 17459 and
23 17462 and subdivision (a) of Section 17464; and Sections 17582
24 to 17592, inclusive.
25 (8) The following provisions of Part 24 (commencing with
26 Section 41000):
27 (A) Sections 41000 to 41360, inclusive.
28 (B) Sections 41420 to 41423, inclusive.
29 (C) Sections 41600 to 41866, inclusive.
30 (D) Sections 41920 to 42911, inclusive.
31 (9) Sections 44504 and 44505.
32 (10) Article 3 (commencing with Section 44930) of Chapter 4
33 of Part 25 and regulations in Title 5 of the California Code of
34 Regulations adopted pursuant to Article 3 (commencing with
35 Section 44930) of Chapter 4 of Part 25.
36 (11) Part 26 (commencing with Section 46000).
37 (12) Chapter 6 (commencing with Section 48900) and Chapter
38 6.5 (commencing with Section 49060) of Part 27.
39 (13) Section 51513.

1 (14) Chapter 6.10 (commencing with Section 52120) of Part
2 28, relating to class size reduction.

3 (15) Section 52163.

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

6 (17) Sections 52165, 52166, and 52178.

7 (18) Article 3 (commencing with Section 52850) of Chapter 12
8 of Part 28.

9 (19) Section 56364.1, except that this restriction shall not
10 prohibit the State Board of Education from approving any waiver
11 of Section 56364 or 56364.2, as applicable, relating to full
12 inclusion.

13 (20) Article 4 (commencing with Section 60640) of Chapter 5
14 of Part 33, relating to the STAR Program, and any other provisions
15 of Chapter 5 (commencing with Section 60600) of Part 33 that
16 establish requirements for the STAR Program.

17 (b) Any waiver of provisions related to the programs identified
18 in Section 52851 shall be granted only pursuant to Article 3
19 (commencing with Section 52850) of Chapter 12 of Part 28.

20 (c) The waiver of an advisory committee required by law shall
21 be granted only pursuant to Article 4 (commencing with Section
22 52870) of Chapter 12 of Part 28.

23 (d) Any request for a waiver submitted by the governing board
24 of a school district or a county board of education pursuant to
25 subdivision (a) shall include a written statement as to both of the
26 following:

27 (1) Whether the exclusive representative of employees, if any,
28 as provided in Chapter 10.7 (commencing with Section 3540) of
29 Division 4 of Title 1 of the Government Code, participated in the
30 development of the waiver.

31 (2) The exclusive representative's position regarding the waiver.

32 (e) Any request for a waiver submitted pursuant to subdivision
33 (a) relating to a regional occupational center or program established
34 pursuant to Article 1 (commencing with Section 52300) of Chapter
35 9 of Part 28, that is operated by a joint powers entity established
36 pursuant to Chapter 5 (commencing with Section 6500) of Division
37 7 of Title 1 of the Government Code, shall be submitted as a joint
38 waiver request for each participating school district and shall meet
39 both of the following conditions:

1 (1) Each joint waiver request shall comply with all of the
2 requirements of this article.

3 (2) The submission of a joint waiver request shall be approved
4 by a unanimous vote of the governing board of the joint powers
5 agency.

6 (f) The governing board of any school district requesting a
7 waiver under this section of any provision of Article 5
8 (commencing with Section 39390) of Chapter 3 of Part 23 shall
9 provide written notice of any public hearing it conducted pursuant
10 to subdivision (a), at least 30 days prior to the hearing, to each
11 public agency identified under Section 39394.

12 ~~SEC. 82.~~

13 *SEC. 81.* Section 1 of Chapter 559 of the Statutes of 2013 is
14 amended to read:

15 Section 1. The Legislature finds and declares that this act, as
16 it applies to the State Teachers' Retirement Plan, clarifies the
17 California Public Employees' Pension Reform Act of 2013, is
18 declaratory of existing law, and is intended to apply concurrently
19 with the initial operation of that act. The amendments made by
20 this act, excluding those amendments made in Sections 4, 12, 28,
21 29, 30, and 36, shall be deemed to be operative January 1, 2013,
22 unless otherwise stated.

23 ~~SEC. 83.~~

24 *SEC. 82.* Any section of any other act enacted by the
25 Legislature during the 2014 calendar-year year, *except Assembly*
26 *Bill 1469 of the 2013–14 Regular Session*, that takes effect on or
27 before January 1, 2015, and that amends, amends and renumbers,
28 adds, repeals and adds, or repeals a section that is amended,
29 amended and renumbered, added, repealed and added, or repealed
30 by this act, shall prevail over this act, whether that act is enacted
31 prior to or subsequent to the enactment of this act. The repeal, or
32 repeal and addition, of any article, chapter, part, title, or division
33 of any code by this act shall not become operative if any section
34 of any other act that is enacted by the Legislature during the 2014
35 calendar year and takes effect on or before January 1, 2015,
36 amends, amends and renumbers, adds, repeals and adds, or repeals
37 any section contained in that article, chapter, part, title, or division.