

AMENDED IN ASSEMBLY AUGUST 11, 2014

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, 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 Existing law permits a member of STRS to purchase service credit in certain instances and permits a person who has withdrawn membership in STRS to become a member again upon redeposit of contributions plus interest, as specified.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 same-sex 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 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 and provide a 403(b) 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 based on the annual changes
5 to the Consumer Price Index for All Urban Consumers: U.S. City
6 Average, calculated by dividing the Consumer Price Index for All
7 Urban Consumers: U.S. City Average for the month of February
8 in the fiscal year preceding the adjustment by the Consumer Price
9 Index for All Urban Consumers: U.S. City Average for the month
10 of February of the previous year rounded to the nearest thousandth.
11 Notwithstanding paragraph (1) of subdivision (d) of Section
12 7522.10 of the Government Code, the adjustment shall be effective
13 annually on July 1, beginning July 1, 2014.

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

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

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

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

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

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

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

12 22119.5. (a) "Creditable service" means any of the following
13 activities performed for an employer in a position requiring a
14 credential, certificate, or permit pursuant to this code, or under the
15 appropriate minimum standards adopted by the Board of Governors
16 of the California Community Colleges, or under the provisions of
17 an approved charter for the operation of a charter school for which
18 the charter school is eligible to receive state apportionment, or
19 pursuant to a contract between a community college district and
20 the United States Department of Defense to provide vocational
21 training:

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

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

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

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

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

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

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

7 (8) Services as a school librarian.

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

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

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

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

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

19 22121. (a) “Credited service” means service for which the
20 required contributions have been paid.

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

26 (c) “Credited service” for the limited purpose of determining
27 eligibility for benefits pursuant to Section 22134.5, 24203.5, or
28 24203.6 also includes up to two-tenths of one year of service
29 granted pursuant to Section 22717.

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

32 22131. (a) (1) “Employer” or “employing agency” means the
33 state or any agency or political subdivision thereof, including, but
34 not limited to, a joint powers authority, for which creditable service
35 subject to coverage by the plan is performed.

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

38 (A) The joint powers authority shall be formed pursuant to the
39 Joint Exercise of Powers Act (Chapter 5 (commencing with Section
40 6500) of Division 7 of Title 1 of the Government Code).

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

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

8 (b) This section shall be administered in compliance with the
9 requirements defining a governmental plan set forth in Section
10 414(d) of the Internal Revenue Code of 1986 (26 U.S.C. Sec.
11 414(d)).

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

14 22134. (a) "Final compensation" means the highest average
15 annual compensation earnable, as defined by Section 22115, by a
16 member during any period of 36 consecutive months while an
17 active member of the Defined Benefit Program or time during
18 which he or she was not a member but for which the member has
19 received credit under the Defined Benefit Program, except time
20 that was so credited for service performed outside this state prior
21 to July 1, 1944.

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

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

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

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

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

1 (e) 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 (f) 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 (g) The amendment of former Section 22127 made by Chapter
12 782 of the Statutes of 1982 does not constitute a change in, but is
13 declaratory of, the existing law.

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

16 22134.5. (a) Notwithstanding Section 22134, "final
17 compensation" means the highest average annual compensation
18 earnable, as defined in Section 22115, by a member during any
19 period of 12 consecutive months while an active member of the
20 Defined Benefit Program or time during which he or she was not
21 a member but for which the member has received credit under the
22 Defined Benefit Program, except time that was so credited for
23 service performed outside this state prior to July 1, 1944.

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

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

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

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

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

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

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

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

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

12 (A) Section 22714.

13 (B) Section 22715.

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

16 (D) Section 22826.

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

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

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

25 22135. (a) Notwithstanding subdivision (a) of Section 22134,
26 "final compensation" means the highest average annual
27 compensation earnable, as defined by Section 22115, by an active
28 member who is a classroom teacher not subject to the California
29 Public Employees' Pension Reform Act of 2013 and who retires,
30 becomes disabled, or dies, after June 30, 1990, during any period
31 of 12 consecutive months while an active member of the Defined
32 Benefit Program.

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

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

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

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

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

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

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

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

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

34 (5) Classified employees.

35 (e) This section shall apply only to teachers employed by an
36 employer that has, pursuant to Chapter 10.7 (commencing with
37 Section 3540) of Division 4 of Title 1 of the Government Code,
38 entered into, extended, renewed, or amended a written agreement
39 with an exclusive representative, prior to January 1, 2014, that

1 makes this section applicable to all of its classroom teachers, as
2 defined in subdivision (c).

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

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

1 under the Defined Benefit Program subsequent to the date of that
2 election shall be subject to this section.

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

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

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

18 22136. (a) “Final compensation” with respect to a member
19 whose salary while an active member was reduced because of a
20 reduction in school funds as certified by the employer means the
21 highest average annual compensation earnable, as defined by
22 Section 22115, by the member during any 36 months while
23 employed to perform creditable service subject to coverage by the
24 Defined Benefit Program.

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

29 SEC. 15. Section 22516 of the Education Code is amended to
30 read:

31 22516. (a) Nothing in this chapter shall be construed or applied
32 to exclude from membership in the Defined Benefit Program any
33 person employed to perform creditable service at a level that
34 requires mandatory membership in the program for which he or
35 she has the right to elect membership in the program or another
36 retirement system and who elects membership in the other
37 retirement system, or who is employed to perform creditable
38 service at a level that does not require mandatory membership in
39 the Defined Benefit Program.

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

7 SEC. 16. Section 22655 of the Education Code is amended to
8 read:

9 22655. (a) Upon the legal separation or dissolution of marriage
10 of a retired member, the court may include in the judgment or court
11 order a determination of the community property rights of the
12 parties in the retired member’s retirement allowance and, if
13 applicable, retirement benefit under this part consistent with this
14 section. Upon election under subparagraph (B) of paragraph (3)
15 of subdivision (a) of Section 2610 of the Family Code, the court
16 order awarding the nonmember spouse a community property share
17 in the retirement allowance or retirement benefit, or both, of a
18 retired member shall be consistent with this section.

19 (b) If the court does not award the entire retirement allowance
20 or retirement benefit under this part to the retired member and the
21 retired member is receiving a retirement allowance that has not
22 been modified pursuant to Section 24300 or 24300.1, a single life
23 annuity pursuant to Section 25011 or 25018, or a member only
24 annuity described in paragraph (1) of subdivision (a) of Sections
25 25011.1 and 25018.1, the court shall require only that the system
26 pay the nonmember spouse, by separate warrant, his or her
27 community property share of the retired member’s retirement
28 allowance or retirement benefit, or both, under this part.

29 (c) If the court does not award the entire retirement allowance
30 or retirement benefit under this part to the retired member and the
31 retired member is receiving an allowance that has been actuarially
32 modified pursuant to Section 24300 or 24300.1, or a joint and
33 survivor annuity pursuant to Section 25011, 25011.1, 25018, or
34 25018.1, the court shall order only one of the following:

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

38 (2) The retired member shall cancel the option that modified
39 the retirement allowance under this part pursuant to Section 24322
40 and elect a new joint and survivor option or designate a new

1 beneficiary or both, and the system shall pay the nonmember
2 spouse, by separate warrant, his or her community property share
3 of the retirement allowance payable to the retired member, the
4 option beneficiary, or both.

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

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

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

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

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

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

38 (e) The right of the nonmember spouse to receive his or her
39 community property share of the retired member's retirement
40 allowance or retirement benefit or both under this section shall

1 terminate upon the death of the nonmember spouse. However, the
2 nonmember spouse may designate a beneficiary under the Defined
3 Benefit Program and a payee under the Defined Benefit
4 Supplement Program to receive his or her community property
5 share of the retired member's accumulated retirement contributions
6 and accumulated Defined Benefit Supplement account balance
7 under this part in the event that there are remaining accumulated
8 retirement contributions and a balance of credits in the member's
9 Defined Benefit Supplement account to be paid upon the death of
10 the nonmember spouse.

11 SEC. 17. Section 22662 of the Education Code is amended to
12 read:

13 22662. The nonmember spouse who is awarded a separate
14 account under the Defined Benefit Program may redeposit
15 accumulated retirement contributions previously refunded to the
16 member in accordance with the determination of the court pursuant
17 to Section 22652.

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

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

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

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

1 the election shall be canceled and any payments made under the
2 election shall be returned to the nonmember spouse.

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

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

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

16 SEC. 18. Section 22663 of the Education Code is amended to
17 read:

18 22663. The nonmember spouse who is awarded a separate
19 account under this part has the right to purchase additional service
20 credit in accordance with the determination of the court pursuant
21 to Section 22652.

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

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

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

39 (1) (A) The nonmember spouse shall purchase additional service
40 credit by paying the required contributions and interest in one lump

1 sum, or in not more than 120 monthly installments, provided that
2 no installment, except the final installment, is less than twenty-five
3 dollars (\$25). Regular interest shall be charged on the monthly,
4 unpaid balance if the nonmember spouse pays in installments.

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

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

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

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

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

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

30 SEC. 19. Section 22664 of the Education Code is amended to
31 read:

32 22664. The nonmember spouse who is awarded a separate
33 account shall have the right to a service retirement allowance and,
34 if applicable, a retirement benefit under this part.

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

37 (1) The member had at least five years of credited service during
38 the period of marriage, at least one year of which had been
39 performed subsequent to the most recent refund to the member of
40 accumulated retirement contributions. The credited service may

1 include service credited to the account of the member as of the
2 date of the dissolution or legal separation, previously refunded
3 service, out-of-state service, and permissive service credit that the
4 member is eligible to purchase at the time of the dissolution or
5 legal separation.

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

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

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

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

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

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

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

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

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

Age at Retirement	Percentage
60¼	2.033
60½	2.067

1 60¾ 2.10
2 61 2.133
3 61¼ 2.167
4 61½ 2.20
5 61¾ 2.233
6 62 2.267
7 62¼ 2.30
8 62½ 2.333
9 62¾ 2.367
10 63 and over 2.40

11
12 (4) In computing the retirement allowance of the nonmember
13 spouse, the age of the nonmember spouse on the last day of the
14 month that the retirement allowance begins to accrue shall be used.

15 (5) Final compensation, for purposes of calculating the service
16 retirement allowance of the nonmember spouse under this
17 subdivision, shall be calculated according to the definition of final
18 compensation in Section 22134, 22134.5, 22135, or 22136,
19 whichever is applicable, and shall be based on the member’s
20 compensation earnable up to the date the parties separated, as
21 established in the judgment or court order pursuant to Section
22 22652. The nonmember spouse shall not be entitled to use any
23 other calculation of final compensation.

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

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

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

39 (e) If the member is or was receiving a disability allowance
40 under this part with an effective date before or on the date the

1 parties separated as established in the judgment or court order
2 pursuant to Section 22652, or at any time applies for and receives
3 a disability allowance with an effective date that is before or
4 coincides with the date the parties separated as established in the
5 judgment or court order pursuant to Section 22652, the nonmember
6 spouse shall not be eligible to retire until after the disability
7 allowance of the member terminates. If the member who is or was
8 receiving a disability allowance returns to employment to perform
9 creditable service subject to coverage under the Defined Benefit
10 Program or has his or her allowance terminated under Section
11 24015, the nonmember spouse may not be paid a retirement
12 allowance until at least six months after termination of the disability
13 allowance and the return of the member to employment to perform
14 creditable service subject to coverage under the Defined Benefit
15 Program, or the termination of the disability allowance and the
16 employment or self-employment of the member in any capacity,
17 notwithstanding Section 22132. If at the end of the six-month
18 period, the member has not had a recurrence of the original
19 disability or has not had his or her earnings fall below the amounts
20 described in Section 24015, the nonmember spouse may be paid
21 a retirement allowance if all other eligibility requirements are met.

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

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

39 (f) The nonmember spouse who receives a retirement allowance
40 is not a retired member under this part. However, the allowance

1 of the nonmember spouse shall be increased by application of the
2 improvement factor and shall be eligible for the application of
3 supplemental increases and other benefit maintenance provisions
4 under this part, including, but not limited to, Sections 24412 and
5 24415 based on the same criteria used for the application of these
6 benefit maintenance increases to the service retirement allowances
7 of members.

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

18 SEC. 20. Section 22801 of the Education Code is amended to
19 read:

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

39 (b) If the member is employed to perform creditable service
40 subject to coverage by the Defined Benefit Program on the date

1 of the request to purchase additional service credit, the
2 contributions shall be based upon the compensation earnable in
3 the current school year or either of the two immediately preceding
4 school years, whichever is highest.

5 (c) If the member is not employed to perform creditable service
6 subject to coverage by the Defined Benefit Program on the date
7 of the request to purchase additional service credit, the
8 contributions shall be based upon the compensation earnable in
9 the last school year of credited service or either of the two
10 immediately preceding school years, whichever is highest, and
11 additional regular interest shall be added to the contributions from
12 July 1 of the subsequent year in which the member last performed
13 creditable service subject to coverage by the Defined Benefit
14 Program to 20 days after the date of the request.

15 (d) The employer may pay the amount required as employer
16 contributions for additional service credited under paragraphs (7),
17 (8), (9), and (10) of subdivision (a) of Section 22803.

18 (e) The Public Employees' Retirement System shall transfer
19 the actuarial present value of the assets of a person who makes an
20 election pursuant to paragraph (11) of subdivision (a) of Section
21 22803.

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

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

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

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

8 SEC. 21. Section 22826 of the Education Code is amended to
9 read:

10 22826. (a) A member, other than a retired member, may
11 request to purchase up to five years of nonqualified service credit
12 provided the member is vested in the Defined Benefit Program as
13 provided in Section 22156.

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

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

26 SEC. 22. Section 22828 of the Education Code is amended to
27 read:

28 22828. A request to purchase out-of-state service credit
29 pursuant to Section 22827 must be received no later than June 30,
30 2009.

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

33 22905. (a) Member contributions pursuant to Sections 22901,
34 22901.3, and 22901.7, employer contributions pursuant to Section
35 22903 or 22904, and member contributions made by an employer
36 pursuant to Section 22909 shall be credited to the member's
37 individual account under the Defined Benefit Program or the
38 Defined Benefit Supplement Program, whichever is applicable
39 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 determined by the system to have been
9 paid to enhance a member's benefits pursuant to subdivision (b)
10 of Section 22119.2 or to not reflect sound principles that support
11 the integrity of the retirement fund pursuant to subdivision (f) of
12 Section 22119.2.

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

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

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

33 (e) Any contributions on compensation that is creditable to the
34 Defined Benefit Supplement account shall be limited to the
35 contributions made pursuant to Sections 22901, 22901.3, 22950,
36 and 22951. Any excess member contributions, as determined by
37 the system, shall be returned to the member through the employer
38 and any excess employer contributions shall be returned to the
39 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. 24. Section 22909 of the Education Code is amended to
10 read:

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

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

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

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

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

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

15 SEC. 25. Section 23104 of the Education Code is amended to
16 read:

17 23104. (a) Deposit in the United States mail of an initial
18 warrant drawn as directed by the member as a refund of
19 contributions upon termination of employment, and addressed to
20 the address directed by the member, constitutes a return of the
21 member's accumulated retirement contributions under this part.
22 In lieu of an initial warrant, the system may initiate a disbursement
23 by electronic funds transfer to a specific account at a financial
24 institution as directed by the member as a refund of contributions
25 upon termination of employment, which shall constitute a return
26 of the member's accumulated retirement contributions under this
27 part.

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

37 (c) Except as provided in subdivision (e), for refunds not
38 involving direct trustee-to-trustee transfers, if the member returns
39 the total gross distribution amount to the system's headquarters
40 office within 30 days from the mailing date, the refund shall be

1 canceled and the person shall be restored as a member of the
2 Defined Benefit Program with all the rights and privileges under
3 this part restored.

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

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

17 SEC. 26. Section 24001 of the Education Code is amended to
18 read:

19 24001. (a) (1) A member may apply for a disability allowance
20 under the Defined Benefit Program, upon written application for
21 disability allowance to the board on a properly executed form
22 provided by the system, if the member has five or more years of
23 credited service and if all of the following requirements are met:

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

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

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

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

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

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

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

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

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

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

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

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

38 (d) A member who is eligible to apply for a disability allowance
39 pursuant to this section may also apply for a service retirement

1 pending a determination of his or her application for disability as
2 described in Section 24201.5.

3 SEC. 27. Section 24101 of the Education Code is amended to
4 read:

5 24101. (a) A member may apply for a disability retirement
6 under this part, upon written application for disability retirement
7 to the board on a properly executed form provided by the system,
8 if the member has five or more years of credited service and if all
9 of the following requirements are met:

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

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

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

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

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

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

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

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

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

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

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

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

19 SEC. 28. Section 24105 of the Education Code is amended to
20 read:

21 24105. (a) A disability retirement allowance under this part
22 shall become effective upon any date designated by the member,
23 provided that all of the following conditions are met:

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

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

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

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

36 (b) If the member is employed to perform creditable service
37 subject to coverage under the Defined Benefit Program at the time
38 the disability retirement is approved, the member shall notify the
39 system in writing, within 90 days, of the last day on which the
40 member will perform service. If the member does not respond

1 within 90 days, or if the last day on which service will be
2 performed is more than 90 days after the date the system notifies
3 the member of the approval of disability retirement, the member's
4 application for disability retirement shall be rejected and a
5 disability retirement allowance shall not be payable to the member.

6 SEC. 29. Section 24107 of the Education Code is amended to
7 read:

8 24107. A member retired for disability under this part may
9 elect an option pursuant to Section 24332 to modify the disability
10 retirement allowance payable pursuant to subdivision (a) of Section
11 24106.

12 SEC. 30. Section 24201.5 of the Education Code is amended
13 to read:

14 24201.5. (a) A member who is eligible and applies for a
15 disability allowance or retirement pursuant to Section 24001 or
16 24101 may apply to receive a service retirement allowance pending
17 the determination of his or her application for disability, subject
18 to all of the following:

19 (1) The member is eligible to retire for service under Section
20 24201 or 24203.

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

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

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

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

37 (D) The effective date is no earlier than one year following the
38 date on which a retirement allowance was terminated pursuant to
39 Section 24208, unless the application for disability benefits is
40 denied or canceled and the member has indicated an earlier service

1 retirement date on the application to use if denied or canceled. If
2 the application for disability benefits is denied or canceled, the
3 service retirement date is no earlier than one day after the date on
4 which a retirement allowance was terminated pursuant to Section
5 24208, provided that the retirement allowance is terminated on or
6 after January 1, 2014.

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

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

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

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

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

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

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

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

36 (B) If the member receives a modified service retirement
37 allowance based on the election of an option pursuant to Section
38 24300.1 or 24307, that modified service retirement allowance shall
39 continue in effect and unchanged.

1 (C) If the member did not elect an option pursuant to Section
2 24300.1 or 24307 and receives an unmodified service retirement
3 allowance, that unmodified service retirement allowance shall
4 continue in effect and unchanged.

5 (b) A member who applies for service retirement under this
6 section may change or cancel his or her service retirement
7 application pursuant to Section 24204, or may terminate his or her
8 service retirement allowance pursuant to Section 24208.

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

16 (d) (1) Subparagraph (C) of paragraph (1) of subdivision (a)
17 of Section 24001 and paragraph (3) of subdivision (a) of Section
18 24101 shall not apply to a member who cancels an application for
19 service retirement pursuant to Section 24204 or who terminates a
20 service retirement allowance pursuant to Section 24208, if all of
21 the following apply:

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

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

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

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

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

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

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

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

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

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

27 SEC. 31. Section 24203.5 of the Education Code is amended
28 to read:

29 24203.5. (a) The percentage of final compensation used to
30 compute the allowance pursuant to Section 24202.5, 24203, 24205,
31 24209, 24209.3, 24210, 24211, 24212, or 24213 of a member
32 retiring on or after January 1, 1999, who has 30 or more years of
33 credited service, shall be increased by two-tenths of 1 percentage
34 point, provided that the sum of the percentage of final
35 compensation used to compute the allowance, including any
36 adjustments for retiring before the normal retirement age, and the
37 additional percentage provided by this section does not exceed
38 2.40 percent.

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

4 (1) Section 22714.

5 (2) Section 22715.

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

8 (4) Section 22717.5.

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

17 (d) Nonqualified service credit for which contributions pursuant
18 to Section 22826 were made in a lump sum on or after January 1,
19 2000, or for which the first installment was made on or after
20 January 1, 2000, may not be included in determining the eligibility
21 for an increased allowance pursuant to this section.

22 SEC. 32. Section 24203.6 of the Education Code is amended
23 to read:

24 24203.6. (a) In addition to the amount otherwise payable
25 pursuant to Section 24202.5, 24203, 24203.5, 24205, 24209,
26 24209.3, 24210, 24211, 24212, or 24213, a member shall receive
27 an increase in the monthly allowance, prior to any modification
28 pursuant to Sections 24300, 24300.1, and 24309, in the amount
29 identified in subdivision (b), if the member meets all of the
30 following criteria:

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

32 (2) Prior to January 1, 2011, the member has 30 or more years
33 of credited service, including any credited service that a court has
34 ordered be awarded to a nonmember spouse pursuant to Section
35 22652, but excluding service credited pursuant to the following:

36 (A) Section 22714.

37 (B) Section 22715.

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

40 (D) Section 22717.5.

1 (E) Section 22826.

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

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

7		
8	30 years of credited service	\$200
9	31 years of credited service	\$300
10	32 or more years of credited service	\$400

11
12 (c) This section also applies to a nonmember spouse, if all of
13 the following conditions are satisfied:

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

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

20 (A) Section 22714.

21 (B) Section 22715.

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

24 (D) Section 22717.5.

25 (E) Section 22826.

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

35 (d) The allowance increase provided under this section is not
36 subject to Sections 24415 and 24417, but is subject to Section
37 22140.

38 SEC. 33. Section 24204 of the Education Code is amended to
39 read:

1 24204. (a) A service retirement allowance under this part shall
2 become effective upon any date designated by the member,
3 provided all of the following conditions are met:

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

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

9 (3) The effective date is no earlier than one day after the date
10 on which the retirement allowance was terminated under Section
11 24208.

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

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

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

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

35 (c) The retirement date of a member who files an application
36 for retirement pursuant to Section 24201 on or after January 1,
37 2012, shall be no earlier than January 1, 2012.

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

1 SEC. 34. Section 24205 of the Education Code is amended to
2 read:

3 24205. A member retiring prior to 60 years of age, and who
4 has attained 55 years of age, may elect to receive one-half of the
5 service retirement allowance for normal retirement age for a limited
6 time and then revert to the full retirement allowance for normal
7 retirement age.

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

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

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

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

28 (e) The annual improvement factor provided for in Sections
29 22140 and 22141 shall be based upon the retirement allowance as
30 calculated under subdivision (a) or (b). The improvement factor
31 shall begin to accrue on September 1 following the retired
32 member's 60th birthday. These increases shall be accumulated
33 and shall become payable when the full retirement allowance for
34 normal retirement age first becomes payable.

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

1 the full retirement allowance for normal retirement age becomes
2 payable.

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

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

18 (i) This section shall not apply to a member who retires for
19 service pursuant to Section 24201.5, 24209, 24209.3, 24210,
20 24211, or 24212.

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

23 SEC. 35. Section 24210 of the Education Code is amended to
24 read:

25 24210. Upon retirement for service following a prior disability
26 retirement granted pursuant to Chapter 26 (commencing with
27 Section 24100) that was terminated, the member shall receive a
28 service retirement allowance calculated pursuant to Section 24202,
29 24202.5, 24202.6, 24203, 24203.5, 24203.6, or 24206 and equal
30 to the sum of both of the following:

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

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

38 SEC. 36. Section 24211 of the Education Code is amended to
39 read:

1 24211. When a member who has been granted a disability
2 allowance under this part after June 30, 1972, returns to
3 employment subject to coverage under the Defined Benefit
4 Program and performs:

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

17 (1) A service retirement allowance calculated on service credit
18 accrued as of the effective 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 projected final compensation to the termination date of the
25 disability allowance.

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

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

32 (1) A service retirement allowance calculated on all actual and
33 projected service excluding service credited pursuant to Sections
34 22717 and 22717.5 or Chapter 14 (commencing with Section
35 22800) or Chapter 14.2 (commencing with Section 22820) or
36 Chapter 19 (commencing with Section 23200), the age of the
37 member on the last day of the month in which the retirement
38 allowance begins to accrue, and final compensation using
39 compensation earnable, or projected final compensation, or a
40 combination of both.

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

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

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

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

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

22 SEC. 37. Section 24212 of the Education Code is amended to
23 read:

24 24212. (a) If a disability allowance granted under this part
25 after June 30, 1972, is terminated for reasons other than those
26 specified in Section 24213 and the member does not return to
27 employment subject to coverage under the Defined Benefit
28 Program, the member's service retirement allowance, when
29 payable, shall be based on projected service, excluding service
30 credited pursuant to Sections 22717 and 22717.5 or Chapter 14
31 (commencing with Section 22800) or Chapter 14.2 (commencing
32 with Section 22820), or Chapter 19 (commencing with Section
33 23200), projected final compensation, and the age of the member
34 on the last day of the month in which the retirement allowance
35 begins to accrue. The allowance payable under this section,
36 excluding annuities payable from accumulated annuity deposit
37 contributions, shall not be greater than the terminated disability
38 allowance excluding children's portions.

39 (b) The allowance shall be increased by an amount based on
40 any service credited pursuant to Sections 22714, 22715, 22717,

1 and 22717.5 or Chapter 14 (commencing with Section 22800) or
2 Chapter 14.2 (commencing with Section 22820) or Chapter 19
3 (commencing with Section 23200) and final compensation using
4 compensation earnable, or projected final compensation, or a
5 combination of both.

6 (c) If the total amount of credited service, other than projected
7 service or service that accrued pursuant to Sections 22714, 22715,
8 22717, 22717.5, and 22826, is equal to or greater than 30 years,
9 the amounts identified in subdivisions (a) and (b) shall be
10 calculated pursuant to Sections 24203.5 and 24203.6.

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

14 SEC. 38. Section 24213 of the Education Code is amended to
15 read:

16 24213. (a) When a member who has been granted a disability
17 allowance under this part after June 30, 1972, attains normal
18 retirement age, or at a later date when there is no dependent child,
19 the disability allowance shall be terminated and the member shall
20 be eligible for service retirement. The retirement allowance shall
21 be calculated on the projected final compensation and projected
22 service to normal retirement age, excluding service credited
23 pursuant to Sections 22717 and 22717.5, or Chapter 14
24 (commencing with Section 22800) or Chapter 14.2 (commencing
25 with Section 22820), or Chapter 19 (commencing with Section
26 23200), and the age of the member on the last day of the month
27 in which the retirement allowance begins to accrue. The allowance
28 payable under this section, excluding annuities payable from
29 accumulated annuity deposit contributions, shall not be greater
30 than the terminated disability allowance, excluding children's
31 portions.

32 (b) The allowance shall be increased by an amount based on
33 any service credited pursuant to Section 22714, 22715, 22717, or
34 22717.5, or Chapter 14 (commencing with Section 22800), Chapter
35 14.2 (commencing with Section 22820), or Chapter 19
36 (commencing with Section 23200) and projected final
37 compensation to normal retirement age.

38 (c) If the total amount of credited service, other than projected
39 service or service that accrued pursuant to Sections 22714, 22715,
40 22717, 22717.5, and 22826, is equal to or greater than 30 years,

1 the amounts identified in subdivisions (a) and (b) shall be
2 calculated pursuant to Sections 24203.5 and 24203.6.

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

6 SEC. 39. Section 24214.5 of the Education Code is amended
7 to read:

8 24214.5. (a) (1) Notwithstanding subdivision (f) of Section
9 24214, the postretirement compensation limitation that shall apply
10 to the compensation paid in cash to the retired member for
11 performance of retired member activities, excluding
12 reimbursements paid by an employer for expenses incurred by the
13 member in which payment of the expenses by the member is
14 substantiated, shall be zero dollars (\$0) during the first 180 calendar
15 days after the most recent retirement of a member retired for service
16 under this part.

17 (2) For written agreements pertaining to the performance of
18 retired member activities entered into, extended, renewed, or
19 amended on or after January 1, 2014, the limitation in paragraph
20 (1) shall also apply to payments, including, but not limited to,
21 those for participation in a deferred compensation plan; to purchase
22 an annuity contract, tax-deferred retirement plan, or insurance
23 program; and for contributions to a plan that meets the requirements
24 of Section 125, 401(a), 401(k), 403(b), 457(b), or 457(f) of Title
25 26 of the United States Code when the cost is covered by an
26 employer.

27 (b) If the retired member has attained normal retirement age at
28 the time the compensation is earned, subdivision (a) shall not apply
29 and Section 24214 shall apply if the appointment has been
30 approved by the governing body of the employer in a public
31 meeting, as reflected in a resolution adopted by the governing body
32 of the employer prior to the performance of retired member
33 activities, expressing its intent to seek an exemption from the
34 limitation specified in subdivision (a). Approval of the appointment
35 may not be placed on a consent calendar. Notwithstanding any
36 other provision of Article 3.5 (commencing with Section 6250) of
37 Division 7 of Title 1 of the Government Code or any state or
38 federal law incorporated by subdivision (k) of Section 6254 of the
39 Government Code, the resolution shall be subject to disclosure by

1 the entity adopting the resolution and the system. The resolution
2 shall include the following specific information and findings:

3 (1) The nature of the employment.

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

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

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

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

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

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

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

37 (g) Within 30 calendar days after the receipt of all
38 documentation required by the system pursuant to this section, the
39 system shall inform the entity seeking application of the exemption
40 specified in subdivision (b), and the retired member whether the

1 compensation paid to the member will be subject to the limitation
2 specified in subdivision (a).

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

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

14 SEC. 40. Section 24300 of the Education Code is amended to
15 read:

16 24300. (a) A member may, upon application for retirement,
17 elect an option pursuant to this part that would provide an
18 actuarially modified retirement allowance payable throughout the
19 life of the member and the member's option beneficiary or
20 beneficiaries, as follows:

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

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

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

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

1 be paid to the surviving retired member or surviving option
2 beneficiary.

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

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

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

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

29 (C) A member who is a party to an action for legal separation
30 or dissolution of marriage and who is required by court order to
31 designate a spouse or former spouse as an option beneficiary may
32 designate his or her spouse or former spouse as a sole option
33 beneficiary under subparagraphs (A) and (B). The member shall
34 specify the option elected for the spouse or former spouse and the
35 percentage of his or her unmodified allowance to be modified by
36 the option, consistent with the court order. The percentage of the
37 member's unmodified allowance that is not modified by the option
38 shall remain an unmodified allowance payable to the member. The
39 aggregate of the percentages specified for the option beneficiary

1 and the member's remaining unmodified allowance, if any, shall
2 equal 100 percent.

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

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

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

33 (e) Any member or participant who retired and elected an option
34 or a joint and survivor annuity, or who filed a preretirement election
35 of an option prior to the effective date of the plan amendment made
36 pursuant to subdivision (d), may elect to change to a different
37 option or joint and survivor annuity, as modified by the board as
38 a plan amendment pursuant to subdivision (d), if the member or
39 participant meets all the criteria established by the board to prevent
40 a change in an option or joint and survivor annuity from having

1 an adverse actuarial impact on the retirement fund, including, but
2 not limited to, the effective date of a new designation or limitations
3 on any changes if a member or participant, as the case may be, or
4 beneficiary, or both, is currently not living or afflicted with a
5 known terminal illness. The member or participant shall designate
6 the change during the six-month period that begins with the
7 effective date of the plan amendment, on a form prescribed by the
8 system. Any member changing an option election pursuant to this
9 subdivision is not subject to the allowance reduction prescribed
10 in Section 24309 or 24310 as a result of the election. If a member
11 or participant elects to change his or her option or joint and survivor
12 annuity under this subdivision, the member or participant shall
13 retain the same option beneficiary or beneficiaries as named in the
14 prior designation.

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

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

22 (h) Any member with a retirement effective on or after January
23 1, 2007, shall elect an option from the options described in Section
24 24300.1. Any member making a new option election under the
25 provisions of Section 24320, 24321, 24322, or 24323 shall elect
26 an option from the options described in Section 24300.1 if the
27 effective date of the new option election is on or after January 1,
28 2007.

29 SEC. 41. Section 24300.1 of the Education Code is amended
30 to read:

31 24300.1. (a) A member may, upon application for retirement,
32 elect an option pursuant to this part that would provide an
33 actuarially modified retirement allowance payable throughout the
34 life of the member and the member's option beneficiary or
35 beneficiaries, as follows:

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

1 (2) Seventy-five percent beneficiary option. The modified
2 retirement allowance shall be paid to the retired member and upon
3 the member's death, 75 percent of the modified allowance shall
4 continue to be paid to the option beneficiary. Pursuant to Section
5 401(a)(9) of the Internal Revenue Code, unless the option
6 beneficiary is the member's spouse or former spouse who has been
7 awarded a community property interest in the benefits of the
8 member under this part, the member may not designate an option
9 beneficiary under this option who is more than exactly 19 years
10 younger than the member.

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

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

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

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

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

38 (i) Pursuant to Section 401(a)(9) of the Internal Revenue Code,
39 unless the option beneficiary is the member's spouse or former
40 spouse who has been awarded a community property interest in

1 the member's benefits under this part, the member may not
2 designate an option beneficiary under the 100 percent beneficiary
3 option within this compound option who is more than exactly 10
4 years younger than the member.

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

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

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

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

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

33 (f) The board may evaluate the existing options and annuities
34 provided pursuant to this section, Chapter 38 (commencing with
35 Section 25000) of this part, and Part 14 (commencing with Section
36 26000) and adopt, as a plan amendment, any appropriate changes
37 to the options and annuities based on the needs of the members,
38 participants, and their beneficiaries, including, but not limited to,
39 providing economic security for beneficiaries and reducing the
40 complexity of the options and annuities. The changes to the options

1 and annuities may have no net actuarial impact on the retirement
2 fund and the board may establish any eligibility criteria the board
3 deems necessary to prevent an adverse actuarial impact to the fund.
4 The board shall designate the effective date of the plan amendment,
5 which shall be at least 18 months after the amendment is adopted
6 by the board, and notwithstanding any other provision of this
7 section, the options and annuities available to members and
8 participants eligible to retire pursuant to this part and Part 14
9 (commencing with Section 26000), after the effective date of the
10 plan amendment made pursuant to this subdivision, shall reflect
11 the changes adopted as a plan amendment to this subdivision.

12 SEC. 42. Section 24300.2 of the Education Code is amended
13 and renumbered to read:

14 24345. (a) A member who retired and elected an option
15 pursuant to Section 24300 may elect to change options, subject to
16 all of the following:

17 (1) A member who elected Option 2 may elect to change to the
18 100-percent beneficiary option described in paragraph (1) or the
19 75-percent beneficiary option described in paragraph (2) of
20 subdivision (a) of Section 24300.1.

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

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

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

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

33 (6) The member designates the same beneficiary that was
34 designated under the prior option elected by the member, if the
35 option and beneficiary designation were effective on or before
36 December 31, 2006.

37 (7) The member and the option beneficiary are not afflicted
38 with a known terminal illness and the member declares, under
39 penalty of perjury under the laws of this state, that to the best of

1 his or her knowledge, he or she and the option beneficiary are not
2 afflicted with a known terminal illness.

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

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

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

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

27 (e) If the system is unable to mail an acknowledgment notice
28 to the member on or before June 1, 2007, or prior to the end of the
29 election period, provided that the member and the option
30 beneficiary are alive and not afflicted with a known terminal
31 illness, the system shall allow a member to cancel the election to
32 change options and elect to receive the benefit according to the
33 preexisting option election. After cancellation, the member may
34 elect to make a one-time change from the preexisting option to
35 any other option provided by and subject to the restrictions of
36 paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation
37 or the cancellation and one-time change may be made after the
38 end of the election period if it is made on a properly executed form
39 provided by the system and is received at the system's headquarters
40 office no later than 30 days following the date of the

1 acknowledgment notice. If the member elects to make the one-time
2 change provided by this subdivision, the change shall be effective
3 as of the member's signature date on the initial election to change.

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

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

11 SEC. 43. Section 24300.5 of the Education Code is amended
12 and renumbered to read:

13 24331. An option beneficiary who is receiving an allowance
14 pursuant to the option elected by the member may designate a
15 beneficiary to receive any allowance that has accrued and is unpaid,
16 and any remaining balance of the retired member's accumulated
17 retirement contributions payable pursuant to Section 23881, upon
18 the death of the option beneficiary.

19 SEC. 44. Section 24300.6 of the Education Code is amended
20 and renumbered to read:

21 24321. (a) Any retired member who was unmarried and not
22 in a registered domestic partnership on the benefit effective date
23 who did not elect an option pursuant to Section 24300, 24300.1,
24 or 24307, and who thereafter marries or registers in a domestic
25 partnership, may, after the effective date of the member's
26 retirement under this part, elect an option described in paragraph
27 (1), (2), or (3) of subdivision (a) of Section 24300.1, naming his
28 or her new spouse or registered domestic partner as the option
29 beneficiary, subject to all of the following:

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

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

39 (3) The election of an option under this section is subject to
40 approval by the board. A retired member may not elect a joint and

1 survivor option that would result in any additional liability to the
2 retirement fund. A retired member may not elect the compound
3 option described in paragraph (4) of subdivision (a) of Section
4 24300.1.

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

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

25 SEC. 45. Section 24301 of the Education Code is amended
26 and renumbered to read:

27 24332. (a) A member upon application for a disability
28 retirement pursuant to Chapter 26 (commencing with Section
29 24100), may elect, as provided in Section 24300 or 24300.1 to
30 receive an actuarially modified disability retirement allowance.

31 (b) For purposes of this section, the member shall either elect
32 to receive an unmodified allowance or designate an option
33 beneficiary on a properly executed form prescribed by the system,
34 either of which shall be filed with the system on or before the last
35 day of the month in which the member's disability retirement is
36 approved by the system. The option shall become effective on the
37 effective date of the disability retirement allowance. The
38 modification of the disability retirement allowance under the option
39 elected shall be based on the ages of the retired member and the
40 designated option beneficiary as of the effective date of the

1 disability retirement. The modification shall be applicable only to
2 the disability retirement allowance payable pursuant to subdivision
3 (a) of Section 24106.

4 (c) Except as provided in Sections 24300, 24300.1, 24320,
5 24321, 24322, and 24323, a member may revoke or change an
6 election of an option no later than 30 days from the date of the
7 member's initial disability retirement benefit payment.

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

12 SEC. 46. Section 24302 of the Education Code is amended
13 and renumbered to read:

14 24311. Upon termination of a service retirement allowance
15 pursuant to Section 24208, any option elected pursuant to Section
16 24300 or 24300.1 and in effect at the time of reinstatement shall
17 be considered to be a preretirement election of an option elected
18 as of the effective date of the most recent retirement and shall be
19 subject to the same provisions as an option elected under Section
20 24307.

21 SEC. 47. Section 24303 of the Education Code is amended
22 and renumbered to read:

23 24312. Termination of the service retirement allowance
24 pursuant to Section 24208 shall not cancel an option elected under
25 the provisions of Section 24307. The effective date of the option
26 shall remain the original election date pursuant to Section 24307.

27 SEC. 48. Section 24304 of the Education Code is amended
28 and renumbered to read:

29 24333. Upon termination of a disability retirement allowance
30 pursuant to Section 24117, any option elected at the time of
31 retirement pursuant to Section 24332 shall be void as of the
32 effective date of the reinstatement. The preretirement election of
33 option subsequent to termination of the allowance pursuant to
34 Section 24117 shall be subject to the following:

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

38 (b) A member who was receiving an unmodified disability
39 retirement allowance prior to termination of the allowance may
40 not make a preretirement election of option earlier than six months

1 following the date on which the disability retirement allowance
2 was terminated pursuant to Section 24117.

3 (c) A member who has elected an option pursuant to Section
4 24332, and is otherwise eligible to make a preretirement election
5 of an option, may make the election anytime during the six months
6 following the date on which the disability retirement allowance
7 was terminated pursuant to Section 24117. The member shall elect
8 the same option and designate the same option beneficiary as
9 designated under Section 24332 when making the election during
10 the six-month period following the date the disability retirement
11 allowance was terminated.

12 SEC. 49. Section 24305 of the Education Code is amended
13 and renumbered to read:

14 24322. (a) An option elected under Section 24300, 24300.1,
15 or 24307 may be canceled by a retired member if the option
16 beneficiary is the retired member's spouse or former spouse and
17 a final decree of dissolution of marriage or a judgment of nullity
18 has been entered or an order of separate maintenance has been
19 made on or after January 1, 1978, by a court of competent
20 jurisdiction. A retired member may cancel the option before or
21 after issuance of the first retirement allowance payment.

22 (b) The retired member shall notify the board in writing of
23 cancellation of the option. Notification shall not be earlier than
24 the effective date of the decree, judgment, or order and shall include
25 a certified copy of the final decree of dissolution, or judgment of
26 nullity, or an order of separate maintenance, and any property
27 settlement agreement.

28 (c) Upon notification to the board, the retired member may elect:
29 (1) to receive the unmodified retirement allowance from the date
30 of receipt of the notification; or (2) a new joint and survivor option
31 under Section 24300.1 and may designate one or multiple new
32 option beneficiaries. Modification of the retirement allowance
33 because of the newly elected option or newly designated
34 beneficiary or beneficiaries shall be based on the ages of the retired
35 member and the new option beneficiary or beneficiaries as of the
36 effective date of the new option. The election of a new joint and
37 survivor option or the designation of a new option beneficiary or
38 beneficiaries shall be consistent with the final decree of dissolution,
39 judgment of nullity, order of separate maintenance, or property
40 settlement agreement, and shall not result in any additional liability

1 to the Teachers' Retirement Fund. The effective date of the change
2 shall be the date notification is received by the board.

3 SEC. 50. Section 24305.3 of the Education Code, as amended
4 by Section 39 of Chapter 655 of the Statutes of 2006, is amended
5 and renumbered to read:

6 24324. (a) A member who is receiving a joint and survivor
7 annuity under the Defined Benefit Supplement Program may
8 change the annuity or the annuity beneficiary elected pursuant to
9 Section 25011, 25011.1, 25018, or 25018.1, provided all of the
10 following conditions are met:

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

13 (2) A final decree of dissolution of marriage is granted, or a
14 judgment of nullity is entered, or an order of separate maintenance
15 is made by a court of competent jurisdiction with respect to the
16 member and the spouse or former spouse on or after the beginning
17 of the initial plan year designated by the board pursuant to Section
18 22156.05.

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

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

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

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

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

1 SEC. 52. Section 24305.5 of the Education Code is amended
2 and renumbered to read:

3 24320. (a) An option elected under Section 24300 or 24300.1
4 may be canceled by a retired member if the option beneficiary is
5 not the retired member's spouse or former spouse. A retired
6 member may cancel the option before or after issuance of the first
7 retirement allowance payment and shall designate his or her spouse
8 as the new option beneficiary and the same or a different joint and
9 survivor option described in Section 24300.1.

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

15 (c) The effective date of the new election shall be six months
16 following the date notification is received by the board, provided
17 both the retired member and the new designated option beneficiary
18 are then living. If the effective date of the new option election is
19 on or after January 1, 2007, at the time of the new election the
20 retired member shall elect an option from the options described in
21 Section 24300.1. If, before the new election becomes effective,
22 the member terminates his or her benefit pursuant to Section 24208
23 or the retired member or the new option beneficiary dies, the new
24 election is void and the previous election remains in effect.

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

36 SEC. 53. Section 24306 of the Education Code is amended
37 and renumbered to read:

38 24323. (a) If an option beneficiary designated in the election
39 of an Option 2 or Option 3 as described in Section 24300
40 predeceases the retired member, the retired member may elect a

1 new joint and survivor option described in paragraph (1), (2), (3),
2 or (4) of subdivision (a) of Section 24300.1 and designate one or
3 multiple new option beneficiaries.

4 (b) If an option beneficiary designated in the election of an
5 Option 4 or Option 5 as described in Section 24300 predeceases
6 the retired member, a retirement allowance adjusted for the
7 specified option shall be payable to the retired member and shall
8 commence to accrue to the retired member as of the day following
9 the date of the death of the option beneficiary. The retired member
10 may elect a new joint and survivor option described in paragraph
11 (1), (2), (3), or (4) of subdivision (a) of Section 24300.1 and
12 designate one or multiple new option beneficiaries.

13 (c) If an option beneficiary designated in the election of Option
14 2 or Option 3 within Option 8 as described in Section 24300
15 predeceases the retired member, the retired member may elect a
16 new joint and survivor option described in paragraph (1), (2), or
17 (3) of subdivision (a) of Section 24300.1 and designate a new
18 option beneficiary for the portion of the retirement allowance that
19 was modified for the prior option beneficiary. The retired member
20 may not elect the compound option described in paragraph (4) of
21 subdivision (a) of Section 24300.1.

22 (d) If an option beneficiary designated in the election of Option
23 4 or Option 5 within Option 8 as described in Section 24300
24 predeceases the retired member, a retirement allowance adjusted
25 for the specified option for the portion of the benefit allocated to
26 that beneficiary shall be payable to the retired member and shall
27 commence to accrue to the retired member as of the day following
28 the date of the death of the option beneficiary. The retired member
29 may elect a new joint and survivor option described in paragraph
30 (1), (2), or (3) of subdivision (a) of Section 24300.1 for that portion
31 of the retirement allowance that was modified for the prior option
32 beneficiary and designate a new option beneficiary. The retired
33 member may not elect the compound option described in paragraph
34 (4) of subdivision (a) of Section 24300.1.

35 (e) If an option beneficiary designated in the election of an
36 Option 6 or Option 7 or in the election of Option 6 or Option 7
37 within Option 8, pursuant to Section 24300 predeceases the retired
38 member, that portion of the retirement allowance attributable to
39 Option 6 or Option 7 without modification for the option shall be
40 payable to the retired member upon notification to the board and

1 shall commence to accrue to the retired member as of the day
2 following the date of the death of the option beneficiary. The retired
3 member may designate a new beneficiary for that portion of the
4 retirement allowance within the same option designated for the
5 prior beneficiary.

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

16 (g) The retired member shall submit proof of death of the prior
17 beneficiary before making a new beneficiary election under this
18 section. The effective date of any new election under this section
19 shall be six months following the date notification is received by
20 the board provided both the retired member and the newly
21 designated option beneficiary are living on the date the new
22 election is to become effective. Notification shall be on a properly
23 executed form prescribed by the system for the new designation.

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

27 (i) If the retired member is eligible to elect a new option and
28 the effective date of the new option election is on or after January
29 1, 2007, at the time of the new election the retired member shall
30 elect an option from the options described in Section 24300.1.

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

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

1 SEC. 54. Section 24306.5 of the Education Code is amended
2 and renumbered to read:

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

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

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

11 (3) The change in options is consistent with Sections 22453 and
12 24322.

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

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

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

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

27 SEC. 55. Section 24306.7 of the Education Code is amended
28 and renumbered to read:

29 24342. (a) Any member who retired for service under Option
30 4 or Option 5 with an effective date prior to January 1, 1991, may
31 elect to change Option 4 to Option 6 or Option 5 to Option 7 if all
32 of the following conditions are met:

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

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

37 (3) The change in options is consistent with Sections 22453 and
38 24322.

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

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

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

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

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

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

18 SEC. 56. Section 24307 of the Education Code is amended to
19 read:

20 24307. (a) A member who qualifies to apply for retirement
21 under Section 24201 or 24203 may make a preretirement election
22 of an option, as provided in Section 24300.1 without right of
23 revocation or change after the benefit effective date, except as
24 provided in this part. The preretirement election of an option shall
25 become effective as of the date of the member's signature on a
26 properly executed form prescribed by the system, subject to the
27 following requirements:

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

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

35 (b) A member who makes a preretirement election of an Option
36 2, Option 3, Option 4, Option 5, Option 6, or Option 7 pursuant
37 to Section 24300, or an election as described in paragraph (1), (2),
38 or (3) of Section 24300.1 may subsequently make a preretirement
39 election of the compound option described in paragraph (4) of
40 subdivision (a) of Section 24300.1. The member may retain the

1 same option and the same option beneficiary as named in the prior
2 preretirement election for a designated percentage within the
3 compound option.

4 (c) Upon the member's death prior to the benefit effective date,
5 the beneficiary who was designated under the option elected and
6 who survives shall receive an allowance calculated under the
7 option, under the assumption that the member retired for service
8 pursuant to Chapter 27 (commencing with Section 24201) on the
9 date of death. The payment of the allowance to the option
10 beneficiary shall be in lieu of the family allowance provided in
11 Section 23804, the payment provided in paragraph (1) of
12 subdivision (a) of Section 23802, the survivor benefit allowance
13 provided in Section 23854, and the payment provided in
14 subdivisions (a) and (b) of Section 23852, except that if the
15 beneficiary dies before all of the member's accumulated retirement
16 contributions are paid, the balance, if any, shall be paid to the estate
17 of the person last receiving or entitled to receive the allowance.
18 The accumulated annuity deposit contributions and the death
19 payment provided in Sections 23801 and 23851 shall be paid to
20 the beneficiary in a lump sum.

21 (d) If the member subsequently retires for service, and the
22 elected option has not been canceled pursuant to Section 24309,
23 a modified service retirement allowance computed under Section
24 24300 or 24300.1 and the option elected shall be paid.

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

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

1 election in place upon the date the termination of the benefits
2 became effective.

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

11 (2) If a final decree of dissolution of marriage or a judgment of
12 nullity has been entered or an order of separate maintenance has
13 been made within one calendar year of the termination of benefits
14 and the member has not retired again, upon notification to the
15 system, the system shall cancel or change the option election in
16 accordance with the court order with reduction pursuant to Section
17 24309. Any additional changes shall not be made until one calendar
18 year from the termination effective date has elapsed.

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

22 SEC. 57. Section 24308 of the Education Code is amended
23 and renumbered to read:

24 24330. (a) The election of an option as provided in Section
25 24307 shall preclude the payment of a family allowance to any
26 beneficiary under this part.

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

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

38 SEC. 58. Section 24309 of the Education Code is amended to
39 read:

1 24309. (a) A member may change or cancel the election of an
2 option made pursuant to Section 24307. The change or cancellation
3 shall be on a properly executed form provided by the system and
4 received at the system's headquarters office within 30 days after
5 the date of the member's signature and, if applicable, the spouse's
6 signature, and no later than 30 days from the date the member's
7 initial benefit payment for the member's most recent retirement
8 under the Defined Benefit Program is paid by the system. The
9 change or cancellation shall become effective as of the date of the
10 member's signature or the day prior to the member's benefit
11 effective date, whichever is earlier.

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

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

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

28 (c) If the option elected pursuant to Section 24307 is "Option
29 8" as described in paragraph (7) of subdivision (a) of Section 24300
30 or the compound option as described in paragraph (4) of
31 subdivision (a) of Section 24300.1, a member may cancel the
32 designation of an option beneficiary. If the member cancels the
33 designation of the option beneficiary or the option beneficiary
34 predeceases the member prior to the member's retirement, the
35 member may elect to receive that portion of the retirement
36 allowance without modification for the option or elect one or
37 multiple new or existing option beneficiaries as described in
38 Section 24307. Any change or cancellation of the designation of
39 the option beneficiary under this subdivision shall result in the
40 allowance reduction prescribed in this section.

1 SEC. 59. Section 24310 of the Education Code is amended to
2 read:

3 24310. If an election of an option is canceled under Section
4 24309, the member may again elect an option under Section 24307.
5 If an election of an option is changed or canceled during any year,
6 the reduction for that year shall be that for the option to which the
7 greater reduction under Section 24309 as it read on December 31,
8 1995, is applicable.

9 SEC. 60. Section 24311 of the Education Code is amended
10 and renumbered to read:

11 24340. (a) A member who has a preretirement election of an
12 option in effect on December 31, 1990, may change his or her
13 preretirement election of Option 2, Option 3, Option 4, or Option
14 5 to either Option 6 or Option 7 without the allowance reduction
15 prescribed in Sections 24309 and 24310, provided the change is
16 made on or after January 1, 1991, and prior to the earlier of January
17 1, 1992, or the member's retirement under this part.

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

24 SEC. 61. Section 24312 of the Education Code is amended
25 and renumbered to read:

26 24344. (a) A member who has a preretirement election of an
27 option in effect on December 31, 1999, may change his or her
28 preretirement election of Option 2, Option 3, Option 4, Option 5,
29 Option 6, or Option 7 to Option 8 without the allowance reduction
30 prescribed in Sections 24309 and 24310, provided the change is
31 made on or after January 1, 2000, and prior to the earlier of July
32 1, 2000, or the member's benefit effective date.

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

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

1 SEC. 62. Section 24312.1 of the Education Code is amended
2 and renumbered to read:

3 24346. (a) A member who has a preretirement election of an
4 option in effect on December 31, 2006, pursuant to paragraphs (1)
5 to (6), inclusive, of subdivision (a) of Section 24300 may change
6 his or her preretirement election to an option described in paragraph
7 (1), (2), or (3) of subdivision (a) of Section 24300.1 without the
8 allowance reduction described in Sections 24309 and 24310,
9 provided the change is made on or after January 1, 2007, and prior
10 to July 1, 2007.

11 (b) A member who has a preretirement election of Option 8 as
12 described in Section 24300 in effect on December 31, 2006, and
13 in that Option 8 election has an option pursuant to paragraphs (1)
14 to (6), inclusive, of subdivision (a) of Section 24300, may change
15 any of the options under paragraphs (1) to (6), inclusive, of
16 subdivision (a) of Section 24300 to an option described in
17 paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1
18 without the allowance reduction described in Sections 24309 and
19 24310, if change is made on or after January 1, 2007, and prior to
20 July 1, 2007. A member may not change the portion of the
21 unmodified benefit that would be modified pursuant to that prior
22 option.

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

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

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

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

37 SEC. 63. Section 24313 of the Education Code is amended
38 and renumbered to read:

39 24343. (a) Any member who retired for service under Option
40 2 or Option 3 with an effective date prior to January 1, 1991, whose

1 option beneficiary had died prior to January 1, 1995, shall receive,
2 effective January 1, 1999, the retirement allowance without
3 modification for the option if all of the following conditions are
4 met:

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

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

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

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

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

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

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

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

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

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

38 (d) A member retired for service who receives the retirement
39 allowance without modification for the option provided under this

1 section shall not elect a new option beneficiary under Section
2 24323.

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

9 SEC. 64. Section 24347 is added to the Education Code, to
10 read:

11 24347. (a) A member who retired and elected an option
12 pursuant to this chapter and designated his or her same-sex spouse
13 or same-sex former spouse as option beneficiary may elect to
14 change his or her option subject to the following:

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

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

31 (B) If a member elects to change the option designated for his
32 or her same-sex spouse or same-sex former spouse within the
33 compound option, the member may also elect to change the option
34 designated to any other option beneficiary or beneficiaries within
35 the compound option to the 100 percent beneficiary option, the 75
36 percent beneficiary option, or the 50 percent beneficiary option
37 described in paragraph (1), (2), or (3) of subdivision (a) of Section
38 24300.1.

39 (C) If a member elects to change the option designated for his
40 or her same-sex spouse or same-sex former spouse within the

1 compound option, the member may also elect to change the
2 percentage of his or her unmodified allowance designated to the
3 option beneficiary or beneficiaries. The percent of the allowance
4 that is not modified by an option, if any, shall be payable to the
5 member. The sum of all percentages specified for the option
6 beneficiary or beneficiaries and the member's remaining
7 unmodified allowance, if any, shall equal 100 percent.

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

13 (3) The option change made by the member pursuant to this
14 section is made on or after July 1, 2015, and on or before December
15 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 same-sex former spouse was designated as his or her
20 option beneficiary prior to July 1, 2015.

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

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

28 (b) The option change made by a member pursuant to
29 subdivision (a) shall be deemed effective as of the effective date
30 of the prior option elections or June 26, 2013, whichever is later.

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

34 (1) The form is signed and dated by the member and the
35 member's spouse, if applicable, on or after July 1, 2015, and on
36 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 (d) After receipt of the member's election, the system shall mail
2 an acknowledgment notice to the member that set forth the new
3 option elected by the member.

4 (e) A member may cancel an option change made pursuant to
5 subdivision (a) and elect to receive his or her benefit according to
6 his or her prior option election provided the requirements of
7 paragraphs (5) and (6) of subdivision (a) are still met. The
8 cancellation shall become effective as of the date of the initial
9 option change pursuant to subdivision (b) subject to the following
10 requirements:

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

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

15 (3) The form is received at the system's headquarters office
16 within 30 calendar days after the date of the acknowledgment
17 notice described in subdivision (d), regardless of whether the form
18 is received after December 31, 2015.

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

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

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

30 (3) The form is received at the system's headquarters office
31 within 30 calendar days after the date of the acknowledgment
32 notice described in subdivision (d), regardless of whether the form
33 is received after December 31, 2015.

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

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

1 SEC. 65. Section 24348 is added to the Education Code, to
2 read:

3 24348. (a) A member who has a preretirement option pursuant
4 to Section 24307 in effect on July 1, 2015, and designated his or
5 her same-sex spouse or same-sex former spouse as option
6 beneficiary may elect to change his or her option subject to the
7 following:

8 (1) A member who elected the 100 percent beneficiary option
9 or the 50 percent beneficiary option may elect to change his or her
10 option to the 75 percent beneficiary option described in paragraph
11 (2) of subdivision (a) of Section 24300.1 provided the member's
12 same-sex spouse or same-sex former spouse is more than exactly
13 19 years younger than the member.

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

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

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

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

6 (3) The option change made by the member pursuant to this
7 section is made on or after July 1, 2015, and on or before December
8 31, 2015.

9 (4) The member married a same-sex spouse, the marriage is or
10 was recognized by the United States government, any state
11 government, or any foreign government, and his or her same-sex
12 spouse or same-sex former spouse was designated as his or her
13 option beneficiary prior to July 1, 2015.

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

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

21 (b) The option change made by a member pursuant to
22 subdivision (a) shall be deemed effective as of the effective date
23 of the prior election ~~of~~ or June 26, 2013, whichever is later.

24 (c) The option change made by the member pursuant to
25 subdivision (a) shall be on a properly executed form provided by
26 the system subject to the following requirements:

27 (1) The form is signed and dated by the member and the
28 member's spouse, if applicable, on or after July 1, 2015, and on
29 or before December 31, 2015.

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

34 (d) A preretirement option change made pursuant to this section
35 will not result in the allowance reduction described in Sections
36 24309 and 24310.

37 (e) If a member elects to change options pursuant to this section,
38 the age of the member and the option beneficiary or beneficiaries
39 on the effective date of the prior preretirement option election shall

1 be the age used to calculate the member’s benefit at the time of
2 retirement.

3 SEC. 66. Section 24402 of the Education Code is amended to
4 read:

5 24402. (a) Service retirement allowances, disability
6 allowances, disability retirement allowances, family allowances,
7 and survivor benefit allowances payable pursuant to this part shall
8 be increased by application of the benefit improvement factor.

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

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

18 SEC. 67. Section 24412 of the Education Code is amended to
19 read:

20 24412. (a) The annual revenues deposited to the Teachers’
21 Retirement Fund pursuant to Section 6217.5 of the Public
22 Resources Code are continuously appropriated without regard to
23 fiscal year for the purposes of this section and shall be distributed
24 annually in quarterly supplemental payments commencing on
25 September 1 of each year to retired members, disabled members,
26 and beneficiaries under the Defined Benefit Program. The amount
27 available for distribution in any year shall be the income for that
28 year from the sale or use of school lands and lieu lands, as
29 estimated by the State Lands Commission prior to the beginning
30 of the fiscal year, adjusted by the difference between the estimated
31 and actual income for the preceding fiscal year. The board shall
32 deduct from the revenues an amount necessary for administrative
33 expenses to implement this section.

34 (b) The net revenues to be distributed shall be allocated among
35 those retired members, disabled members, and beneficiaries, as
36 defined in subdivision (a) of Section 22107, whose allowances
37 under the Defined Benefit Program, after applying the annual
38 improvement factor as defined in Section 22140, if any, are below
39 80 percent of the purchasing power of the base allowance. The
40 purchasing power calculation for each individual allowance shall

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

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

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

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

22 SEC. 68. Section 24415 of the Education Code is amended to
23 read:

24 24415. (a) The proceeds of the Supplemental Benefit
25 Maintenance Account shall be distributed annually in quarterly
26 supplemental payments commencing on September 1, 1990, to
27 retired members, disabled members, and beneficiaries, as defined
28 in subdivision (a) of Section 22107. The amount available for
29 distribution in any fiscal year shall not exceed the amount necessary
30 to restore purchasing power up to 85 percent of the purchasing
31 power of the base allowance, after the application of all allowance
32 increases authorized by this part, including those specified in
33 Section 24412, and excluding those provided pursuant to Sections
34 24410.5, 24410.6, and 24410.7.

35 (b) The net revenues to be distributed shall be allocated among
36 those retired members, disabled members, and beneficiaries, as
37 defined in subdivision (a) of Section 22107, whose allowances,
38 after sequentially applying the annual improvement factor as
39 defined in Sections 22140 and 22141, and the annual supplemental
40 payment as specified in Section 24412, have the lowest purchasing

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

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

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

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

27 (f) Notwithstanding subdivision (b), for purposes of restoring
28 the purchasing power of benefits provided pursuant to Section
29 24410.5 for members and beneficiaries receiving benefits pursuant
30 to subdivision (b), the purchasing power calculation shall be based
31 on 85 percent of the change in the All Urban California Consumer
32 Price Index between January 2000 and June of the fiscal year
33 preceding the fiscal year of distribution, after the application of
34 increases authorized by Section 24412 that are made to the
35 allowances provided pursuant to Section 24410.5.

36 (g) Notwithstanding subdivision (b), for purposes of restoring
37 the purchasing power of benefits provided pursuant to Sections
38 24410.6 and 24410.7 for members and beneficiaries receiving
39 benefits pursuant to subdivision (b), the purchasing power
40 calculation shall be based on 85 percent of the change in the All

1 Urban California Consumer Price Index between January 2001
2 and June of the fiscal year preceding the fiscal year of distribution,
3 after the application of increases authorized by Section 24412 that
4 are made to the allowances provided pursuant to Sections 24410.6
5 and 24410.7.

6 SEC. 69. Section 24600 of the Education Code is amended to
7 read:

8 24600. (a) A retirement allowance under this part begins to
9 accrue on the effective date of the member's retirement and ceases
10 on the earlier of the day of the member's death or the day on which
11 the retirement allowance is terminated for a reason other than the
12 member's death.

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

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

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

25 (e) A survivor benefit allowance payable to a surviving spouse
26 under this part pursuant to Chapter 23 (commencing with Section
27 23850) begins to accrue on the day the member would have
28 attained normal retirement age or on the day following the day of
29 the member's death, as elected by the surviving spouse, and ceases
30 on the day of the surviving spouse's death.

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

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

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

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

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

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

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

27 (2) In the case of a retirement allowance, as defined in Section
28 22166, not later than April 1 of the calendar year following the
29 later of (A) the calendar year in which the member attains the age
30 at which the Internal Revenue Code of 1986 requires a distribution
31 of benefits or (B) the calendar year in which the member terminates
32 employment within the meaning of subdivision (i), to continue
33 over the life of the member or the lives of the member and the
34 member's option beneficiary, or over the life expectancy of the
35 member or the life expectancy of the member and the member's
36 option beneficiary.

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

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

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

6 SEC. 70. Section 25011.6 is added to the Education Code, to
 7 read:

8 25011.6. (a) A member who retired and elected a beneficiary
 9 annuity pursuant to Section 25011.1 with his or her same-sex
 10 spouse or same-sex former spouse designated as annuity
 11 beneficiary pursuant to Section 25015 may elect to change his or
 12 her annuity subject to the following:

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

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

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

31 (3) The annuity change made by the member pursuant to this
 32 section is made on or after July 1, 2015, and on or before December
 33 31, 2015.

34 (4) The member married a same-sex spouse, the marriage is or
 35 was recognized by the United States government, any state
 36 government, or any foreign government, and his or her same-sex
 37 spouse or same-sex former spouse was designated as his or her
 38 annuity beneficiary prior to July 1, 2015.

39 (5) The same-sex spouse or same-sex former spouse is a current
 40 annuity beneficiary, and the same annuity beneficiary or

1 beneficiaries that were designated for the prior annuity elected by
2 the member remain.

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

6 (b) The annuity change made by a member pursuant to
7 subdivision (a) shall be deemed effective as of the effective date
8 of the prior annuity election or June 26, 2013, whichever is later.

9 (c) The annuity change made by the member pursuant to
10 subdivision (a) shall be on a properly executed form provided by
11 the system subject to the following requirements:

12 (1) The form is signed and dated by the member and the
13 member's spouse, if applicable, on or after July 1, 2015, and on
14 or before December 31, 2015.

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

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

22 (e) A member may cancel an annuity change made pursuant to
23 subdivision (a) and elect to receive his or her benefit according to
24 his or her prior annuity election provided the requirements of
25 paragraphs (5) and (6) of subdivision (a) are still met. The
26 cancellation shall become effective as of the date of the initial
27 annuity change pursuant to subdivision (b) subject to the following
28 requirements:

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

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

33 (3) The form is received at the system's headquarters office
34 within 30 calendar days after the date of the acknowledgment
35 notice described in subdivision (d), regardless of whether the form
36 is received after December 31, 2015.

37 (f) A member may cancel an initial annuity change made
38 pursuant to subdivision (a) and elect to make one subsequent
39 change from his or her prior annuity election to any other annuity
40 provided by and subject to the restrictions of subdivision (a). The

1 subsequent change shall become effective as of the date of the
2 initial annuity change pursuant to subdivision (b) and subject to
3 the following requirements:

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

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

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

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

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

19 SEC. 71. Section 25015 of the Education Code is amended to
20 read:

21 25015. (a) If a member elects to receive a benefit payable
22 under the Defined Benefit Supplement Program as a joint and
23 survivor annuity, the designation of the beneficiary made pursuant
24 to Section 24300 or 24300.1 shall apply to the benefit payable
25 under this chapter. The annuity beneficiary designation shall not
26 be changed after the date the benefit becomes payable to the
27 member, except as provided in Section 24324, 25011, 25011.1,
28 25018, or 25018.1, or Chapter 12 (commencing with Section
29 22650).

30 (b) If the member designates one or multiple option beneficiaries
31 within Option 8 pursuant to Section 24300 or the compound option
32 pursuant to Section 24300.1, the percentage of the unmodified
33 allowance attributable to each option beneficiary specified in that
34 designation shall apply to the joint and survivor annuity payable
35 under this chapter. The member shall elect one joint and survivor
36 annuity type and this annuity type shall be applied the same for
37 each beneficiary and each designated percentage of the member
38 only annuity. If any percentage of the allowance was designated
39 to remain unmodified, the member only annuity shall apply for
40 the corresponding percentage of the annuity provided under this

1 chapter. The annuity amount payable to the member during his or
2 her lifetime shall be modified to be payable over the combined
3 lives of the member and the annuity beneficiary or beneficiaries.

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

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

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

23 SEC. 72. Section 25018.6 is added to the Education Code, to
24 read:

25 25018.6. (a) A member receiving a disability retirement
26 allowance who elected a beneficiary annuity pursuant to Section
27 25018.1 with a same-sex spouse or same-sex former spouse
28 designated as annuity beneficiary pursuant to Section 25015 may
29 elect to change his or her annuity subject to the following:

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

36 (2) (A) A member who elected the compound option described
37 in paragraph (4) of subdivision (a) of Section 24300.1 may elect
38 to change his or her beneficiary annuity to the 100 percent
39 beneficiary annuity described in paragraph (2) of subdivision (a)
40 of Section 25018.1, or the 75 percent beneficiary annuity described

1 in paragraph (3) of subdivision (a) of Section 25018.1, provided
2 the member's same-sex spouse or same-sex former spouse is more
3 than exactly 10 years younger than the member under the 100
4 percent beneficiary annuity, or more than exactly 19 years younger
5 than the member under the 75 percent beneficiary annuity.

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

8 (3) The annuity change made by the member pursuant to this
9 section is made on or after July 1, 2015, and on or before December
10 31, 2015.

11 (4) The member married a same-sex spouse, the marriage is or
12 was recognized by the United States government, any state
13 government, or any foreign government, and his or her same-sex
14 spouse or same-sex former spouse was designated as his or her
15 annuity beneficiary prior to July 1, 2015.

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

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

23 (b) The annuity change made by a member pursuant to
24 subdivision (a) shall be deemed effective as of the effective date
25 of the prior annuity election or June 26, 2013, whichever is later.

26 (c) The annuity change made by the member pursuant to
27 subdivision (a) shall be on a properly executed form provided by
28 the system subject to the following requirements:

29 (1) The form is signed and dated by the member and the
30 member's spouse, if applicable, on or after July 1, 2015, and on
31 or before December 31, 2015.

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

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

39 (e) A member may cancel an annuity change made pursuant to
40 subdivision (a) and elect to receive his or her benefit according to

1 his or her prior annuity election provided the requirements of
2 paragraphs (5) and (6) of subdivision (a) are still met. The
3 cancellation shall become effective as of the date of the initial
4 annuity change pursuant to subdivision (b) subject to the following
5 requirements:

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

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

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

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

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

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

25 (3) The form is received at the system's headquarters office
26 within 30 calendar days after the date of the acknowledgment
27 notice described in subdivision (d), regardless of whether the form
28 is received after December 31, 2015.

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

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

36 SEC. 73. Section 25100 of the Education Code is amended to
37 read:

38 25100. (a) The board shall establish a vendor registration
39 process through which information about tax-deferred retirement
40 investment products as described in Section 403(b) of the Internal

1 Revenue Code of 1986 shall be made available for consideration
2 by public employees of all local school districts, community college
3 districts, county offices of education, and state employees of a
4 state employer under the uniform state payroll system, excluding
5 the California State University System, eligible to participate in
6 an annuity contract and custodial account as described in Section
7 403(b) of the Internal Revenue Code of 1986.

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

14 (c) For the purposes of this chapter:

15 (1) “Employer” means any local school district, community
16 college district, or county office of education, or any state employer
17 under the uniform state payroll system, excluding the California
18 State University System, with employees eligible to participate in
19 an annuity contract and custodial account as described in Section
20 403(b) of the Internal Revenue Code of 1986, with the Controller
21 acting on the state employer’s behalf.

22 (2) “Vendor” means:

23 (A) A public retirement system, broker-dealer, registered
24 investment company, nonbank custodian, or life insurance company
25 qualified to do business in California that provides a 403(b)
26 product. “Vendor” does not include individual registered
27 representatives, brokers, financial planners, or agents.

28 (B) A statewide employee organization with an active
29 membership primarily composed of persons employed in public
30 education, or its wholly controlled affiliate, that has entered into
31 a legally binding agreement with a bank custodian, as described
32 in Section 401(f)(2) of the Internal Revenue Code, for the purpose
33 of offering a custodial account meeting the requirements of Section
34 403(b)(7) of the Internal Revenue Code.

35 (3) “Nonbank custodian” means a fund custodian, other than a
36 bank, that meets the criteria of a trustee specified in Section
37 408(a)(2) of the Internal Revenue Code.

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

1 SEC. 74. Section 26113 of the Education Code is amended to
2 read:

3 26113. (a) “Creditable service” means any of the following
4 activities performed for an employer in a position requiring a
5 credential, certificate, or permit pursuant to this code, or under the
6 appropriate minimum standards adopted by the Board of Governors
7 of the California Community Colleges, or under the provisions of
8 an approved charter for the operation of a charter school for which
9 the charter school is eligible to receive state apportionment, or
10 pursuant to a contract between a community college district and
11 the United States Department of Defense to provide vocational
12 training:

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

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

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

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

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

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

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

38 (8) Services as a school librarian.

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

4 (10) Trustee service as described in Section 26403.

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

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

9 SEC. 75. Section 26703 of the Education Code is amended to
10 read:

11 26703. The signature of the spouse of a participant shall be
12 required on a designation of beneficiary form, an election, change,
13 or termination of an annuity, or an application for a retirement
14 benefit, disability benefit, or termination benefit under this part,
15 unless the participant declares in writing, under penalty of perjury,
16 that one of the following conditions exists:

17 (a) The participant is not married.

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

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

22 (d) The participant and spouse have executed a marriage
23 settlement agreement pursuant to Part 5 (commencing with Section
24 1500) of Division 4 of the Family Code that makes the community
25 property law inapplicable to the marriage.

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

28 SEC. 76. Section 26704 of the Education Code is amended to
29 read:

30 26704. If a spouse refuses to sign a beneficiary designation,
31 an election, change, or termination of an annuity, or an application
32 for a retirement benefit, disability benefit, or termination benefit
33 payable under this part, the participant may bring an action in court
34 to enforce the spousal signature requirement or to waive the spousal
35 signature requirement. Either party may bring an action pursuant
36 to Section 1101 of the Family Code to determine the rights of the
37 party.

38 SEC. 77. Section 26803 of the Education Code is amended to
39 read:

1 26803. (a) All creditable service subject to coverage by the
2 Cash Balance Benefit Program and all service with the participant's
3 last employer or employers that is creditable under the Defined
4 Benefit Program shall be terminated prior to the retirement date.

5 (b) All employers with which the participant is employed to
6 perform creditable service subject to coverage by the plan shall
7 certify on a form prescribed by the system that the participant's
8 employment has been terminated unless the employment was
9 terminated 12 months or more prior to the member's retirement
10 date.

11 SEC. 78. Section 26807.7 is added to the Education Code, to
12 read:

13 26807.7. (a) A participant who retired and elected a beneficiary
14 annuity pursuant to Section 26807.5 and designated his or her
15 same-sex spouse or same-sex former spouse as annuity beneficiary
16 may elect to change his or her annuity subject to all of the
17 following:

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

24 (2) The annuity change made by the participant pursuant to this
25 section is made on or after July 1, 2015, and on or before December
26 31, 2015.

27 (3) The participant married a same-sex spouse, the marriage is
28 or was recognized by the United States government, any state
29 government, or any foreign government, and his or her same-sex
30 spouse or same-sex former spouse was designated as his or her
31 annuity beneficiary prior to July 1, 2015.

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

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

38 (b) The annuity change made by a participant pursuant to
39 subdivision (a) shall be deemed effective as of the effective date
40 of the prior annuity election or June 26, 2013, whichever is later.

1 (c) The annuity change made by the participant pursuant to
2 subdivision (a) shall be on a properly executed form provided by
3 the system subject to the following requirements:

4 (1) The form is signed and dated by the participant and the
5 participant's spouse, if applicable, on or after July 1, 2015, and on
6 or before December 31, 2015.

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

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

14 (e) A participant may cancel an annuity change made pursuant
15 to subdivision (a) and elect to receive his or her benefit according
16 to his or her prior annuity election provided the requirements of
17 paragraphs (4) and (5) of subdivision (a) are still met. The
18 cancellation shall become effective as of the date of the initial
19 option change pursuant to subdivision (b) subject to the following
20 requirements:

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

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

25 (3) The form is received at the system's headquarters office
26 within 30 calendar days after the date of the acknowledgment
27 notice described in subdivision (d), regardless of whether the form
28 is received after December 31, 2015.

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

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

36 SEC. 79. Section 27201 of the Education Code is amended to
37 read:

38 27201. (a) All creditable service subject to coverage by the
39 Cash Balance Benefit Program and all service with the participant's
40 last employer or employers that is creditable service under the

1 Defined Benefit Program shall terminate prior to application for
2 a termination benefit under this part.

3 (b) All employers with which the participant is employed to
4 perform creditable service subject to coverage by the plan shall
5 certify on a form prescribed by the system that the participant's
6 employment has been terminated unless the employment was
7 terminated 12 months or more prior to the date the member signed
8 the termination application.

9 SEC. 80. Section 33050 of the Education Code is amended to
10 read:

11 33050. (a) The governing board of a school district or a county
12 board of education, on a districtwide or countywide basis or on
13 behalf of one or more of its schools or programs, after a public
14 hearing on the matter, may request the State Board of Education
15 to waive all or part of any section of this code or any regulation
16 adopted by the State Board of Education that implements a
17 provision of this code that may be waived, except:

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

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

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

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

27 (5) Section 35735.1.

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

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

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

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

34 (C) Sections 17416 to 17429, inclusive; Sections 17459 and
35 17462 and subdivision (a) of Section 17464; and Sections 17582
36 to 17592, inclusive.

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

39 (A) Sections 41000 to 41360, inclusive.

40 (B) Sections 41420 to 41423, inclusive.

- 1 (C) Sections 41600 to 41866, inclusive.
2 (D) Sections 41920 to 42911, inclusive.
3 (9) Sections 44504 and 44505.
4 (10) Article 3 (commencing with Section 44930) of Chapter 4
5 of Part 25 and regulations in Title 5 of the California Code of
6 Regulations adopted pursuant to Article 3 (commencing with
7 Section 44930) of Chapter 4 of Part 25.
8 (11) Part 26 (commencing with Section 46000).
9 (12) Chapter 6 (commencing with Section 48900) and Chapter
10 6.5 (commencing with Section 49060) of Part 27.
11 (13) Section 51513.
12 (14) Chapter 6.10 (commencing with Section 52120) of Part
13 28, relating to class size reduction.
14 (15) Section 52163.
15 (16) The identification and assessment criteria relating to any
16 categorical aid program, including Sections 52164.1 and 52164.6.
17 (17) Sections 52165, 52166, and 52178.
18 (18) Article 3 (commencing with Section 52850) of Chapter 12
19 of Part 28.
20 (19) Section 56364.1, except that this restriction shall not
21 prohibit the State Board of Education from approving any waiver
22 of Section 56364 or 56364.2, as applicable, relating to full
23 inclusion.
24 (20) Article 4 (commencing with Section 60640) of Chapter 5
25 of Part 33, relating to the STAR Program, and any other provisions
26 of Chapter 5 (commencing with Section 60600) of Part 33 that
27 establish requirements for the STAR Program.
28 (b) Any waiver of provisions related to the programs identified
29 in Section 52851 shall be granted only pursuant to Article 3
30 (commencing with Section 52850) of Chapter 12 of Part 28.
31 (c) The waiver of an advisory committee required by law shall
32 be granted only pursuant to Article 4 (commencing with Section
33 52870) of Chapter 12 of Part 28.
34 (d) Any request for a waiver submitted by the governing board
35 of a school district or a county board of education pursuant to
36 subdivision (a) shall include a written statement as to both of the
37 following:
38 (1) Whether the exclusive representative of employees, if any,
39 as provided in Chapter 10.7 (commencing with Section 3540) of

1 Division 4 of Title 1 of the Government Code, participated in the
2 development of the waiver.

3 (2) The exclusive representative’s position regarding the waiver.

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

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

14 (2) The submission of a joint waiver request shall be approved
15 by a unanimous vote of the governing board of the joint powers
16 agency.

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

23 SEC. 81. Section 1 of Chapter 559 of the Statutes of 2013 is
24 amended to read:

25 Section 1. The Legislature finds and declares that this act, as
26 it applies to the State Teachers’ Retirement Plan, clarifies the
27 California Public Employees’ Pension Reform Act of 2013, is
28 declaratory of existing law, and is intended to apply concurrently
29 with the initial operation of that act. The amendments made by
30 this act, excluding those amendments made in Sections 4, 12, 28,
31 29, 30, and 36, shall be deemed to be operative January 1, 2013,
32 unless otherwise stated.

33 SEC. 82. Any section of any other act enacted by the
34 Legislature during the 2014 calendar year, except Assembly Bill
35 1469 of the 2013–14 Regular Session, that takes effect on or before
36 January 1, 2015, and that amends, amends and renumbers, adds,
37 repeals and adds, or repeals a section that is amended, amended
38 and renumbered, added, repealed and added, or repealed by this
39 act, shall prevail over this act, whether that act is enacted prior to
40 or subsequent to the enactment of this act. The repeal, or repeal

1 and addition, of any article, chapter, part, title, or division of any
2 code by this act shall not become operative if any section of any
3 other act that is enacted by the Legislature during the 2014 calendar
4 year and takes effect on or before January 1, 2015, amends, amends
5 and rennumbers, adds, repeals and adds, or repeals any section
6 contained in that article, chapter, part, title, or division.

O