

ASSEMBLY BILL

No. 284

Introduced by Assembly Member Brough

February 11, 2015

An act relating to the public employee pension benefits of the City of San Juan Capistrano.

LEGISLATIVE COUNSEL'S DIGEST

AB 284, as introduced, Brough. City of San Juan Capistrano: public employee pension benefits.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its pension plan or plans to comply with the act and, among other things, prohibits a public employer that offers a defined benefit pension plan from exceeding specified retirement formulas for new members, as defined. PEPRA permits a public employer to adopt a new defined benefit formula, on or after January 1, 2013, that is not consistent with PEPRA, if that formula is determined and certified by the chief actuary and the board of that employer's retirement system to not have a greater risk or greater cost to the sponsoring employer than the defined benefit formula required by PEPRA and the plan is approved by the Legislature.

This bill would approve a specified defined benefit formula applicable to employees of the City of San Juan Capistrano.

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

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

1 SECTION 1. (a) The Legislature finds and declares the
2 following:
3 (1) The California Pension Reform Act of 2013 (PEPRA)
4 created specified defined benefit formulas that are the only defined
5 benefit formulas that a public retirement system is permitted to
6 offer to new members, as that term is defined in Section 7522.04
7 of the Government Code, unless the Legislature grants its approval
8 for a different defined benefit formula and other requirements are
9 met.
10 (2) The City of San Juan Capistrano has negotiated memoranda
11 of understanding with the San Juan Capistrano Management and
12 Professional Employees Association and the San Juan Capistrano
13 Classified Employees Association pursuant to which new
14 employees may elect, in preference to a defined benefit plan
15 provided by PEPRA, a hybrid retirement plan, termed Plan W,
16 consisting of a defined benefit plan component, which provides a
17 lesser defined benefit than that prescribed by PEPRA, and a defined
18 contribution component.
19 (3) Consistent with requirements of PEPRA, specifically
20 subdivision (d) of Section 7522.02 of the Government Code, the
21 defined benefit plan component of the hybrid plan described in
22 paragraph (2) has been certified and determined by the chief
23 actuary of the retirement system and the Board of Retirement of
24 the Orange County Employees Retirement System as representing
25 no greater risk and no greater cost to the employer than the relevant
26 defined benefit formula provided by PEPRA, and is thus consistent
27 with the PEPRA principle of reducing the burden of public
28 employee retirement benefits on public agencies.
29 (b) Pursuant to subdivision (d) of Section 7522.02 of the
30 Government Code, the Legislature hereby approves of the defined
31 benefit formula described in this act.

O