

ASSEMBLY BILL

No. 996

Introduced by Assembly Member Medina

February 26, 2015

An act to amend Section 25104 of, and to add Section 25111.5 to, the Education Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 996, as introduced, Medina. State Teachers' Retirement System: investment products.

Existing law requires the Teachers' Retirement Board to establish a vendor registration process through which information about tax-deferred retirement investment products shall be made available for consideration by public employees of all local school districts, community college districts, and county offices of education, among others. Existing law requires the board to maintain an impartial investment information bank, via an Internet Web site, with specified information about the retirement investment products offered and objective comparisons of vendors. Existing law also prohibits specified personnel from receiving consideration for promoting a particular vendor's products.

The bill would require the investment information bank to include a side-by-side comparison of each registered vendor. The bill would also require all local school districts, community college districts, and county offices of education to adopt a policy addressing the solicitation of 403(b) products, as defined, by vendors on school campuses. Because the bill would require local agencies to perform additional duties it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

1 SECTION 1. Section 25104 of the Education Code is amended
 2 to read:

3 25104. (a) The board shall maintain an impartial investment
 4 information bank, via an Internet Web site, containing the
 5 information required by Section 25101 about the retirement
 6 investment products offered by each registered vendor and
 7 objective comparisons of vendors and types of products.

8 (b) The information bank shall include information on
 9 investment performance based upon the investment’s average
 10 annual total return, as measured by a nationally recognized rating
 11 service selected by the board for standard periods of time of not
 12 less than one year.

13 (c) The Web site shall include a table showing, for each
 14 registered fund, the total fee cost in dollars incurred by a
 15 shareholder who initially invested ten thousand dollars (\$10,000),
 16 earned a 5 percent rate of return for one, five, 10, 15, and 20 year
 17 time periods. This table shall be accompanied by a disclaimer that
 18 the rate of return is for purposes of illustrating the respective
 19 impacts of different fee amounts on each investment, and is not to
 20 predict future investment returns.

21 (d) The board shall have the authority to organize data, but may
 22 not subjectively rank or give preference to a vendor or product.

23 (e) *The information bank shall include a side-by-side*
 24 *comparison of each registered vendor.*

25 SEC. 2. Section 25111.5 is added to the Education Code, to
 26 read:

27 25111.5. (a) All local school districts, community college
 28 districts, and county offices of education shall adopt a policy

1 addressing the solicitation of 403(b) products by vendors on school
2 campuses.

3 (b) The motion to adopt a policy pursuant to subdivision (a)
4 shall not be part of a consent agenda.

5 SEC. 3. If the Commission on State Mandates determines that
6 this act contains costs mandated by the state, reimbursement to
7 local agencies and school districts for those costs shall be made
8 pursuant to Part 7 (commencing with Section 17500) of Division
9 4 of Title 2 of the Government Code.