

AMENDED IN SENATE JUNE 13, 2016

AMENDED IN ASSEMBLY APRIL 12, 2016

AMENDED IN ASSEMBLY MARCH 15, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2404

Introduced by Assembly Member Cooley

February 19, 2016

An act to amend Sections 21356, 21357, 21385, 21450, 21451, 21452, 21453, 21454, 21455, 21456, 21457, 21458, 21459, 21460, 21461, 21461.5, 21462, 21463, 21464, 21465, 21492, 21503, 21504, 21505, 21530, 21547, 21547.7, 21548, 21604, 21625, 21628, 21629, 21630, 21631, 21632, 21633, 21752, 75070, 75071, 75073, 75094, 75522, 75570, 75571, 75573, and 75590, to amend the heading of Article 6 (commencing with Section 21450) of Chapter 13 of Part 3 of Division 5 of Title 2 of, to add Sections ~~75071.5~~ 75070.5, 75071.5, 75570.5, and 75571.5 to, and to add Article 7 (commencing with Section 21470) to Chapter 13 of Part 3 of Division 5 of Title 2 of, the Government Code, relating to retirement benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 2404, as amended, Cooley. Public Employees' Retirement System: optional settlements.

Existing law creates the Public Employees' Retirement System (PERS), the Judges' Retirement System, and the Judges' Retirement System II, all of which are administrated by the Board of Administration of the Public Employees' Retirement System. Existing law permits a member of the Public Employees' Retirement System to elect from among several optional settlements for the purpose of structuring his

or her retirement allowance, which may result in a reduction of the allowance paid to the member in relation to the payments to his or her beneficiary after the member's death. Existing law includes among these options the following: optional settlement 1, which provides for payment of a retirement allowance until death and the payment of any remaining contributions at death to his or her beneficiary or estate; optional settlement 2, which provides an allowance for life to the member and thereafter to his or her beneficiary; optional settlement 3, which provides an allowance for life to the member and thereafter 1/2 of his or her allowance to his or her beneficiary; optional settlement 4, which provides for such other benefits that are the actuarial equivalent of a member's retirement allowance, subject to approval of the board and that the benefits payable not exceed actuarial equivalent of benefits under optional settlement 2, as specified; and optional settlement 5, which provides for a partial present distribution of the actuarial present value of a portion of a member's unmodified monthly allowance, as specified. Existing law entitles a member to elect certain variations within these settlements and, in certain instances, to a recalculated, increased allowance if the beneficiary predeceases the member, subject to a specified, sinking percentage. Existing law similarly permits a member of the Judges' Retirement System or the Judges' Retirement System II to select from various optional settlements for the purpose of structuring his or her retirement benefits.

~~This bill would provide that the right of a member to receive a recalculated allowance upon the death of his or her beneficiary, as described above, only applies to a member who retires on or before December 31, 2017.~~

This bill would limit the application of the optional settlements and variations described above to PERS members who retire on or before December 31, 2017. For members who retire on or after January 1, 2018, the bill would revise and recast the optional retirement settlements, which would be termed the Return of Remaining Contributions Option 1, the 100 Percent Beneficiary Option 2, ~~The the 100 Percent Beneficiary Option 2 with Benefit Allowance Increase~~, the 50 Percent Beneficiary Option 3, ~~the 50 Percent Beneficiary Option 3 with Benefit Allowance Increase~~, and the Flexible Beneficiary Option 4. The bill would revise and bring forward various administrative provisions in connection with these settlements, including those relating to adjustments of actuarial equivalents by the board, the effective dates for elections and revocations and dates of payments, the effect of

dissolution of marriage, and of a beneficiary predeceasing a member, among others. The bill would similarly limit application of current optional settlements and variations described above to members of the Judges' Retirement System or the Judges' Retirement System II who retire on or before December 31, 2017, and would provide to members of those systems who retire on and after January 1, 2018, optional retirement settlements analogous to those provided to PERS members, as described above. The bill would make conforming and technical changes.

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 21356 of the Government Code is
2 amended to read:

3 21356. (a) A member who elects, pursuant to Article 1.7
4 (commencing with Section 19996.30) of Chapter 7 of Part 2.6 or
5 pursuant to Sections 21110 through 21115, to participate in partial
6 service retirement, while so participating, shall receive a reduced
7 service retirement allowance. The reduced service retirement
8 allowance shall be the amount of the service retirement allowance
9 to which the employee would otherwise have been entitled had he
10 or she fully retired on the effective date of the partial service
11 retirement, reduced by the percentage of the employee's full-time
12 work which the employee has elected to work while on partial
13 service retirement.

14 (b) Article 6 (commencing with Section 21450) and Article 7
15 (commencing with Section 21470) shall not apply to an employee
16 who is participating in reduced worktime for partial service
17 retirement.

18 (c) For a member who elects pursuant to Article 1.7
19 (commencing with Section 19996.30) of Chapter 7 of Part 2.6 or
20 pursuant to Sections 21110 through 21115 to become fully retired,
21 the current service pension, or current and prior service pensions,
22 as the case may be, upon his or her full service retirement shall be
23 (1) the sum of a current service pension calculated on the basis of
24 service rendered during participation in reduced worktime in
25 accordance with the formula applicable to his or her current service
26 pension, plus his or her current service pension, or current and

1 prior service pensions, as the case may be, as it was prior to his or
2 her full service retirement, provided that full service retirement
3 occurs before he or she renders, while participating in reduced
4 worktime for partial service retirement, one year of state service
5 credited under this system; or (2) if he or she has rendered one
6 year or more of state service while participating in reduced
7 worktime for partial service retirement, a current service pension,
8 or current and prior service pensions, as the case may be, based
9 on the total years of service with which the member is entitled to
10 be credited, calculated on the basis of the formula currently
11 applicable to the employment in which the service was rendered.
12 A member shall receive service credit for service during
13 participation in reduced worktime for partial retirement and service
14 credited at the time of the election to participate in reduced
15 worktime for partial retirement.

16 SEC. 2. Section 21357 of the Government Code is amended
17 to read:

18 21357. (a) For a member reinstated from service retirement
19 or partial service retirement, the current service pension, or current
20 and prior service pensions, as the case may be, upon his or her
21 service retirement subsequent to the reinstatement, shall be the
22 sum of (1) a current service pension calculated on the basis of
23 service rendered after reinstatement in accordance with the formula
24 applicable to him or her in that service and membership, plus, (2)
25 if the subsequent retirement occurs before he or she renders, after
26 his or her reinstatement, at least one year of state service credited
27 under this system, or if the subsequent service or disability
28 retirement occurs after his or her reinstatement from service or
29 disability retirement pursuant to an election under Section ~~21465,~~
30 *21465 or 21483*, his or her current service pension, or current and
31 prior service pensions, as the case may be, as it was prior to his or
32 her reinstatement, adjusted for any service on which the pension
33 was based that was included in coverage of the federal system
34 during reinstatement according to the formula applicable to the
35 service in employment for which he or she was retired, and further
36 adjusted according to any change after reinstatement in the
37 provisions governing the calculation of his or her pension that
38 would have applied to him or her had he or she continued in
39 retirement but been subject to the formula applied in the first
40 adjustment; or, for state miscellaneous and state industrial service

1 subject to Section 21076, in lieu of (2), plus (3) a current service
2 pension, or current and prior service pensions, as the case may be,
3 as it would have been prior to his or her reinstatement under the
4 formula applicable to Section 21076, adjusted for any service on
5 which the pension was based that was included in coverage of the
6 federal system during reinstatement according to the formula
7 applicable to the service in employment for which he or she was
8 retired, and further adjusted according to any change after
9 reinstatement in the provisions governing the calculations of his
10 or her pension that would have applied to him or her had he or she
11 continued in retirement and been subject to the formula applicable
12 to Section ~~21076 or 21483~~, 21076, or if he or she has rendered one
13 year or more of state service after reinstatement, in lieu of (2) or
14 (3), plus (4), a current service pension based on current service
15 rendered prior to reinstatement, calculated on the basis of the
16 formula currently applicable to the employment in which the
17 service was rendered but on the basis of an age taken to the
18 preceding completed quarter year but not less than the minimum
19 retirement age applicable to him or her at his or her last retirement
20 and determined by deducting from his or her age at his or her
21 subsequent retirement, the aggregate time during which he or she
22 was under retirement. For a member reinstated from nonindustrial
23 disability retirement, the current service pension upon his or her
24 service retirement after attaining an age one year less than the
25 minimum age at which he or she could have retired without an
26 actuarial discount because of age in the employment from which
27 he or she was last retired, or upon his or her disability retirement
28 after attaining the minimum age, and subsequent to reinstatement,
29 shall be calculated in the manners described in the preceding
30 sentence, but the age determined upon subsequent retirement after
31 rendering at least one year of state service credited under this
32 system shall not be taken at less than one year less than the
33 minimum age if the subsequent retirement is for service, or the
34 minimum age if the retirement is for disability.

35 (b) The current service pension otherwise payable under this
36 section to a member whose allowance prior to reinstatement was
37 paid pursuant to his or her election under Section 21461, 21461.5,
38 21479, or 21480 shall be reduced by the actuarial equivalent, on
39 the date of retirement subsequent to reinstatement, of the amount
40 (converted as below), if any, by which:

1 (1) The total amount paid in the period during which a temporary
2 annuity was included in the payments, reduced by the total amount
3 that would have been payable during that period had the election
4 not been made, exceeds

5 (2) The excess of the total amount that would have been payable,
6 had the election not been made, during the time subsequent to that
7 period and prior to reinstatement, over the total amount actually
8 paid during that time.

9 The amount determined by the above formula shall be converted
10 to an amount equaling the actuarial equivalent on the date of
11 reinstatement and this latter amount shall be the basis of the
12 actuarial equivalent on the date of retirement subsequent to
13 reinstatement.

14 Actuarial equivalents required by this section shall be based on
15 the interest rate and mortality tables in use by this system on the
16 date of retirement subsequent to reinstatement.

17 (c) Notwithstanding this section, or any other provision of this
18 part, the current service pension payable to any member subject
19 to this section who rendered one year or more of state service
20 credited under this system after reinstatement on retirement for
21 service subsequent to reinstatement from service retirement for
22 any credited service for which a current service pension was paid
23 prior to reinstatement shall not be less than the current service
24 pension that would be payable on the date of the subsequent
25 retirement had the member not been reinstated. For state
26 miscellaneous and state industrial service subject to Section 21076,
27 the current service pension payable for any credited service for
28 which a current service pension was paid prior to reinstatement
29 shall not be less than the current service pension that would have
30 been payable on the date of the subsequent retirement had the
31 member's retirement been subject to the formula under Section
32 21076 and had not been reinstated, adjusted, however, by any
33 reduction under this section because of an election under Section
34 ~~21461~~ 21461, 21461.5, 21479, or 21480 and, for any service so
35 credited that was included in coverage of the federal system during
36 reinstatement, according to the formula applicable to the service
37 in employment from which he or she was retired.

38 SEC. 3. Section 21385 of the Government Code is amended
39 to read:

1 21385. The prior service pension of a member reinstated from
2 service retirement, upon his or her subsequent service retirement,
3 shall be in the same amount as his or her prior service pension
4 prior to his or her reinstatement, adjusted for any service on which
5 the pension was based that was included in coverage of the federal
6 system during reinstatement according to the formula applicable
7 to the service in employment from which he or she was retired,
8 and further adjusted according to any change in the provisions
9 governing the calculation of the pensions, using the formula applied
10 in the first adjustment, made after the reinstatement and applicable
11 to pensions being paid at the date of the change if the subsequent
12 retirement occurs before he or she renders after his or her
13 reinstatement at least one year of state service credited under this
14 system. Otherwise, the prior service pension calculated on the
15 basis of an age, taken to the preceding completed quarter year but
16 not less than the minimum retirement age applicable to him or her
17 at his or her last retirement, and determined by deducting from his
18 or her age at his or her subsequent retirement, the aggregate time
19 during which he or she was under retirement. For such a member
20 reinstated from nonindustrial disability retirement, the prior service
21 pension upon his or her service retirement after attaining an age
22 one year less than the minimum age at which he or she could have
23 retired without an actuarial discount because of age in the
24 employment from which he or she was last retired, or upon his or
25 her disability retirement after attaining the minimum age, and
26 subsequent to reinstatement, shall be calculated in the manners
27 described in the preceding sentence, but the age determined upon
28 subsequent retirement after rendering at least one year of state
29 service, shall not be taken at less than one year less than the
30 minimum age if the subsequent retirement is for service, or the
31 minimum age if the retirement is for disability.

32 The prior service pension otherwise payable under this section
33 to a member whose allowance prior to reinstatement was paid
34 pursuant to his or her election under Section 21461, 21461.5,
35 21479, or 21480 shall be reduced by the actuarial equivalent, on
36 the date of retirement subsequent to reinstatement, of the amount,
37 if any (converted as below), by which:

38 (a) The total amount paid in the period during which a temporary
39 annuity was included in the payments, the amount being reduced

1 by the total amount that would have been payable during the period
2 had the election not been made; exceeds

3 (b) The excess of the total amount that would have been payable,
4 had the election not been made, during the time subsequent to the
5 period and prior to reinstatement over the total amount actually
6 paid during that time.

7 The amount determined by the above formula shall be converted
8 to an amount equaling the actuarial equivalent on the date of
9 reinstatement. The latter amount shall be the basis of the actuarial
10 equivalent, on the date of retirement subsequent to reinstatement.

11 Actuarial equivalents required by this section shall be based on
12 the interest rate and mortality tables in use by this system on the
13 date of retirement subsequent to reinstatement.

14 Notwithstanding this section, or any other provision of this part,
15 the prior service pension payable to any member subject to this
16 section who rendered one year or more of state service credited
17 under this system after reinstatement on retirement for service
18 subsequent to reinstatement from service retirement for any
19 credited service for which a prior service pension was paid prior
20 to reinstatement shall not be less than the prior service pension
21 that would be payable on the date of the subsequent retirement
22 had the member not been reinstated, adjusted, however, by any
23 reduction under this section because of an election under Section
24 21461, 21461.5, 21479, or 21480 and, for any service so credited
25 that was included in coverage of the federal system during
26 reinstatement, according to the formula applicable to the service
27 in employment from which he or she was retired.

28 SEC. 4. The heading of Article 6 (commencing with Section
29 21450) of Chapter 13 of Part 3 of Division 5 of Title 2 of the
30 Government Code is amended to read:

31
32 Article 6. Optional Settlements Prior to January 1, 2018
33

34 SEC. 5. Section 21450 of the Government Code is amended
35 to read:

36 21450. This system shall provide to any member who requests
37 materials relating to retirement, a written explanation of the effects,
38 if any, of each possible decision relating to the selection of optional
39 settlements, beneficiaries, and survivor benefits upon health

1 benefits that are provided pursuant to Part 5 (commencing with
2 Section 22750).

3 This section shall apply to any member who retires on or before
4 December 31, 2017.

5 SEC. 6. Section 21451 of the Government Code is amended
6 to read:

7 21451. In lieu of the retirement allowance for his or her life
8 alone, a member or retired member may elect, or revoke or change
9 a previous election prior to the approval of the previous election,
10 to have the actuarial equivalent of his or her retirement allowance
11 as of the date of retirement applied to a lesser retirement allowance,
12 in accordance with one of the optional settlements specified in this
13 article. The election or revocation or change thereof, with respect
14 to a member subject to Section 21624, 21629, or 21630 at
15 retirement, shall apply to all of the retirement allowance, if, at the
16 effective date of retirement, the member has no spouse, children
17 or dependent parents who would qualify for an allowance under
18 Section 21624, 21629, or 21630, as applicable, after the death of
19 the member; or, if at retirement there are persons who would so
20 qualify, then the election, or revocation, or change thereof, with
21 respect to any optional settlement other than optional settlement
22 one, shall apply only to the portion of the allowance that exceeds
23 the amount of the allowance payable to the survivor.

24 An actuarial equivalent under this article may be adjusted by the
25 board for the intervals and upon the effective dates determined by
26 the board.

27 This section shall apply to any member who retires on or before
28 December 31, 2017.

29 SEC. 7. Section 21452 of the Government Code is amended
30 to read:

31 21452. The lesser retirement allowance under an optional
32 settlement elected at retirement for law enforcement members
33 whose retirement is effective prior to October 1, 1965, and who
34 are entitled to receive benefits under the federal system, shall be
35 actuarially equivalent to that part of the retirement allowance that
36 is subject to option pursuant to Section 21451 that would have
37 been payable at retirement had no optional settlement been elected
38 after taking into consideration the reduction in the allowance
39 provided for in former Section 21252.10, as amended by Chapter
40 1657 of the Statutes of 1971. Upon the election of an optional

1 settlement by a member who has not attained the federal retirement
2 age the board shall estimate the federal benefit upon the basis of
3 information then available to it. If the death of the member should
4 occur before he or she has attained the federal retirement age
5 payments under the optional settlement elected shall be as
6 estimated. If the member attains the federal retirement age, the
7 board shall then recalculate the lesser retirement allowance payable
8 under the optional settlement upon the basis of the age of the
9 member and the beneficiary on the effective date of retirement,
10 actuarial tables then in use and the federal benefit.

11 This section shall apply to any member who retires on or before
12 December 31, 2017.

13 SEC. 8. Section 21453 of the Government Code is amended
14 to read:

15 21453. An election, revocation, or change of election shall be
16 made within 30 calendar days after the making of the first payment
17 on account of any retirement allowance or, in the event of a change
18 of retirement status after retirement, within 30 calendar days after
19 the making of the first payment on account of any retirement
20 allowance following the change in retirement status. "Change in
21 retirement status" includes, but is not limited to, change from
22 service to disability retirement, from disability retirement to service
23 retirement, from nonindustrial disability retirement to industrial
24 disability retirement, or from industrial to nonindustrial disability
25 retirement.

26 For purposes of this section, payment shall be deemed to have
27 been made on the date a warrant is mailed, or the date funds are
28 electronically transferred to a bank, savings and loan association,
29 or credit union account for deposit in the member's account.

30 This section shall not be construed to authorize a member to
31 change his or her retirement status after the election, revocation,
32 or change of election provided in this section.

33 This section shall apply to any member who retires on or before
34 December 31, 2017.

35 SEC. 9. Section 21454 of the Government Code is amended
36 to read:

37 21454. Notwithstanding Section 21453, an election of optional
38 settlement 2 or 3, or optional settlement 4 involving life
39 contingency in which a spouse is designated as the beneficiary,
40 may be modified as provided in this section in the event of a

1 dissolution or annulment of the marriage or a legal separation in
2 which the division of the community property awards the total
3 interest in the retirement system to the retired member. The
4 modification shall provide that payment shall be continued during
5 the retired person's lifetime in accordance with the optional
6 settlement then in effect but that no monthly allowance shall be
7 paid following the retired person's death, and in lieu thereof there
8 shall be paid in a lump sum to the member's estate or a beneficiary
9 designated by him or her the amount, if any, by which the
10 member's accumulated contributions at retirement exceed the total
11 payments made to the retired person to the date of his or her death.

12 This section shall apply to any member who retires on or before
13 December 31, 2017.

14 SEC. 10. Section 21455 of the Government Code is amended
15 to read:

16 21455. Optional settlement 1 consists of the right to have a
17 retirement allowance paid ~~him or her~~ *to the member* until his or
18 her death and if ~~he or she~~ *the member* dies before he or she receives
19 in annuity payments the amount of his or her accumulated
20 contributions at retirement, to have the balance at death paid to
21 his or her beneficiary or estate.

22 This section shall apply to any member who retires on or before
23 December 31, 2017.

24 SEC. 11. Section 21456 of the Government Code is amended
25 to read:

26 21456. Optional settlement 2 consists of the right to have a
27 retirement allowance paid *to* a member until his or her death and
28 thereafter to his or her beneficiary for life.

29 If the beneficiary predeceases the member and the member
30 elected this section to be effective on or after January 1, 1990, the
31 member's allowance shall be adjusted effective the first of the
32 month following the death of the beneficiary, to reflect the benefit
33 that would have been paid had the member not selected an optional
34 settlement.

35 If a nonspouse beneficiary waives entitlement to this allowance
36 and the member elected this section to be effective on or after
37 January 1, 1993, the member's allowance shall be adjusted effective
38 the first of the month following the receipt of the waiver of the
39 allowance entitlement from the nonspouse beneficiary to reflect

1 the benefit that would have been paid had the member not selected
2 an optional settlement.

3 If the marriage of a member is dissolved or annulled or there is
4 a legal separation between the member and the beneficiary spouse
5 and the judgment dividing the community property awards the
6 total interest in this system to the member, and the member elects
7 this section to be effective on or after January 1, 1994, the
8 member's allowance shall be adjusted effective the first of the
9 month following the filing of the judgment with the board to reflect
10 the benefit that would have been paid had the member not selected
11 an optional settlement.

12 If the beneficiary spouse predeceases the member on or after
13 January 1, 1990, and the member elected this section to be effective
14 prior to January 1, 1990, the member's allowance shall be adjusted
15 effective the first of the month following the death of the
16 beneficiary spouse to reflect a new allowance as calculated below.

17 If the nonspouse beneficiary waives entitlement to this allowance
18 on or after January 1, 1993, and the member elected this section
19 to be effective prior to January 1, 1993, the member's allowance
20 shall be adjusted, effective the first of the month following receipt
21 by the board of the waiver of entitlement from the nonspouse
22 beneficiary, to reflect a new allowance as calculated below.

23 If the marriage of a member is dissolved or annulled or there is
24 a legal separation between the member and the beneficiary spouse
25 and the judgment dividing the community property awards the
26 total interest in the retirement system to the member, and the
27 member elected this section to be effective prior to January 1,
28 1994, the member's allowance shall be adjusted, effective the first
29 of the month following the filing of the judgment with the board
30 to reflect a new allowance as calculated below. The qualifying
31 event shall be the date on which the judgment is filed with the
32 board.

33 A percentage factor shall be applied to the difference between
34 the member's unmodified allowance and optional settlement 2
35 allowance, both of which shall include applicable cost-of-living
36 increases. The product of this equation shall then be added to the
37 member's optional settlement 2 allowance and the total amount
38 shall become the member's base allowance. The percentage factor
39 applicable to each member shall be determined by the time between
40 the member's retirement effective date and the date of death of

1 the beneficiary spouse or by the time between the member's
 2 retirement effective date and the date of the receipt of either the
 3 waiver of the allowance entitlement or the judgment of dissolution,
 4 annulment, or legal separation according to the following table:

5 6 Period between the member's retirement 7 effective date and the date of the qualifying 8 event	Percentage
9 Less than 12 months	95%
10 12 months through 23 months	85%
11 24 months through 35 months	75%
12 36 months through 47 months	65%
13 48 months through 59 months	55%
14 60 months through 71 months	45%
15 72 months through 83 months	35%
16 84 months through 95 months	25%
17 96 months through 107 months	15%
18 108 months through 119 months	5%
19 120 months or more	0%

20
 21 Nothing in this section shall result in additional cost to the
 22 employer.

23 This section shall apply to any member who retires on or before
 24 December 31, 2017.

25 SEC. 12. Section 21457 of the Government Code is amended
 26 to read:

27 21457. Optional settlement 3 consists of the right to have a
 28 retirement allowance paid to a member until his or her death, and
 29 thereafter to have one-half of his or her retirement allowance paid
 30 to his or her beneficiary for life.

31 If the beneficiary predeceases the member and the member
 32 elected this section to be effective on or after January 1, 1990, the
 33 member's allowance shall be adjusted effective the first of the
 34 month following the death of the beneficiary, to reflect the benefit
 35 that would have been paid had the member not selected an optional
 36 settlement.

37 If the marriage of a member is dissolved or annulled or there is
 38 a legal separation between the member and the beneficiary spouse
 39 and the judgment dividing the community property awards the
 40 total interest in this system to the member, and the member elects

1 this section to be effective on or after January 1, 1994, the
2 member's allowance shall be adjusted effective the first of the
3 month following the filing of the judgment with the board to reflect
4 the benefit that would have been paid had the member not selected
5 an optional settlement.

6 If a nonspouse beneficiary waives entitlement to this allowance
7 and the member elected this section to be effective on or after
8 January 1, 1993, the member's allowance shall be adjusted,
9 effective the first of the month following the receipt of the waiver
10 of the allowance entitlement from the nonspouse beneficiary, to
11 reflect the benefit that would have been paid had the member not
12 selected an optional settlement.

13 If the beneficiary spouse predeceases the member on or after
14 January 1, 1990, and the member elected this section to be effective
15 prior to January 1, 1990, the member's allowance shall be adjusted
16 effective the first of the month following the death of the
17 beneficiary spouse to reflect a new allowance as calculated below.

18 If the marriage of a member is dissolved or annulled or there is
19 a legal separation between the member and the beneficiary spouse
20 and the judgment dividing the community property awards the
21 total interest in the retirement system to the member, and the
22 member elected this section to be effective prior to January 1,
23 1994, the member's allowance shall be adjusted, effective the first
24 of the month following the filing of the judgment with the board
25 to reflect a new allowance as calculated below. The qualifying
26 event shall be the date on which the judgment is filed with the
27 board.

28 If the nonspouse beneficiary waives entitlement to this allowance
29 on or after January 1, 1993, and the member elected this section
30 to be effective prior to January 1, 1993, the member's allowance
31 shall be adjusted, effective the first of the month following receipt
32 by the board of the waiver of entitlement from the nonspouse
33 beneficiary, to reflect a new allowance as calculated below.

34 A percentage factor shall be applied to the difference between
35 the member's unmodified allowance and optional settlement 3
36 allowance, both of which shall include applicable cost-of-living
37 increases. The product of this equation shall then be added to the
38 member's optional settlement 3 allowance and the total amount
39 shall become the member's base allowance. The percentage factor
40 applicable to each member shall be determined by the time between

1 the member’s retirement effective date and the date of death of
 2 the beneficiary spouse or by the time between the member’s
 3 retirement effective date and the date of the receipt of either the
 4 waiver of the allowance entitlement or the judgment of dissolution,
 5 annulment, or legal separation according to the following table:

6 7 8 9	Period between the member’s retirement effective date and the date of the qualifying event	Percentage
10	Less than 12 months	95%
11	12 months through 23 months	85%
12	24 months through 35 months	75%
13	36 months through 47 months	65%
14	48 months through 59 months	55%
15	60 months through 71 months	45%
16	72 months through 83 months	35%
17	84 months through 95 months	25%
18	96 months through 107 months	15%
19	108 months through 119 months	5%
20	120 months or more	0%

21
 22 Nothing in this section shall result in additional cost to the
 23 employer.

24 This section shall apply to any member who retires on or before
 25 December 31, 2017.

26 SEC. 13. Section 21458 of the Government Code is amended
 27 to read:

28 21458. Optional settlement 4 consists of such other benefits
 29 as are the actuarial equivalent of a member’s retirement allowance,
 30 that he or she may select subject to the approval of the board.
 31 However, the actuarial equivalent of benefits under this optional
 32 settlement payable to the member’s beneficiary shall not exceed
 33 the actuarial equivalent of the benefits which would be payable to
 34 that beneficiary if the member had elected optional settlement 2
 35 and Section 21459.

36 The board shall include in each member benefit booklet a specific
 37 illustration of the benefits available under optional settlement 4.

38 This section shall apply to any member who retires on or before
 39 December 31, 2017.

1 SEC. 14. Section 21459 of the Government Code is amended
2 to read:

3 21459. A member who elects to receive optional settlement 2
4 or 3 may concurrently and irrevocably elect to waive the provision
5 for an increase to his or her allowance due to the death of his or
6 her beneficiary and shall, instead, have his or her allowance based
7 upon the waiver of this benefit.

8 This section shall apply to any member who retires on or before
9 December 31, 2017.

10 SEC. 15. Section 21460 of the Government Code is amended
11 to read:

12 21460. A member who elects to receive the unmodified
13 allowance or optional settlement 1, or optional settlement 2, 3, or
14 4 with or without making the election specified in Section 21459,
15 and who names his or her spouse as the option beneficiary, and
16 whose spouse is also an eligible survivor for the benefits provided
17 by Section 21624, 21626, 21627, 21628, 21629, or 21630, and
18 where the total benefit to the surviving spouse is at least 50 percent
19 of the member’s unmodified allowance, may concurrently and
20 irrevocably elect to have his or her allowance paid as a “qualified
21 joint and survivor annuity.” Notwithstanding any other provision
22 of this part, upon the election, the survivor allowance shall be paid
23 only to the member’s spouse and shall continue to be paid upon
24 the remarriage of the spouse. Any cost due to this election shall
25 be paid by the member through an actuarial reduction to his or her
26 allowance.

27 For purposes of this section, a member’s retirement allowance
28 shall be determined without regard to any limitation required
29 pursuant to Section 415 of Title 26 of the United States Code but
30 the amount payable to the spouse shall be subject to those limits
31 as if it were the retirement allowance of the member.

32 This section shall apply to any member who retires on or before
33 December 31, 2017.

34 SEC. 16. Section 21461 of the Government Code is amended
35 to read:

36 21461. (a) A member retiring for service may elect to have
37 the actuarial equivalent of his or her unmodified service retirement
38 allowance paid in two parts as follows:

1 (1) A temporary annuity in an amount specified by the member
2 but which shall not result in a reduction to his or her unmodified
3 allowance by more than 50 percent.

4 (2) A life income consisting of his or her service retirement
5 annuity plus the pension provided by the actuarial value of his or
6 her current and prior service pensions remaining after providing
7 the temporary annuity in paragraph (1).

8 (b) The temporary annuity under subdivision (a) shall not be
9 subject to further optional settlement under this article and shall
10 be payable monthly as an addition to the member's monthly life
11 income beginning on his or her effective date of retirement and
12 continuing until the member reaches 59 years and six months of
13 age or any whole age between 60 and 68 years of age, as designated
14 by the member at the time of his or her retirement. If his or her
15 death occurs prior to that age, the commuted value of any
16 remaining installments shall be paid to his or her designated
17 beneficiary in a lump sum.

18 This section shall apply to any member who retires on or before
19 December 31, 2017.

20 SEC. 17. Section 21461.5 of the Government Code is amended
21 to read:

22 21461.5. (a) Notwithstanding Section 21461, a member retiring
23 for service who became a member of the system on or after January
24 1, 2002, and who is covered under the federal system but is not
25 yet receiving a retirement or disability benefit under that system,
26 may elect to have the actuarial equivalent of his or her unmodified
27 service retirement allowance paid in two parts as follows:

28 (1) A temporary annuity that shall not exceed the primary social
29 security benefit that is anticipated the member shall be entitled to
30 receive at social security retirement age, which age shall be
31 designated by the member.

32 (2) A life income consisting of the member's service retirement
33 annuity plus the pension provided by the actuarial value of the
34 member's current and prior service pensions remaining after
35 providing the temporary annuity in paragraph (1).

36 (b) The temporary annuity under paragraph (1) of subdivision
37 (a) shall not be subject to further optional settlement under this
38 article and shall be payable monthly as an addition to the member's
39 monthly life income beginning on the member's effective date of
40 retirement and continuing until the retired member attains the age

1 designated by the member under subdivision (a). If the member
2 dies prior to the designated age, the commuted value of any
3 installments payable for the period remaining until the member
4 would have attained that age shall be paid to the member's
5 designated beneficiary in a lump sum.

6 This section shall apply to any member who retires on or before
7 December 31, 2017.

8 SEC. 18. Section 21462 of the Government Code is amended
9 to read:

10 21462. (a) (1) Notwithstanding any other provision of this
11 part, a member who elected to receive optional settlement 2, 3, or
12 4, involving a life contingency of the beneficiary, may, if the
13 beneficiary predeceases the member or if the member marries and
14 the former spouse was not named as beneficiary, or, if a former
15 spouse was named, in the event of a dissolution or annulment of
16 the marriage or a legal separation in which the judgment dividing
17 the community property awards the total interest in the retirement
18 system to the retired member, elect to have the actuarial equivalent
19 reflecting any selection against the fund resulting from the election
20 as of the date of election of the allowance payable for the remainder
21 of the member's lifetime under the optional settlement previously
22 chosen applied to a lesser allowance during the member's
23 remaining lifetime under one of the optional settlements specified
24 in this article and name a different beneficiary.

25 (2) Notwithstanding paragraph (1), for an election pursuant to
26 this section that occurs on or after January 1, 2014, a member may
27 name the same beneficiary as previously designated, provided that
28 the resulting benefit to the member and the named beneficiary
29 otherwise meets the requirements of this section.

30 (b) The election shall be made within 12 months following the
31 death of the beneficiary who predeceased the member or within
32 12 months of the date of entry of the judgment dividing the
33 community property of the parties, or within 12 months following
34 marriage if the spouse is named as beneficiary. The election shall
35 become effective on the date specified on the election, provided
36 that this date is not earlier than the day following receipt of the
37 election in this system pursuant to this section.

38 (c) A member who has a qualifying event prior to January 1,
39 1988, and who fails to elect by January 1, 1989, or a member who
40 has a qualifying event on or after January 1, 1988, and who fails

1 to elect within 12 months, shall retain the right to make an election
2 under this section. However, this election shall become effective
3 no earlier than 12 months after the date it is filed with the board,
4 provided that neither the member nor the designated beneficiary
5 die prior to the effective date of the election.

6 (d) This section shall not be construed to mean that designation
7 of a new beneficiary causes the selection of an optional settlement.
8 An optional settlement shall be selected by a member in a writing
9 filed by the member with the board.

10 This section shall apply to any member who retires on or before
11 December 31, 2017.

12 SEC. 19. Section 21463 of the Government Code is amended
13 to read:

14 21463. A member who elected to receive optional settlement
15 2 or 3 and whose beneficiary predeceases him or her, shall be
16 entitled to receive the increased allowance pursuant to Section
17 21456 or Section 21457, as applicable, unless the member elected
18 to waive the provision for an increase to his or her allowance
19 pursuant to Section 21459.

20 This section shall apply to any member who retires on or before
21 December 31, 2017.

22 SEC. 20. Section 21464 of the Government Code is amended
23 to read:

24 21464. Notwithstanding any provision of this part, a retired
25 member who chose no optional settlement or optional settlement
26 1 at retirement may elect to have the actuarial equivalent, as of the
27 date of the election, of the allowance payable for the remainder of
28 his or her lifetime applied to a lesser allowance during his or her
29 remaining lifetime under one of the optional settlements specified
30 in this article and name his or her spouse as beneficiary.

31 The election provided by this section is irrevocable and shall be
32 made within 12 months following a member's marriage if the
33 spouse is named as beneficiary. The election shall become effective
34 on the date specified on the election, provided that this date is not
35 earlier than the day following receipt of the election in this system
36 pursuant to this section.

37 A member who married prior to or after January 1, 1988, who
38 fails to elect within 12 months, shall retain the right to make an
39 election under this section. However, the election shall become
40 effective no earlier than 12 months after the date it is filed with

1 the board, provided that neither the member nor the designated
2 beneficiary die prior to the effective date of the election.

3 This section shall not be construed to mean that designation of
4 a new beneficiary causes the selection of an optional settlement.
5 An optional settlement shall be selected by a member in a writing
6 filed by the member with the board.

7 This section shall apply to any member who retires on or before
8 December 31, 2017.

9 SEC. 21. Section 21465 of the Government Code is amended
10 to read:

11 21465. (a) Optional settlement 5 consists of a partial
12 distribution of the actuarial present value of the portion, as
13 specified in this section, of the member's unmodified monthly
14 allowance, as prescribed in Section 21362, 21362.2, 21363,
15 21363.1, 21363.4, or 21423, when a service retirement allowance
16 is payable. The actuarial present value shall be based upon the
17 investment return and postretirement mortality assumptions adopted
18 by the board for that purpose. The member may elect to receive
19 the actuarial present value of no less than 20 percent and no more
20 than 50 percent of his or her unmodified allowance. The member
21 may elect to receive the remaining portion of the unmodified
22 allowance, not distributed as a lump-sum payment, under one of
23 the settlements specified in this article for the remainder of his or
24 her lifetime and thereafter to his or her designated beneficiary,
25 unless this amount is solely limited to the survivor continuance
26 portion. The portion of the unmodified allowance equivalent to
27 the survivor continuance pursuant to Section 21624 may not be
28 distributed as a lump-sum payment. The benefits provided under
29 this section may not exceed the benefits that would have otherwise
30 been provided under any other section in this article.

31 (b) This section shall only apply to the following members who
32 retire on or after January 1, 1999, and on or before December 31,
33 2017:

34 (1) State peace officer/firefighter members in State Bargaining
35 Unit 6.

36 (2) State peace officer/firefighter members in State Bargaining
37 Unit 8 and state patrol members in State Bargaining Unit 5, if a
38 memorandum of understanding has been agreed upon by the state
39 and the recognized employee organization to become subject to
40 this section.

1 (3) This section shall also apply to state peace officer/firefighter
2 members and state patrol members in related supervisory and
3 confidential positions, if the Department of Human Resources has
4 approved their inclusion.

5 SEC. 22. Article 7 (commencing with Section 21470) is added
6 to Chapter 13 of Part 3 of Division 5 of Title 2 of the Government
7 Code, to read:

8
9 Article 7. Optional Settlements—~~on~~ *On* and After January 1,
10 2018
11

12 21470. This system shall provide to any member who retires
13 on or after January 1, 2018, and requests materials relating to
14 retirement, a written explanation of the effects, if any, of each
15 possible decision relating to the selection of optional settlements,
16 beneficiaries, and survivor benefits upon health benefits that are
17 provided pursuant to Part 5 (commencing with Section 22750).

18 21471. (a) The unmodified allowance consists of the right to
19 have the maximum retirement allowance paid to a member until
20 his or her death. There is no continuing allowance to a beneficiary
21 and there is no return of unused accumulated contributions after
22 the death of the member.

23 (b) This section shall apply to any member who retires on or
24 after January 1, 2018.

25 21471.1. (a) In lieu of electing the unmodified allowance, a
26 member may elect to have the actuarial equivalent of his or her
27 unmodified allowance as of the date of retirement applied to a
28 lesser retirement allowance, in accordance with one of the optional
29 settlements specified in this article. The election with respect to a
30 member subject to Section 21624, 21629, or 21630 at retirement,
31 shall apply to all of the retirement allowance, if, at the effective
32 date of retirement, the member has no spouse, children, or
33 dependent parents who would qualify for an allowance under
34 Section 21624, 21629, or 21630, as applicable, after the death of
35 the member; or, if at retirement there are persons who would so
36 qualify, then the election with respect to any optional settlement
37 other than the optional settlement in Section 21474, shall apply
38 only to the portion of the allowance that exceeds the amount of
39 the allowance payable to the survivor.

1 (b) An actuarial equivalent under this article may be adjusted
2 by the board for the intervals and upon the effective dates
3 determined by the board.

4 (c) This section shall apply to any member who retires on or
5 after January 1, 2018.

6 21471.2. *If a member elects an optional settlement that provides*
7 *for a monthly allowance for his or her named beneficiary or*
8 *beneficiaries, the combined allowance payable to the member’s*
9 *named beneficiary or beneficiaries and the member’s survivor*
10 *pursuant to Section 21624, 21629, or 21630, if applicable, cannot*
11 *exceed the amount of the member’s monthly allowance.*

12 21472. (a) An election, revocation, or change of election shall
13 be made within 30 calendar days after the making of the first
14 payment on account of any retirement allowance or, in the event
15 of a change of retirement status after retirement, within 30 calendar
16 days after the making of the first payment on account of any
17 retirement allowance following the change in retirement status.
18 “Change in retirement status” includes, but is not limited to, change
19 from service to disability retirement, from disability retirement to
20 service retirement, from nonindustrial disability retirement to
21 industrial disability retirement, or from industrial to nonindustrial
22 disability retirement

23 (b) For purposes of this section, payment shall be deemed to
24 have been made on the date a warrant is mailed, or the date funds
25 are electronically transferred to a bank, savings and loan
26 association, or credit union account for deposit in the member’s
27 account.

28 (c) This section shall not be construed to authorize a member
29 to change his or her retirement status after the election, revocation,
30 or change of election provided in this section.

31 (d) This section shall apply to any member who retires on or
32 after January 1, 2018.

33 21473. (a) Notwithstanding Section 21472, the election of an
34 optional settlement in Section 21475, 21475.5, 21476, 21476.5,
35 or 21477 in which a spouse is designated as the beneficiary, may
36 be modified as provided in this section in the event of a dissolution
37 or annulment of the marriage or a legal separation in which the
38 division of the community property awards the total interest in the
39 retirement system to the retired member. The modification shall
40 provide that payment shall be continued during the retired

1 member's lifetime in accordance with the optional settlement then
2 in effect but that no monthly allowance shall be paid following
3 the retired member's death, and in lieu thereof there shall be paid
4 in a lump sum to the member's estate or a beneficiary designated
5 by him or her the amount, if any, by which the member's
6 accumulated contributions at retirement exceed the total payments
7 made to the retired member to the date of his or her death.

8 (b) This section shall apply to any member who retires on or
9 after January 1, 2018.

10 21474. (a) The Return of Remaining Contributions Option 1
11 consists of the right to have a retirement allowance paid to a
12 member until his or her death and if he or she dies before he or
13 she receives in annuity payments the amount of his or her
14 accumulated contributions at retirement, to have the balance at
15 death paid to his or her ~~named beneficiary or estate.~~ *beneficiaries.*

16 (b) This section shall apply to any member who retires on or
17 after January 1, 2018.

18 21475. (a) The 100 Percent Beneficiary Option 2 consists of
19 the right to have a retirement allowance paid to a member until
20 his or her death, and thereafter to have the same monthly allowance
21 paid to his or her named beneficiary for life; provided that with
22 respect to a member subject to Section 21624, 21629, or 21630 at
23 retirement, the named beneficiary shall receive a monthly
24 allowance equal to that portion of the member's allowance that
25 exceeds the amount of the allowance deemed payable to a survivor.

26 (b) Upon the death of both the member and the named
27 beneficiary, any remaining balance of the member's accumulated
28 contributions at retirement not used to fund the allowances paid
29 to the member and the named beneficiary will be paid in a lump
30 sum to a secondary beneficiary or beneficiaries named by the
31 member.

32 (c) This section shall apply to any member who retires on or
33 after January 1, 2018.

34 *21475.5. (a) The 100 Percent Beneficiary Option 2 with Benefit*
35 *Allowance Increase consists of the right to have a retirement*
36 *allowance paid to a member until his or her death and thereafter*
37 *to have the same monthly allowance paid to his or her named*
38 *beneficiary for life; provided that with respect to a member subject*
39 *to Section 21624, 21629, or 21630 at retirement, the named*
40 *beneficiary shall receive a monthly allowance equal to that portion*

1 of the member's allowance that exceeds the amount of the
2 allowance deemed payable to a survivor.

3 (1) If the beneficiary predeceases the member and the member
4 elected this section to be effective on or after January 1, 1990, the
5 member's allowance shall be adjusted effective the first of the
6 month following the death of the beneficiary, to reflect the benefit
7 that would have been paid had the member not selected an optional
8 settlement.

9 (2) If a nonspouse beneficiary waives entitlement to this
10 allowance and the member elected this section to be effective on
11 or after January 1, 1993, the member's allowance shall be adjusted
12 effective the first of the month following the receipt of the waiver
13 of the allowance entitlement from the nonspouse beneficiary to
14 reflect the benefit that would have been paid had the member not
15 selected an optional settlement.

16 (3) If the marriage of a member is dissolved or annulled or there
17 is a legal separation between the member and the beneficiary
18 spouse and the judgment dividing the community property awards
19 the total interest in this system to the member, and the member
20 elects this section to be effective on or after January 1, 1994, the
21 member's allowance shall be adjusted effective the first of the
22 month following the filing of the judgment with the board to reflect
23 the benefit that would have been paid had the member not selected
24 an optional settlement.

25 (4) If the beneficiary spouse predeceases the member on or after
26 January 1, 1990, and the member elected this section to be effective
27 prior to January 1, 1990, the member's allowance shall be adjusted
28 effective the first of the month following the death of the beneficiary
29 spouse to reflect a new allowance as calculated below.

30 (5) If the nonspouse beneficiary waives entitlement to this
31 allowance on or after January 1, 1993, and the member elected
32 this section to be effective prior to January 1, 1993, the member's
33 allowance shall be adjusted, effective the first of the month
34 following receipt by the board of the waiver of entitlement from
35 the nonspouse beneficiary, to reflect a new allowance as calculated
36 below.

37 (6) If the marriage of a member is dissolved or annulled or there
38 is a legal separation between the member and the beneficiary
39 spouse and the judgment dividing the community property awards
40 the total interest in the retirement system to the member, and the

1 member elected this section to be effective prior to January 1,
 2 1994, the member's allowance shall be adjusted, effective the first
 3 of the month following the filing of the judgment with the board
 4 to reflect a new allowance as calculated below. The qualifying
 5 event shall be the date on which the judgment is filed with the
 6 board.

7 (7) If applicable, a percentage factor shall be applied to the
 8 difference between the member's unmodified allowance and
 9 optional settlement 2, both of which shall include applicable
 10 cost-of-living increases. The product of this equation shall then
 11 be added to the member's optional settlement 2 allowance, and
 12 the total amount shall become the member's base allowance. The
 13 percentage factor applicable to each member shall be determined
 14 by the time between the member's retirement effective date and
 15 the date of death of the beneficiary spouse or by the time between
 16 the member's retirement effective date and the date of the receipt
 17 of either the waiver of the allowance entitlement or the judgment
 18 of dissolution, annulment, or legal separation according to the
 19 following table:

<i>Period between the member's retirement effective date and the date of the qualifying event</i>	<i>Percentage</i>
<i>Less than 12 months</i>	<i>95%</i>
<i>12 months through 23 months</i>	<i>85%</i>
<i>24 months through 35 months</i>	<i>75%</i>
<i>36 months through 47 months</i>	<i>65%</i>
<i>48 months through 59 months</i>	<i>55%</i>
<i>60 months through 71 months</i>	<i>45%</i>
<i>72 months through 83 months</i>	<i>35%</i>
<i>84 months through 95 months</i>	<i>25%</i>
<i>96 months through 107 months</i>	<i>15%</i>
<i>108 months through 119 months</i>	<i>5%</i>
<i>120 months or more</i>	<i>0%</i>

35
 36 (b) Nothing in this section shall result in additional cost to the
 37 employer.

38 (c) This section shall apply to any member who retires on or
 39 after January 1, 2018.

1 21476. (a) The 50 Percent Beneficiary Option 3 consists of
 2 the right to have a retirement allowance paid to a member until
 3 his or her death, and thereafter to have one-half of the member's
 4 monthly allowance paid to his or her named beneficiary for life;
 5 provided that with respect to a member subject to Section 21624,
 6 21629, or 21630 at ~~retirement~~ *retirement*, the named beneficiary
 7 shall receive a monthly allowance equal to one-half of that portion
 8 of the member's allowance that exceeds the amount of the
 9 allowance deemed payable to a survivor.

10 (b) Upon the death of both the member and the named
 11 beneficiary, any remaining balance of the member's accumulated
 12 contributions at retirement not used to fund the allowances paid
 13 to the member and the named beneficiary will be paid in a lump
 14 sum to the secondary beneficiary or beneficiaries named by the
 15 member.

16 (c) This section shall apply to any member who retires on or
 17 after January 1, 2018.

18 *21476.5. (a) The 50 Percent Beneficiary Option 3 with Benefit*
 19 *Allowance Increase consists of the right to have a retirement*
 20 *allowance paid to a member until his or her death, and thereafter*
 21 *to have one-half of the member's monthly allowance paid to his*
 22 *or her named beneficiary for provided that with respect to a*
 23 *member subject to Section 21624, 21629, or 21630 at retirement,*
 24 *the named beneficiary shall receive a monthly allowance equal to*
 25 *one-half of that portion of the member's allowance that exceeds*
 26 *the amount of the allowance deemed payable to a survivor.*

27 *(1) If the beneficiary predeceases the member and the member*
 28 *elected this section to be effective on or after January 1, 1990, the*
 29 *member's allowance shall be adjusted effective the first of the*
 30 *month following the death of the beneficiary, to reflect the benefit*
 31 *that would have been paid had the member not selected an optional*
 32 *settlement.*

33 *(2) If the marriage of a member is dissolved or annulled or there*
 34 *is a legal separation between the member and the beneficiary*
 35 *spouse and the judgment dividing the community property awards*
 36 *the total interest in this system to the member, and the member*
 37 *elects this section to be effective on or after January 1, 1994, the*
 38 *member's allowance shall be adjusted effective the first of the*
 39 *month following the filing of the judgment with the board to reflect*

1 *the benefit that would have been paid had the member not selected*
2 *an optional settlement.*

3 *(3) If a nonspouse beneficiary waives entitlement to this*
4 *allowance and the member elected this section to be effective on*
5 *or after January 1, 1993, the member's allowance shall be*
6 *adjusted, effective the first of the month following the receipt of*
7 *the waiver of the allowance entitlement from the nonspouse*
8 *beneficiary, to reflect the benefit that would have been paid had*
9 *the member not selected an optional settlement.*

10 *(4) If the beneficiary spouse predeceases the member on or after*
11 *January 1, 1990, and the member elected this section to be effective*
12 *prior to January 1, 1990, the member's allowance shall be adjusted*
13 *effective the first of the month following the death of the beneficiary*
14 *spouse to reflect a new allowance as calculated below.*

15 *(5) If the marriage of a member is dissolved or annulled or there*
16 *is a legal separation between the member and the beneficiary*
17 *spouse and the judgment dividing the community property awards*
18 *the total interest in the retirement system to the member, and the*
19 *member elected this section to be effective prior to January 1,*
20 *1994, the member's allowance shall be adjusted, effective the first*
21 *of the month following the filing of the judgment with the board*
22 *to reflect a new allowance as calculated below. The qualifying*
23 *event shall be the date on which the judgment is filed with the*
24 *board.*

25 *(6) If the nonspouse beneficiary waives entitlement to this*
26 *allowance on or after January 1, 1993, and the member elected*
27 *this section to be effective prior to January 1, 1993, the member's*
28 *allowance shall be adjusted, effective the first of the month*
29 *following receipt by the board of the waiver of entitlement from*
30 *the nonspouse beneficiary, to reflect a new allowance as calculated*
31 *below.*

32 *(7) If applicable, a percentage factor shall be applied to the*
33 *difference between the member's unmodified allowance and*
34 *optional settlement 3 allowance, both of which shall include*
35 *applicable cost-of-living increases. The product of this equation*
36 *shall then be added to the member's optional settlement 3*
37 *allowance, and the total amount shall become the member's base*
38 *allowance. The percentage factor applicable to each member shall*
39 *be determined by the time between the member's retirement*
40 *effective date and the date of death of the beneficiary spouse or*

1 by the time between the member’s retirement effective date and
 2 the date of the receipt of either the waiver of the allowance
 3 entitlement or the judgment of dissolution, annulment, or legal
 4 separation according to the following table:

5 6 7 8	<i>Period between the member’s retirement effective date and the date of the qualifying event</i>	<i>Percentage</i>
9	<i>Less than 12 months</i>	<i>95%</i>
10	<i>12 months through 23 months</i>	<i>85%</i>
11	<i>24 months through 35 months</i>	<i>75%</i>
12	<i>36 months through 47 months</i>	<i>65%</i>
13	<i>48 months through 59 months</i>	<i>55%</i>
14	<i>60 months through 71 months</i>	<i>45%</i>
15	<i>72 months through 83 months</i>	<i>35%</i>
16	<i>84 months through 95 months</i>	<i>25%</i>
17	<i>96 months through 107 months</i>	<i>15%</i>
18	<i>108 months through 119 months</i>	<i>5%</i>
19	<i>120 months or more</i>	<i>0%</i>

20
 21 (b) Nothing in this section shall result in additional cost to the
 22 employer.

23 (c) This section shall apply to any member who retires on or
 24 after January 1, 2018.

25 21477. (a) The Flexible Beneficiary Option 4 consists of the
 26 right to have a retirement allowance paid to a member until his or
 27 her death, and thereafter to have a monthly allowance paid to his
 28 or her named beneficiary or beneficiaries for life. ~~However, the~~
 29 ~~actuarial equivalent of benefits under this optional settlement~~
 30 ~~payable to the member’s beneficiary or beneficiaries shall not~~
 31 ~~exceed the actuarial equivalent of the benefits which would be~~
 32 ~~payable to that beneficiary or beneficiaries if the member had~~
 33 ~~elected the optional settlement found in Section 21475. The Subject~~
 34 ~~to Section 21471.2, the member may select the monthly allowance~~
 35 payable to the named beneficiary or beneficiaries from the options
 36 below:

37 (1) ~~“Specific–Specific Dollar Amount to a Beneficiary or~~
 38 ~~Beneficiaries,” pursuant to which the Beneficiaries. The member~~
 39 may specify that upon his or her death after retirement, a monthly

1 allowance in an amount determined by the member be paid to a
2 named beneficiary or beneficiaries for life.

3 (2) ~~“Specific—~~*Specific* Percentage to a Beneficiary or
4 ~~Beneficiaries,”~~ pursuant to which the *Beneficiaries. The* member
5 may specify that upon his or her death after retirement, a monthly
6 allowance in an amount equivalent to a specified percentage of
7 the member’s ~~unmodified~~ allowance be paid to a named beneficiary
8 or beneficiaries for life.

9 (b) This section shall apply to any member who retires on or
10 after January 1, 2018.

11 21478. (a) A member who elects to receive the unmodified
12 allowance or the optional settlement in Section 21474, or the
13 optional settlement in Section 21475, 21475.5, 21476, 21476.5,
14 or 21477, and who names his or her spouse as the option
15 beneficiary, and whose spouse is also an eligible survivor for the
16 benefits provided by Section 21624, 21626, 21627, 21628, 21629,
17 or 21630, and *if* the total benefit to the surviving spouse is at least
18 50 percent of the member’s unmodified allowance, may
19 concurrently and irrevocably elect to have his or her allowance
20 paid as a “qualified joint and survivor annuity.” Notwithstanding
21 any other provision of this part, upon the election, the survivor
22 allowance shall be paid only to the member’s spouse and shall
23 continue to be paid upon the remarriage of the spouse. Any cost
24 due to this election shall be paid by the member through an
25 actuarial reduction to his or her allowance.

26 (b) For purposes of this section, a member’s retirement
27 allowance shall be determined without regard to any limitation
28 required pursuant to Section 415 of Title 26 of the United States
29 Code but the amount payable to the spouse shall be subject to those
30 limits as if it were the retirement allowance of the member.

31 (c) This section shall apply to any member who retires on or
32 after January 1, 2018.

33 21479. (a) A member retiring for service may elect to have
34 the actuarial equivalent of his or her unmodified service retirement
35 allowance paid in two parts as follows:

36 (1) A temporary annuity in an amount specified by the member
37 but which shall not result in a reduction to his or her unmodified
38 allowance by more than 50 percent.

39 (2) A life income consisting of his or her service retirement
40 annuity plus the pension provided by the actuarial value of his or

1 her current and prior service pensions remaining after providing
2 the temporary annuity in paragraph (1).

3 (b) The temporary annuity under subdivision (a) shall not be
4 subject to further optional settlement under this article and shall
5 be payable monthly as an addition to the member’s monthly life
6 income beginning on his or her effective date of retirement and
7 continuing until the member reaches 59 years and six months of
8 age or any whole age between 60 and 68 years of age, as designated
9 by the member at the time of his or her retirement. If his or her
10 death occurs prior to that age, the commuted value of any
11 remaining installments shall be paid to his or her designated
12 beneficiary in a lump sum.

13 (c) This section shall apply to any member who retires on or
14 after January 1, 2018.

15 21480. (a) Notwithstanding Section 21479, a member retiring
16 for service who became a member of the system on or after January
17 1, 2002, and who is covered under the federal system but is not
18 yet receiving a retirement or disability benefit under that system,
19 may elect to have the actuarial equivalent of his or her unmodified
20 service retirement allowance paid in two parts as follows:

21 (1) A temporary annuity that shall not exceed the primary social
22 security benefit that is anticipated the member shall be entitled to
23 receive at social security retirement age, which age shall be
24 designated by the member.

25 (2) A life income consisting of the member’s service retirement
26 annuity plus the pension provided by the actuarial value of the
27 member’s current and prior service pensions remaining after
28 providing the temporary annuity in paragraph (1).

29 (b) The temporary annuity under paragraph (1) of subdivision
30 (a) shall not be subject to further optional settlement under this
31 article and shall be payable monthly as an addition to the member’s
32 monthly life income beginning on the member’s effective date of
33 retirement and continuing until the retired member attains the age
34 designated by the member under subdivision (a). If the member
35 dies prior to the designated age, the commuted value of any
36 installments payable for the period remaining until the member
37 would have attained that age shall be paid to the member’s
38 designated beneficiary in a lump sum.

39 (c) This section shall apply to any member who retires on or
40 after January 1, 2018.

1 21481. (a) (1) Notwithstanding any other provision of this
2 part, a member who elected the optional settlement in Section
3 21475, 21475.5, 21476, 21476.5, or 21477, may, if the beneficiary
4 predeceases the member or if the member marries and the former
5 spouse was not named as beneficiary, or, if a former spouse was
6 named, in the event of a dissolution or annulment of the marriage
7 or a legal separation in which the judgment dividing the community
8 property awards the total interest in the retirement system to the
9 retired member, elect to have the actuarial equivalent reflecting
10 any selection against the fund resulting from the election as of the
11 date of election of the allowance payable for the remainder of the
12 member's lifetime under the optional settlement previously chosen
13 applied to a lesser allowance during the member's remaining
14 lifetime under one of the optional settlements specified in this
15 article and name a different beneficiary.

16 (2) Notwithstanding paragraph (1), for an election pursuant to
17 this section that occurs on or after January 1, 2014, a member may
18 name the same beneficiary as previously designated, provided that
19 the resulting benefit to the member and the named beneficiary
20 otherwise meets the requirements of this section.

21 (b) The election shall be made within 12 months following the
22 death of the beneficiary who predeceased the member or within
23 12 months of the date of entry of the judgment dividing the
24 community property of the parties, or within 12 months following
25 marriage if the spouse is named as beneficiary. The election shall
26 become effective on the date specified on the election, provided
27 that this date is not earlier than the day following receipt of the
28 election in this system pursuant to this section.

29 (c) A member who has a qualifying event prior to January 1,
30 1988, and who fails to elect by January 1, 1989, or a member who
31 has a qualifying event on or after January 1, 1988, and who fails
32 to elect within 12 months, shall retain the right to make an election
33 under this section. However, this election shall become effective
34 no earlier than 12 months after the date it is filed with the board,
35 provided that neither the member nor the designated beneficiary
36 die prior to the effective date of the election.

37 (d) This section shall not be construed to mean that designation
38 of a new beneficiary causes the selection of an optional settlement.
39 An optional settlement shall be selected by a member in a writing
40 filed by the member with the board.

1 (e)

2 (e) This section shall apply to any member who retires on or
3 after January 1, 2018.

4 21482. (a) Notwithstanding any provision of this part, a retired
5 member who chose no optional settlement or the optional
6 settlement in Section 21474 at retirement may elect to have the
7 actuarial equivalent, as of the date of the election, of the allowance
8 payable for the remainder of his or her lifetime applied to a lesser
9 allowance during his or her remaining lifetime under one of the
10 optional settlements specified in this article and name his or her
11 spouse as beneficiary.

12 (b) The election provided by this section is irrevocable and shall
13 be made within 12 months following a member's marriage if the
14 spouse is named as beneficiary. The election shall become effective
15 on the date specified on the election, provided that this date is not
16 earlier than the day following receipt of the election in this system
17 pursuant to this section.

18 (c) A member who married prior to or after January 1, 1988,
19 who fails to elect within 12 months, shall retain the right to make
20 an election under this section. However, the election shall become
21 effective no earlier than 12 months after the date it is filed with
22 the board, provided that neither the member nor the designated
23 beneficiary die prior to the effective date of the election.

24 (d) This section shall not be construed to mean that designation
25 of a new beneficiary causes the selection of an optional settlement.
26 An optional settlement shall be selected by a member in a writing
27 filed by the member with the board.

28 (e) This section shall apply to any member who retires on or
29 after January 1, 2018.

30 21483. (a) Optional settlement 5 consists of a partial
31 distribution of the actuarial present value of the portion, as
32 specified in this section, of the member's unmodified monthly
33 allowance, as prescribed in Section 21362, 21362.2, 21363,
34 21363.1, 21363.4, or 21423, when a service retirement allowance
35 is payable. The actuarial present value shall be based upon the
36 investment return and postretirement mortality assumptions adopted
37 by the board for that purpose. The member may elect to receive
38 the actuarial present value of no less than 20 percent and no more
39 than 50 percent of his or her unmodified allowance. The member
40 may elect to receive the remaining portion of the unmodified

1 allowance, not distributed as a lump-sum payment, under one of
2 the settlements specified in this article for the remainder of his or
3 her lifetime and thereafter to his or her designated beneficiary,
4 unless this amount is solely limited to the survivor continuance
5 portion. The portion of the unmodified allowance equivalent to
6 the survivor continuance pursuant to Section 21624 may not be
7 distributed as a lump-sum payment. The benefits provided under
8 this section may not exceed the benefits that would have otherwise
9 been provided under any other section in this article.

10 (b) This section shall only apply to the following members who
11 retire on or after January 1, 2018:

12 (1) State peace officer/firefighter members in State Bargaining
13 Unit 6.

14 (2) State peace officer/firefighter members in State Bargaining
15 Unit 8 and state patrol members in State Bargaining Unit 5, if a
16 memorandum of understanding has been agreed upon by the state
17 and the recognized employee organization to become subject to
18 this section.

19 (3) State peace officer/firefighter members and state patrol
20 members in supervisory and confidential positions related to the
21 members described in paragraph (1) or (2), if the Department of
22 Human Resources has approved their inclusion.

23 SEC. 23. Section 21492 of the Government Code is amended
24 to read:

25 21492. The designation of a beneficiary under the optional
26 settlements in ~~Section~~ Sections 21456, 21457, 21458, 21459,
27 21475, 21475.5, 21476, 21476.5, and 21477, ~~or 21458~~; if a benefit
28 involving the life contingency of the beneficiary is provided, is
29 irrevocable from the time of the first payment on account of any
30 retirement allowance. Otherwise a designation of beneficiary under
31 this system is revocable at the pleasure of the member who made
32 it. A member's marriage, dissolution of marriage, annulment of
33 his or her marriage, the birth of his or her child, or his or her
34 adoption of a child shall constitute an automatic revocation of his
35 or her previous revocable designation of beneficiary. A member's
36 termination of employment and withdrawal of contributions shall
37 constitute an automatic revocation of the previous revocable
38 designation of beneficiary. Subsequent reemployment or
39 reinstatement from retirement to employment covered by this
40 system shall not reinstate the previous designation of beneficiary.

1 Upon revocation of any beneficiary designation, a member may
2 designate the same or another beneficiary by a writing filed with
3 the board, except as otherwise provided in Section 21490.

4 SEC. 24. Section 21503 of the Government Code is amended
5 to read:

6 21503. The board may select an optional settlement under
7 Article 6 (commencing with Section 21450) or Article 7
8 (commencing with Section 21470) of Chapter 13, ~~if as~~ applicable,
9 on behalf of the surviving spouse of a member who applied for
10 retirement but who died prior to the mailing of a retirement
11 allowance warrant and prior to an election in accordance with that
12 article if all of the following conditions are met:

13 (a) The application for retirement was received by this system,
14 prior to the date of death.

15 (b) The document containing the application for retirement
16 received by this system did not provide for a temporary election
17 of the optional settlement in ~~Section Sections~~ 21456 and 21459,
18 or in Section 21475.

19 (c) The deceased member had separated from state service at
20 least one day prior to the effective date of retirement.

21 (d) The deceased member was alive on the effective date of
22 retirement.

23 (e) The beneficiary designated on the application for retirement
24 is the surviving spouse who requests in writing that the board make
25 the selection. Upon formal action by the board approving the
26 request, the request shall become irrevocable.

27 A retirement allowance provided in accordance with this section
28 shall be calculated as if the member had elected Sections 21456
29 and 21459 if his or her retirement date is on or before December
30 31, 2017, or Section 21475 if his or her retirement date is on or
31 after January 1, 2018.

32 SEC. 25. Section 21504 of the Government Code is amended
33 to read:

34 21504. If a member dies on or after the effective date of
35 retirement and prior to the mailing of a retirement allowance
36 warrant and if the member has elected the optional settlement in
37 Section 21456, 21457, 21459, 21475, 21475.5, 21476, 21476.5 or
38 21477, or an optional settlement in Section 21458, involving
39 payment of an allowance throughout the life of the beneficiary, or
40 the member elected the unmodified allowance or the optional

1 settlement in either Section 21455 or 21474 and if a partially
2 continued retirement allowance under Sections 21624 through
3 21631, is payable, the death shall be considered to be death after
4 retirement and the applicable benefits shall be payable.

5 However, if the beneficiary designated on the election for
6 retirement is either (1) the surviving unmarried minor child or
7 children of the member and there is no surviving spouse eligible
8 for a partially continued retirement allowance under Sections 21624
9 through 21631, or (2) the surviving spouse of the member, the
10 surviving spouse so named or the legal representative of the minor
11 child or children so named may elect to receive benefits that would
12 have been payable had the death occurred under the conditions of
13 Section 21530. Except as provided in Section 21503, nothing in
14 this part permits a surviving spouse, surviving children, or any
15 person other than a member to elect an optional settlement.

16 SEC. 26. Section 21505 of the Government Code is amended
17 to read:

18 21505. If a member who has been retired for service because
19 he or she has attained the mandatory age of retirement applicable
20 to members of his or her category within 30 days after the
21 date upon which his or her retirement was mandatory, and without
22 having elected the optional settlement in Section 21456, 21457,
23 21459, 21475, 21475.5, 21476, 21476.5, or 21477, or an optional
24 settlement in Section 21458, involving payment of an allowance
25 throughout the life of a beneficiary, and if no part of the allowance
26 of the member is automatically continued by this part after his or
27 her death, his or her death shall be considered as that of a member
28 before retirement, and the basic death benefit shall be payable, or,
29 if the circumstances are such that a special death benefit would be
30 payable if the death had occurred prior to retirement, the special
31 death benefit shall be payable.

32 SEC. 27. Section 21530 of the Government Code is amended
33 to read:

34 21530. (a) This system is liable for either the basic or special
35 death benefit upon the death of a member in any of the following
36 circumstances:

37 (1) Before the effective date of retirement, and (A) while in
38 state service, or (B) while absent on military service, provided the
39 member has made contributions during the absence under Section
40 20991 or has had contributions made on his or her behalf under

1 Section 20997, or (C) within four months after discontinuance of
2 state service, or (D) while on an approved leave of absence, or (E)
3 while physically or mentally incapacitated for the performance of
4 duty, if the incapacity has been continuous from discontinuance
5 of state service, or (F) while employed as a member of a county
6 retirement system; provided, the employment resulting in
7 membership was begun on or after October 1, 1957, and within
8 90 days after discontinuance of state service.

9 (2) While in state service in partial service retirement pursuant
10 to Article 1.7 (commencing with Section 19996.30) of Chapter 7
11 of Part 2.6 or Sections 21110 through 21115.

12 (3) On or after the effective date of retirement and before the
13 mailing of a retirement allowance warrant and either within four
14 months of discontinuance of state service or while physically or
15 mentally incapacitated for the performance of duty if the incapacity
16 has been continuous from discontinuance of state service, and
17 providing all of the following conditions exist:

18 (A) The retirement of the member was not compulsory under
19 Article 5 (commencing with Section 21130) of Chapter 12.

20 (B) The member has not ~~the~~ elected *the* optional settlement in
21 Section 21456, 21457, 21459, 21475, 21475.5, 21476, 21476.5,
22 or 21477, or an optional settlement in Section 21458, involving
23 payment of an allowance throughout the life of a beneficiary.

24 (C) A partially continued allowance under Sections 21624
25 through 21631, is not payable.

26 (b) This system is liable for a limited death benefit, which
27 consists only of the accumulated contributions of the member
28 payable to his or her beneficiary or estate, under the following
29 circumstances:

30 (1) Upon the death of a member before the effective date of his
31 or her retirement or, with respect to (A) any member whose
32 retirement was not compulsory under Article 5 (commencing with
33 Section 21130) of Chapter 12, and (B) any member who has not
34 elected *the* optional ~~the~~ settlement in Section 21456, 21457, 21459,
35 21475, 21475.5, 21476, 21476.5, or 21477, or an optional
36 settlement in Section 21458 involving payment of an allowance
37 throughout the life of a beneficiary, on or after that effective date
38 and before the mailing of the first retirement allowance warrant.

39 (2) Under those circumstances in which this system is not liable
40 for either the basic or special death benefit provided in subdivision

1 (a) of this section, and a partially continued allowance under
2 Sections 21624 through 21631, is not payable.

3 SEC. 28. Section 21547 of the Government Code is amended
4 to read:

5 21547. (a) Notwithstanding any other provision of this article
6 requiring attainment of the minimum age for voluntary service
7 retirement to the member in his or her last employment preceding
8 death, upon the death of a state member on or after January 1,
9 1993, who is credited with 20 years or more of state service, the
10 surviving spouse, or eligible children if there is no surviving
11 spouse, may receive a monthly allowance in lieu of the basic death
12 benefit. The board shall notify the eligible survivor, as defined in
13 Section 21546, of this alternate death benefit. The board shall
14 calculate the monthly allowance that shall be payable as follows:

15 (1) To the member's surviving spouse, an amount equal to the
16 amount the member would have received if the member had retired
17 for service at minimum retirement age on the date of death and
18 had elected the optional settlement in Section 21456 and Section
19 21459.

20 (2) If the member made a specific beneficiary designation under
21 Section 21490, the monthly allowance shall be based only on that
22 portion of the amount the member would have received described
23 in paragraph (1) that would have been derived from the nonmember
24 spouse's community property interest in the member's
25 contributions and service credit.

26 (3) If there is no surviving spouse or the spouse dies before all
27 of the children of the deceased member attain the age of 18 years,
28 to the surviving children, under the age of 18 years, collectively,
29 an amount equal to one-half of, and derived from the same source
30 as, the unmodified allowance the member would have received if
31 he or she had retired for service at minimum retirement age on the
32 date of death. No child shall receive any allowance after marrying
33 or attaining the age of 18 years. As used in this paragraph,
34 "surviving children" includes a posthumously born child or children
35 of the member.

36 (b) This section shall only apply to members employed in state
37 bargaining units for which a memorandum of understanding has
38 been agreed to by the state employer and the recognized employee
39 organization to become subject to this section, members who are
40 excluded from the definition of state employees in subdivision (c)

1 of Section 3513, and members employed by the executive branch
2 of government who are not members of the civil service.

3 (c) For purposes of this section, “state service” means service
4 rendered as a state employee, as defined in Section 19815. This
5 section shall not apply to any contracting agency nor to the
6 employees of any contracting agency.

7 (d) For purposes of this section, “state service” includes service
8 to the state for which the member, pursuant to Section 20281.5,
9 did not receive credit.

10 SEC. 29. Section 21547.7 of the Government Code is amended
11 to read:

12 21547.7. (a) Notwithstanding any other provision of this article
13 requiring attainment of the minimum age for voluntary service
14 retirement applicable to him or her in his or her last employment
15 preceding death, upon the death of a local firefighter member while
16 in the employ of an agency subject to this section on or after
17 January 1, 2001, who is credited with 20 years or more of state
18 service, the surviving spouse, or eligible children, if there is no
19 eligible spouse, may receive a monthly allowance in lieu of the
20 basic death benefit. The board shall notify the eligible survivor,
21 as defined in Section 21546, of this alternate death benefit. The
22 board shall calculate the monthly allowance that shall be payable
23 as follows:

24 (1) To the member’s surviving spouse, an amount equal to the
25 amount the member would have received if he or she had retired
26 for service at the minimum retirement age on the date of death and
27 had elected the optional settlement in Section 21456 and Section
28 21459. The retirement allowance shall be calculated using all
29 service earned by the member in this system.

30 (2) If the member made a specific beneficiary designation under
31 Section 21490, the monthly allowance shall be based only on that
32 portion of the amount the member would have received described
33 in paragraph (1) that would have been derived from the nonmember
34 spouse’s community property interest in the member’s
35 contributions and service credit.

36 (3) If there is no surviving spouse or the spouse dies before all
37 of the children of the deceased member attain the age of 18 years,
38 to the surviving children, under the age of 18 years, collectively,
39 an amount equal to one-half of, and derived from the same source
40 as, the unmodified allowance the member would have received if

1 he or she had retired for service at the minimum retirement age on
2 the date of death. No child shall receive any allowance after
3 marrying or attaining the age of 18 years. As used in this paragraph,
4 “surviving children” includes a posthumously born child or children
5 of the member. The retirement allowance shall be calculated using
6 all service earned by the member in this system.

7 (4) The cost of the allowance paid pursuant to this subdivision
8 shall be paid from the assets of the employer at the member’s date
9 of death. All member contributions made by the member to this
10 system shall be transferred to the plan assets of the employer liable
11 for the funding of this benefit.

12 (b) (1) Upon the death of a local firefighter member while in
13 the employ of an agency subject to this section on or after January
14 1, 2001, who is credited with 20 years or more of state service and
15 who has attained the minimum age for voluntary service retirement
16 applicable to him or her in his or her last employment preceding
17 death, the surviving spouse may elect to receive a monthly
18 allowance that is equal to the amount that member would have
19 received if the member had been retired from service on the date
20 of death and had elected the optional settlement in Section 21456
21 and Section 21459 in lieu of the basic death benefit. The retirement
22 allowance shall be calculated using all service earned by the
23 member in this system.

24 (2) If the member made a specific beneficiary designation under
25 Section 21490, the monthly allowance shall be based only on that
26 portion of the amount the member would have received described
27 in paragraph (1) that would have been derived from the nonmember
28 spouse’s community property interest in the member’s
29 contributions and service credit.

30 (3) If there is no surviving spouse or the spouse dies before all
31 of the children of the deceased member attain the age of 18 years,
32 the allowance shall continue to the surviving children, under the
33 age of 18 years, collectively, in an amount equal to one-half of,
34 and derived from the same source as, the unmodified allowance
35 the member would have received if he or she had been retired from
36 service on the date of death. No child shall receive any allowance
37 after marrying or attaining the age of 18 years. As used in this
38 paragraph, “surviving children” includes a posthumously born
39 child or children of the member. The retirement allowance will be
40 calculated using all service earned by the member in this system.

1 (4) The cost of the increase in service allowance paid pursuant
2 to this subdivision shall be paid from the assets of the employer
3 at the member's date of death.

4 (c) This section shall not apply to any contracting agency, nor
5 to the employees of any contracting agency, unless and until the
6 agency elects to be subject to this section by amendment to its
7 contract made in the manner prescribed for approval of contracts,
8 except that an election among the employees is not required.

9 SEC. 30. Section 21548 of the Government Code is amended
10 to read:

11 21548. (a) The surviving spouse of a member who has attained
12 the minimum age for voluntary service retirement applicable to
13 the member in his or her last employment preceding death, and
14 who is eligible to receive an allowance pursuant to Section 21546,
15 shall instead receive an allowance that is equal to the amount that
16 the member would have received if the member had been retired
17 from service on the date of death and had elected the optional
18 settlement Section 21456 and Section 21459.

19 (b) The surviving spouse of a member who has attained the
20 minimum age for voluntary service retirement applicable to the
21 member in his or her last employment preceding death, and who
22 is eligible to receive a special death benefit in lieu of an allowance
23 under Section 21546, may elect to instead receive an allowance
24 that is equal to the amount that the member would have received
25 if the member had been retired from service on the date of death
26 and had elected the optional settlement in Section 21456 and
27 Section 21459.

28 (c) If the member made a specific beneficiary designation under
29 Section 21490, the allowance under this section shall be based
30 only on that portion of the amount the member would have received
31 described in subdivision (a) or (b) that would have been derived
32 from the nonmember spouse's community property interest in the
33 member's contributions and service credit.

34 (d) The allowance provided by this section shall be payable as
35 long as the surviving spouse lives. Upon the death of the surviving
36 spouse, the benefit shall be continued to minor children, as defined
37 in Section 6500 of the Family Code, or a lump sum shall be paid
38 as provided under circumstances specified in Section 21546 or in
39 Sections 21541 and 21543, as the case may be.

1 (e) The allowance provided by this section shall be paid in lieu
2 of the basic death benefit, but the surviving spouse qualifying for
3 the allowance may elect before the first payment on account of it
4 to receive the basic death benefit in lieu of the allowance.

5 (f) This section shall apply with respect to state members whose
6 death occurs on and after July 1, 1976.

7 (g) All references in this code to Section 21546 shall be deemed
8 to include this section in the alternative.

9 (h) This section shall not apply to any contracting agency nor
10 to the employees of any contracting agency unless and until the
11 agency elects to be subject to this section by amendment to its
12 contract made in the manner prescribed for approval of contracts,
13 except that an election among the employees is not required, or,
14 in the case of contracts made after January 1, 1985, by express
15 provision in the contract making the contracting agency subject
16 to this section.

17 SEC. 31. Section 21604 of the Government Code is amended
18 to read:

19 21604. The insurance benefit shall be paid upon death of an
20 insured member of this system to the beneficiary entitled to receive
21 the basic or special death benefit if all of the following conditions
22 occur:

23 (a) Death occurs during any of the following:

24 (1) While in state service.

25 (2) While absent from state service on military service or on
26 approved leave of absence.

27 (3) Within four months of discontinuance of state service.

28 (4) While physically or mentally incapacitated for performance
29 of duty continuously from discontinuance of state service.

30 (b) If either of the following exists:

31 (1) Death occurs while a member and before the effective date
32 of retirement.

33 (2) If the optional settlement in Section 21456, 21457, 21459,
34 21475, 21475.5, 21476, 21476.5, or 21477, or an optional
35 settlement in Section 21458, involving payment of an allowance
36 throughout the life of the beneficiary, has not been elected and if
37 an allowance under Section 21624, 21627, 21629, or 21630 is not
38 payable, and death occurs on or after the effective date of
39 retirement and before the mailing of a retirement allowance
40 warrant.

1 (c) Death occurs during a period of insurance.

2 (d) Death occurs under circumstances other than those described
3 in subparagraph (F) of paragraph (1) of subdivision (a) of Section
4 21530.

5 If this section is in conflict with the provisions of a memorandum
6 of understanding reached pursuant to Section 3517.5, the
7 memorandum of understanding shall be controlling without further
8 legislative action, except that, if the provisions of a memorandum
9 of understanding require the expenditure of funds, the provisions
10 shall not become effective unless approved by the Legislature in
11 the annual Budget Act.

12 SEC. 32. Section 21625 of the Government Code is amended
13 to read:

14 21625. Notwithstanding any other provision of this part, upon
15 the member's election to be subject to Section 21460 or 21478,
16 the benefits provided by Section 21624, 21626, 21627, 21628,
17 21629, or 21630, as applicable, shall be payable only to the
18 member's eligible surviving spouse and for his or her lifetime.
19 The benefit shall not cease upon the remarriage of the surviving
20 spouse.

21 SEC. 33. Section 21628 of the Government Code is amended
22 to read:

23 21628. The allowance provided by Section 21624 shall be paid
24 with respect to a local miscellaneous or local safety member whose
25 retirement was effective prior to his or her employer's election to
26 be subject to the section with respect to employees in his or her
27 employment, if at retirement he or she did not elect the optional
28 settlement in Section 21456, 21457, 21459, 21475, 21475.5, 21476,
29 21476.5, or 21477 or an optional settlement involving life
30 contingency in Section 21458. The retirement allowance payable
31 to a retired member who elected any of these optional settlements,
32 or to a beneficiary of a retired member, shall be increased by 15
33 percent, for time on and after the operative date and prior to the
34 next annual adjustment under Article 3 (commencing with Section
35 21310) of Chapter 13 and the base allowance shall be increased
36 by 15 percent for purpose of that and all subsequent annual
37 adjustments. The amount payable to the beneficiary under the
38 optional settlement shall be increased by the same percentage and
39 in the same manner as the increase provided for the payment to
40 the member.

1 The increased allowance provided by this section shall not be
2 payable to a beneficiary who is receiving an allowance pursuant
3 to this article or Article 4 (commencing with Section 21350) of
4 Chapter 13 on September 29, 1980, until the employer of the retired
5 member elects to be subject to this section as so amended by
6 amendment to its contract made in the manner prescribed for
7 approval of contracts, except that an election among employees
8 shall not be required. In the case of contracts made on or after
9 September 29, 1980, the operative date of Section 21624, for
10 purposes of application of that section to local members, shall be
11 the effective date of the contract or contract amendment.

12 SEC. 34. Section 21629 of the Government Code is amended
13 to read:

14 21629. Upon the death, after the effective date of retirement,
15 of a state miscellaneous member none of whose service rendered
16 in state employment has been included in the federal system and
17 whose retirement is effective on or after July 1, 1974, or of a school
18 member or school safety member none of whose service rendered
19 in school service or school safety service has been included in the
20 federal system and whose retirement is effective on or after July
21 1, 1983, a monthly allowance derived from employer contributions
22 equal to 50 percent of the amount of his or her retirement allowance
23 as it was at his or her death and based on service credited to him
24 or her as a member subject to this section but excluding any portion
25 of the retirement allowance derived from additional contributions
26 of the member shall be paid to the surviving spouse throughout
27 life. If there is no surviving spouse, or upon the death of the
28 surviving spouse, the allowance shall be paid collectively to every
29 unmarried child of the deceased member who has not attained age
30 18, or who is disabled by a condition which disabled that child
31 prior to attaining age 18 and which has continued without
32 interruption after age 18, until the disability ceases. If at the time
33 of the retired member's death there is no eligible surviving spouse
34 or children, the allowance shall be paid to a parent, or collectively
35 to parents, of the deceased member dependent upon him or her for
36 support. If on the effective date of retirement there is a person who
37 will be eligible if the person survives, the member's election of
38 an optional settlement other than the optional settlement settlement
39 in Section 21455 or 21474 shall apply only to a portion of his or
40 her allowance as provided in Section 21451 or 21471.1. If on the

1 effective date of his or her retirement the member has no surviving
2 spouse, eligible children, or dependent parents and elected an
3 optional settlement, no allowance under this section shall be paid.
4 “Surviving spouse,” for purposes of service retirement subject
5 to this section, means a husband or wife who was married to the
6 member for a continuous period beginning at least one year prior
7 to his or her retirement and ending on the date of his or her death
8 and, for purposes of disability retirement subject to this section
9 where the member retired on or after January 1, 1995, means a
10 husband or wife who was married to the member on the date of
11 his or her retirement and continuously to the date of his or her
12 death.

13 SEC. 35. Section 21630 of the Government Code is amended
14 to read:

15 21630. Upon death after the effective date of retirement of a
16 state miscellaneous member some of whose service rendered in
17 state employment has been included in the federal system and
18 whose retirement is effective on or after July 1, 1975, or of a school
19 member or school safety member some of whose service rendered
20 in school employment has been included in the federal system and
21 whose retirement is effective on or after July 1, 1983, a monthly
22 allowance, derived from employer contributions, equal to a
23 percentage of the amount of his or her retirement allowance as it
24 was at his or her death based on service credited to him or her as
25 a member subject to this section but excluding any portion of the
26 retirement allowance derived from additional contributions of the
27 member shall be paid to the surviving spouse throughout life. The
28 percentage shall be 25 percent for an allowance based on service
29 that was also covered under the federal system and 50 percent for
30 an allowance based on any other service, except that the percentage
31 shall be 50 percent for the allowance of a member whose service
32 was subject to Section 21076 or 21077 and who had become a
33 member prior to November 1, 1988. If there is no surviving spouse,
34 or upon the death of the surviving spouse, the allowance shall be
35 paid collectively to every unmarried child of the deceased member
36 who has not attained age 18, or who is disabled by a condition that
37 disabled that child prior to attaining age 18 and that has continued
38 without interruption after age 18, until the disability ceases. If at
39 the time of the retired member’s death there is no eligible surviving
40 spouse or children, the allowance shall be paid to a parent, or

1 collectively to parents, of the deceased member dependent upon
2 him or her for support. If on the effective date of retirement there
3 is a person who will be eligible if the person survives, the
4 member's election of an optional settlement, other than the optional
5 settlement in Section 21455 or 21474, shall apply only to a portion
6 of the allowance as provided in Section 21451 or 21471.1. If on
7 the effective date of his or her retirement the member has no
8 surviving spouse, eligible children, or dependent parents and
9 elected an optional settlement, no allowance under this section
10 shall be paid.

11 "Surviving spouse," for purposes of service retirement subject
12 to this section, means a husband or wife who was married to the
13 member for a continuous period beginning at least one year prior
14 to his or her retirement and ending on the date of his or her death
15 and, for purposes of disability retirement subject to this section
16 where the member retired on or after January 1, 1995, means a
17 husband or wife who was married to the member on the date of
18 his or her retirement and continuously to the date of his or her
19 death.

20 SEC. 36. Section 21631 of the Government Code is amended
21 to read:

22 21631. (a) The monthly allowance provided by Sections 21629
23 and 21630 shall be paid on account of retired school members who
24 did not at retirement elect the optional settlement in Section 21456,
25 21457, 21459, 21475, 21475.5, 21476, 21476.5, or 21477 or an
26 optional settlement involving life contingency in Section 21458.

27 (b) Upon receipt of a written application for benefits at the office
28 of the board, the benefits provided by this section shall be payable
29 to eligible survivors of retired school members who are not
30 receiving a monthly allowance on account of miscellaneous service
31 as a state member.

32 (c) When there are no records in the board's possession that
33 contain necessary data for determining the retirement benefit
34 claimed, the applicant or applicants for the benefit shall be required
35 to establish entitlement to the benefit upon evidence satisfactory
36 to the board. That data, at a minimum, shall be sufficient to
37 establish the date of the retired member's death and the amount
38 of the retired member's monthly allowance payable at the time of
39 his or her death. The net benefit payable to the retired school
40 member at the date of death may be determined by the board on

1 the basis of the evidence submitted or upon other evidence if that
2 evidence allows the board to determine the unmodified allowance
3 payable on the date of death. The board shall use available
4 evidence, whether from information provided by the applicant,
5 partial records in possession of the board, or from other sources,
6 as the basis for assumptions that are necessary in order to calculate
7 the allowance payable to the eligible survivor or survivors.

8 (d) The benefits provided by this section shall be subject to the
9 same eligibility and termination provisions that apply to members
10 at their retirement and shall be paid commencing on the first day
11 of the month succeeding the month in which the application for
12 the benefits of this section is received by the board.

13 (e) The board has no duty to identify, locate, or notify any
14 survivor of a retired school member who may potentially be eligible
15 for the benefits of this section. The board has no duty to provide
16 the name or address of any potential survivor to any person,
17 agency, or entity for the purpose of notifying survivors who may
18 potentially be eligible for the benefits of this section.

19 (f) The cost of the additional benefits provided pursuant to the
20 trial court decision in California State Employees Association, et
21 al. v. Board of Administration of the Public Employees' Retirement
22 System et al. (Sacramento County Superior Court, Case No.
23 332315) shall be paid out of the reserve against deficiencies
24 established by Section 20174.

25 SEC. 37. Section 21632 of the Government Code is amended
26 to read:

27 21632. (a) The monthly allowances provided by Sections
28 21629 and 21630 shall be paid on account of retired state
29 miscellaneous members who did not at retirement elect the optional
30 settlement in Section 21456, 21457, or 21459, or an optional
31 settlement involving life contingency in Section 21458, and whose
32 retirement dates were effective before July 1, 1974, with respect
33 to members who were not covered by the federal system, and
34 before July 1, 1975, with respect to members who were covered
35 under the federal system. Upon receipt of a written application by
36 the board, the benefits provided by this section shall be payable
37 to eligible survivors of retired members who are not receiving a
38 monthly allowance on account of miscellaneous service as a state
39 member. However, if, on the date the application is received by
40 the board, there is no longer in existence a record in the board's

1 possession setting forth the retirement data relating to the retired
2 member, the applicant survivor or survivors of the retired member
3 shall be required, as a condition precedent to his or her entitlement
4 to the benefit provided by this section, to furnish documentary
5 evidence satisfactory to the board to enable it to determine the date
6 of the retired member's death and the amount of the member's
7 allowance that was currently payable at the time of death. The net
8 benefit payable to the retired member at the time of death shall be
9 determined on the basis of the evidence submitted, unless the board
10 is able to determine the unmodified allowance payable at the time
11 of death. If the allowance payable to an eligible survivor is based
12 on evidence furnished by the survivor or partial member records
13 in the board's possession, or both, the board shall use that
14 information to assume any additional factors required to calculate
15 the allowance payable. The benefits shall be subject to the same
16 eligibility and termination provisions that apply to members at
17 retirement and shall, subject to subdivision (b), be paid only for
18 the period of time commencing on the first of the month following
19 receipt by the board of the application for the benefits. The board
20 has no duty to locate or notify any potential survivor or to provide
21 the name or address of any potential survivor to any person,
22 agency, or entity for the purpose of notifying survivors.

23 (b) Upon receipt of a written application pursuant to subdivision
24 (a), the benefits provided by this section shall be paid both
25 prospectively and retroactively for the period of time commencing
26 with the first day of the month following receipt of the application.

27 (c) The payment of benefits pursuant to this section, as amended
28 by Chapter 788 of the Statutes of 1984, shall commence no sooner
29 than January 1, 1985.

30 SEC. 38. Section 21633 of the Government Code is amended
31 to read:

32 21633. The monthly allowance provided by Section 21624
33 shall be paid on account of patrol and state safety members retired
34 for nonindustrial disability with effective dates of retirement prior
35 to April 1, 1972, and who did not at retirement elect the optional
36 settlement in Section 21456, 21457, or 21459 or an optional
37 settlement involving life contingency in Section 21458. Upon
38 receipt of a written application by the board, the benefits provided
39 by this section shall also be payable to eligible survivors of retired
40 members who are not receiving a monthly allowance on account

1 of service as a patrol or state safety member if the retired member
 2 was alive and receiving a monthly allowance on June 30, 1974.
 3 The benefits shall be subject to the same eligibility and termination
 4 provisions that apply to members at retirement and shall be paid
 5 only for the period of time commencing on the first of the month
 6 following receipt by the board of the application for those benefits.

7 SEC. 39. Section 21752 of the Government Code is amended
 8 to read:

9 21752. (a) (1) In accordance with Section 21756, a member’s
 10 annual retirement benefits, adjusted to the actuarial equivalent of
 11 a straight-life annuity if payable in a form other than a straight-life
 12 annuity or a qualified joint and survivor annuity as provided under
 13 Section 21460 or 21478 and determined without regard to any
 14 employee contributions or rollover contributions, as defined in
 15 Sections 402(a)(5), 403(a)(4), and 408(d)(3) of Title 26 of the
 16 United States Code, otherwise payable to the member under Part
 17 3 (commencing with Section 20000) and under any other defined
 18 benefit plan maintained by the employer that is subject to Section
 19 415 of Title 26 of the United States Code, shall not exceed, in the
 20 aggregate, the dollar limit applicable pursuant to Section
 21 415(b)(1)(A) of Title 26 of the United States Code, as appropriately
 22 modified by Section 415(b)(2)(F) and (G) of Title 26 of the United
 23 States Code.

24 (2) A member who receives benefits based on credited service
 25 with multiple employers shall not exceed the limitations set forth
 26 in this subdivision with regard to his or her annual retirement
 27 benefits.

28 (3) However, the annual retirement benefit payable to a member
 29 shall be deemed not to exceed the limitations prescribed in
 30 paragraph (1) if the benefit does not exceed ten thousand dollars
 31 (\$10,000) and the member has at no time participated in a tax
 32 qualified defined contribution plan maintained by the employer.

33 (b) These limitations shall be applied pursuant to Section
 34 415(b)(10) of Title 26 of the United States Code.

35 (c) Part 3 (commencing with Section 20000) shall be construed
 36 as if it included this section.

37 SEC. 40. Section 75070 of the Government Code is amended
 38 to read:

39 75070. In lieu of electing the unmodified allowance for his or
 40 her life alone, a judge may elect to have the actuarial equivalent

1 of his or her retirement allowance as of the date of retirement
2 applied to a lesser retirement allowance, in accordance with one
3 of the optional settlements specified in Section 75071 when the
4 judge retires on or before December 31, 2017, or Section 75071.5
5 when the judge retires on or after January 1, 2018.

6 That election, revocation, or change of election shall be made
7 by a writing filed with the Judges' Retirement System within 30
8 calendar days after the making of the first payment on account of
9 any retirement allowance.

10 If a person qualifies for the survivor allowance under Section
11 75077 or 75096.3, then the election with respect to any optional
12 settlement other than the optional settlement in subdivision (a) of
13 Section 75071 or subdivision (b) of Section 75071.5, shall apply
14 only to the portion of the retirement allowance that exceeds the
15 amount of the allowance deemed payable to the survivor.

16 *SEC. 41. Section 75070.5 is added to the Government Code,*
17 *to read:*

18 *75070.5. If a judge elects an optional settlement that provides*
19 *for a monthly allowance for his or her named beneficiary or*
20 *beneficiaries, the combined allowance payable to the judge's*
21 *named beneficiary or beneficiaries and the judge's survivor*
22 *pursuant to Section 75077 or 75096.3, if applicable, shall exceed*
23 *the amount of the judge's monthly allowance.*

24 ~~SEC. 41.~~

25 *SEC. 42. Section 75071 of the Government Code is amended*
26 *to read:*

27 *75071. This section shall apply to any judge who retires on or*
28 *before December 31, 2017.*

29 (a) Optional settlement one consists of the right to have a
30 retirement allowance paid to the judge for life and if he or she dies
31 before receiving the amount of his or her accumulated contributions
32 at retirement, to have the balance at death paid to his or her
33 designated beneficiary or, if no beneficiary designation is in effect
34 on the date of death, to his or her estate.

35 (b) (1) Optional settlement two consists of the right to have a
36 retirement allowance paid to him or her for life and thereafter to
37 his or her designated beneficiary for life.

38 (2) If the judge's designated beneficiary predeceases the judge
39 and the judge elected this optional settlement to be effective on or
40 after January 1, 2002, the judge's allowance shall be adjusted

1 effective the first day of the month following the death of the
2 beneficiary to reflect the benefit that would have been paid had
3 the judge not elected an optional settlement.

4 (3) If the marriage of a retired judge is dissolved or annulled or
5 if the retired judge and his or her beneficiary spouse are legally
6 separated and the judgment dividing their community property
7 awards the total interest in this system to the retired judge, and the
8 retired judge elected this optional settlement to be effective on or
9 after January 1, 2002, the retired judge's allowance shall be
10 adjusted effective the first day of the month following the filing
11 of the judgment with the board to reflect the benefit that would
12 have been paid had the judge not elected an optional settlement.

13 (c) (1) Optional settlement three consists of the right to have a
14 retirement allowance paid him or her for life, and thereafter to
15 have one-half of his or her retirement allowance paid to his or her
16 designated beneficiary for life.

17 (2) If the judge's designated beneficiary predeceases the judge
18 and the judge elected this optional settlement to be effective on or
19 after January 1, 2002, the judge's allowance shall be adjusted
20 effective the first day of the month following the death of the
21 beneficiary to reflect the benefit that would have been paid had
22 the judge not elected an optional settlement.

23 (3) If the marriage of a retired judge is dissolved or annulled or
24 if the retired judge and his or her beneficiary spouse are legally
25 separated and the judgment dividing their community property
26 awards the total interest in this system to the retired judge, and the
27 retired judge elected this optional settlement to be effective on or
28 after January 1, 2002, the retired judge's allowance shall be
29 adjusted effective the first day of the month following the filing
30 of the judgment with the board to reflect the benefit that would
31 have been paid had the judge not elected an optional settlement.

32 (d) Optional settlement four consists of other benefits that are
33 the actuarial equivalent of his or her retirement allowance, that he
34 or she may select subject to the approval of the Judges' Retirement
35 System.

36 (e) When a judge elects, on or after January 1, 2003, to receive
37 benefits provided by paragraph (2) of subdivision (b) or paragraph
38 (2) of subdivision (c), and the judge and his or her optional
39 settlement beneficiary both die before receiving in annuity
40 payments the full amount of the judge's accumulated contributions

1 at retirement, the balance of the judge's accumulated contributions
2 shall be paid to the beneficiary designated by the judge. If the
3 judge had no designated beneficiary in effect on the date of death,
4 payment shall be made to the judge's estate.

5 ~~SEC. 42.~~

6 *SEC. 43.* Section 75071.5 is added to the Government Code,
7 to read:

8 75071.5. This section shall apply to any judge who retires on
9 or after January 1, 2018.

10 (a) The unmodified allowance consists of the right to have the
11 maximum retirement allowance paid to the judge for his or her
12 life alone. ~~A~~ *There is no* continuing allowance to a beneficiary ~~is~~
13 ~~not provided or~~ *and there is not a* ~~no~~ return of unused accumulated
14 contributions after the death of the judge.

15 (b) The Return of Remaining Contributions Option 1 consists
16 of the right to have a retirement allowance paid to the judge until
17 his or her death and, if he or she dies before he or she receives in
18 annuity payments the amount of his or her accumulated
19 contributions at retirement, to have the balance at death paid to
20 his or her designated beneficiary or estate.

21 (c) (1) The 100 Percent Beneficiary Option 2 consists of the
22 right to have a retirement allowance paid to the judge until his or
23 her death, and thereafter to have the same monthly allowance paid
24 to his or her designated beneficiary for ~~life,~~ *life;* ~~provided that,~~
25 *that* with respect to a judge subject to Section 75077 or 75096.3
26 at retirement, the beneficiary shall receive a monthly allowance
27 equal to that portion of the judge's monthly allowance that exceeds
28 the amount of the allowance deemed payable to the judge's
29 survivor.

30 (2) Upon the death of both the judge and the designated
31 beneficiary, any remaining balance of the judge's accumulated
32 contributions at retirement not used to fund the allowances paid
33 to the judge and the designated beneficiary will be paid in a lump
34 sum to the secondary beneficiary or beneficiaries designated by
35 the judge.

36 (d) (1) *The 100 Percent Beneficiary Option 2 with Benefit*
37 *Allowance Increase consists of the right to have a retirement*
38 *allowance paid to the judge until his or her death and thereafter*
39 *to have the same monthly allowance paid to his or her designated*
40 *beneficiary for life; provided that with respect to a judge subject*

1 to Section 75077 or 75096.3 at retirement, the beneficiary shall
2 receive a monthly allowance equal to that portion of the judge's
3 monthly allowance that exceeds the amount of the allowance
4 deemed payable to the judge's survivor.

5 (2) If the judge's designated beneficiary predeceases the judge
6 and the judge elected this optional settlement, the judge's
7 allowance shall be adjusted effective the first day of the month
8 following the death of the beneficiary to reflect the benefit that
9 would have been paid had the judge not elected an optional
10 settlement.

11 (3) If the marriage of a retired judge is dissolved or annulled
12 or if the retired judge and his or her beneficiary spouse are legally
13 separated and the judgment dividing their community property
14 awards the total interest in this system to the retired judge, and
15 the retired judge elected this optional settlement, the retired judge's
16 allowance shall be adjusted effective the first day of the month
17 following the filing of the judgment with the board to reflect the
18 benefit that would have been paid had the judge not elected an
19 optional settlement.

20 ~~(d)~~

21 (e) (1) The 50 Percent Beneficiary Option 3 consists of the
22 right to have a retirement allowance paid to the judge until his or
23 her death, and thereafter to have one-half of the monthly allowance
24 paid to his or her designated beneficiary for life, provided that,
25 with respect to a judge subject to Section 75077 or 75096.3 at
26 retirement, the beneficiary shall receive a monthly allowance equal
27 to one-half of that portion of the judge's allowance that exceeds
28 the amount of the allowance deemed payable to the judge's
29 survivor.

30 (2) Upon the death of both the judge and the designated
31 beneficiary, any remaining balance of the judge's accumulated
32 contributions at retirement not used to fund the allowances paid
33 to the judge and the designated beneficiary will be paid in a lump
34 sum to the secondary beneficiary or beneficiaries designated by
35 the judge.

36 (f) (1) The 50 Percent Beneficiary Option 3 with Benefit
37 Allowance Increase consists of the right to have a retirement
38 allowance paid to the judge until his or her death and thereafter
39 to have one-half of the monthly allowance paid to his or her
40 designated beneficiary for life; provided that with respect to a

1 judge subject to Section 75077 or 75096.3 at retirement, the
2 beneficiary shall receive a monthly allowance equal to one-half
3 of that portion of the judge's monthly allowance that exceeds the
4 amount of the allowance deemed payable to the judge's survivor.

5 (2) If the judge's designated beneficiary predeceases the judge
6 and the judge elected this optional settlement, the judge's
7 allowance shall be adjusted effective the first day of the month
8 following the death of the beneficiary to reflect the benefit that
9 would have been paid had the judge not elected an optional
10 settlement.

11 (3) If the marriage of a retired judge is dissolved or annulled
12 or if the retired judge and his or her beneficiary spouse are legally
13 separated and the judgment dividing their community property
14 awards the total interest in this system to the retired judge, and
15 the retired judge elected this optional settlement, the retired judge's
16 allowance shall be adjusted effective the first day of the month
17 following the filing of the judgment with the board to reflect the
18 benefit that would have been paid had the judge not elected an
19 optional settlement.

20 (e)

21 (g) The Flexible Beneficiary Option 4 consists of the right to
22 have a retirement allowance paid to a judge until his or her death,
23 and thereafter to have a monthly allowance paid to his or her
24 designated beneficiary or beneficiaries for life. ~~However, the~~
25 ~~actuarial equivalent of benefits under this optional settlement~~
26 ~~payable to the judge's beneficiary or beneficiaries shall not exceed~~
27 ~~the actuarial equivalent of the benefits that would be payable to~~
28 ~~that beneficiary or beneficiaries if the judge had elected the optional~~
29 ~~settlement found in subdivision (e).~~ *The Subject to Section 75070.5,*
30 *the judge may select the monthly allowance payable to the*
31 *designated beneficiary or beneficiaries from the options below:*
32 *below:*

33 (1) ~~“Specific—Specific Dollar Amount to a Beneficiary or~~
34 ~~Beneficiaries,”~~ *pursuant to which the Beneficiaries. The judge may*
35 *specify that upon his or her death after retirement, a monthly*
36 *allowance in an amount determined by the judge be paid to a*
37 *designated beneficiary or beneficiaries for life.*

38 (2) ~~“Specific—Specific Percentage to a Beneficiary or~~
39 ~~Beneficiaries,”~~ *pursuant to which the Beneficiaries. The judge may*
40 *specify that upon his or her death after retirement, a monthly*

1 allowance in an amount equivalent to a specified percentage of
2 the judge’s unmodified allowance be paid to a designated
3 beneficiary or beneficiaries for life.

4 ~~SEC. 43.~~

5 *SEC. 44.* Section 75073 of the Government Code is amended
6 to read:

7 75073. A judge who elects to receive optional settlement two
8 or three in Section 75071 may concurrently and irrevocably elect
9 to waive the provision for an increase to his or her allowance, as
10 specified in subdivisions (b) and (c) of Section 75071, and shall,
11 instead, have his or her allowance based upon the waiver of this
12 benefit.

13 This section shall apply to any judge who retires on or before
14 December 31, 2017.

15 ~~SEC. 44.~~

16 *SEC. 45.* Section 75094 of the Government Code is amended
17 to read:

18 75094. (a) Notwithstanding any other provision of this article
19 to the contrary, the surviving spouse of a judge shall receive an
20 allowance that is equal to the amount that the judge would have
21 received had the judge been retired from service on the date of his
22 or her death and had elected the optional settlement specified in
23 subdivision (b) of Section 75071 and 75073, if all of the following
24 apply to the judge:

- 25 (1) The judge died in office on or after January 1, 2005.
- 26 (2) The judge had attained the minimum age for service
27 retirement applicable to the judge preceding his or her death, with
28 a minimum of 20 years of service.
- 29 (3) The judge was eligible to receive an allowance pursuant to
30 Section 75025 or 75033.5.

31 (b) A surviving spouse receiving an allowance pursuant to this
32 section shall have no other claim to benefits with respect to the
33 Judges’ Retirement Fund or with respect to any other provision of
34 the Judges’ Retirement Law.

35 (c) The benefits provided by this section are only payable to the
36 surviving spouse of a judge who elects to come within this section.
37 Notwithstanding Section 75090, that election may be made at any
38 time while the judge is in office and, once made, the election is
39 irrevocable.

1 (d) This section does not prevent a surviving spouse from
2 claiming or receiving any payments to which he or she may be
3 entitled as a beneficiary under the Extended Service Incentive
4 Program set forth in Article 4.5 (commencing with Section 75085).

5 ~~SEC. 45.~~

6 *SEC. 46.* Section 75522 of the Government Code is amended
7 to read:

8 75522. (a) A judge is eligible to retire pursuant to this section
9 upon attaining both 65 years of age and 20 or more years of service,
10 or upon attaining 70 years of age with a minimum of five years of
11 service.

12 (b) The office of a judge who retires under this section becomes
13 vacant on the date of the retirement.

14 (c) A judge who retires pursuant to this section shall, within 30
15 days after the effective date of the retirement, elect to receive either
16 the benefits provided by subdivision (d) or the benefits provided
17 by subdivision (e). Under rules adopted by the board, the time for
18 the election may be extended in cases of illness or other hardship,
19 but once made, the election shall be final and irrevocable.

20 (d) The judge may elect to receive for life a monthly retirement
21 allowance equal to the benefit factor multiplied by the judge's
22 final compensation multiplied by the number of years of service
23 credit.

24 (1) The benefit factor for a judge eligible to retire pursuant to
25 this section equals 3.75 percent per year of service.

26 (2) In no event shall the retirement allowance at the time of
27 retirement exceed 75 percent of the judge's final compensation.

28 (e) The judge may elect to receive the amount of his or her
29 monetary credits determined pursuant to Section 75520, including
30 the credits added under subdivision (b) of that section computed
31 to the last day of the month preceding the date of distribution.
32 Under rules adopted by the board, the judge may elect to receive
33 that amount in a single payment, or may direct that it be paid in
34 an annuity of actuarially equivalent value for the judge's life or in
35 one of the optional forms provided for in Section 75571 if the
36 judge retires on or before December 31, 2017, or Section 75571.5
37 if the judge retires on or after January 1, 2018.

38 (f) If a retired judge fails or refuses to make an election pursuant
39 to subdivision (c) within the time allowed, he or she shall be

1 deemed to have elected to receive a monthly retirement allowance
2 under subdivision (d).

3 ~~SEC. 46.~~

4 *SEC. 47.* Section 75570 of the Government Code is amended
5 to read:

6 75570. (a) In lieu of electing the unmodified allowance under
7 subdivision (d) of Section 75522 for his or her life alone, a judge
8 who elects to retire with a monthly allowance under subdivision
9 (d) of Section 75522 may elect to have the actuarial equivalent of
10 his or her retirement allowance as of the date of retirement applied
11 to a lesser retirement allowance, in accordance with one of the
12 optional settlements specified in Section 75571 if the judge retires
13 on or before December 31, 2017, or Section 75571.5 if the judge
14 retires on or after January 1, 2018.

15 (b) That election, revocation, or change of election shall be
16 made by a writing filed with the system within 30 calendar days
17 after the making of the first payment on account of any retirement
18 allowance.

19 (c) If there is a spouse who would qualify for the survivor
20 allowance under subdivision (b) of Section 75590, then the
21 election, with respect to any optional settlement other than the
22 optional settlement in subdivision (a) of Section 75571 or
23 subdivision (b) of Section 75571.5, shall apply only to the portion
24 of the retirement allowance that exceeds the amount of the
25 allowance deemed payable to the surviving spouse.

26 *SEC. 48.* Section 75570.5 is added to the Government Code,
27 to read:

28 75570.5. *If a judge elects an optional settlement that provides*
29 *for a monthly allowance for his or her surviving spouse, the*
30 *combined allowance payable to the surviving spouse pursuant to*
31 *the optional settlement and Section 75590, if applicable, cannot*
32 *exceed the amount of the member's monthly allowance.*

33 ~~SEC. 47.~~

34 *SEC. 49.* Section 75571 of the Government Code is amended
35 to read:

36 75571. This section shall apply to any judge who retires on or
37 before December 31, 2017.

38 (a) Optional settlement one consists of the right to have a
39 retirement allowance paid to the judge until his or her death and
40 if he or she dies before he or she receives the amount of his or her

1 accumulated contributions at retirement, to have the balance at
2 death paid to his or her surviving spouse or estate.

3 (b) (1) Optional settlement two consists of the right to have a
4 retirement allowance paid to the judge until his or her death and
5 thereafter to his or her surviving spouse for life.

6 (2) If the judge's spouse predeceases the judge and the judge
7 elected this optional settlement to be effective on or after January
8 1, 2002, the judge's allowance shall be adjusted effective the first
9 day of the month following the death of the spouse to reflect the
10 benefit that would have been paid had the judge not elected an
11 optional settlement.

12 (3) If the marriage of a retired judge is dissolved or annulled or
13 if the retired judge and his or her spouse are legally separated and
14 the judgment dividing their community property awards the total
15 interest in this system to the retired judge, and the retired judge
16 elected this optional settlement to be effective on or after January
17 1, 2002, the retired judge's allowance shall be adjusted effective
18 the first day of the month following the filing of the judgment with
19 the board to reflect the benefit that would have been paid had the
20 judge not elected an optional settlement.

21 (c) (1) Optional settlement three consists of the right to have a
22 retirement allowance paid to the judge until his or her death, and
23 thereafter to have one-half of his or her retirement allowance paid
24 to his or her surviving spouse for life.

25 (2) If the judge's spouse predeceases the judge and the judge
26 elected this optional settlement to be effective on or after January
27 1, 2002, the judge's allowance shall be adjusted effective the first
28 day of the month following the death of the spouse to reflect the
29 benefit that would have been paid had the judge not elected an
30 optional settlement.

31 (3) If the marriage of a retired judge is dissolved or annulled or
32 if the retired judge and his or her spouse are legally separated and
33 the judgment dividing their community property awards the total
34 interest in this system to the retired judge, and the retired judge
35 elected this optional settlement to be effective on or after January
36 1, 2002, the retired judge's allowance shall be adjusted effective
37 the first day of the month following the filing of the judgment with
38 the board to reflect the benefit that would have been paid had the
39 judge not elected an optional settlement.

1 (d) Optional settlement four consists of other benefits that are
 2 the actuarial equivalent of his or her retirement allowance, that he
 3 or she may select subject to the approval of the board.

4 ~~SEC. 48.~~

5 *SEC. 50.* Section 75571.5 is added to the Government Code,
 6 to read:

7 75571.5. This section shall apply to any judge who retires on
 8 or after January 1, 2018.

9 (a) The unmodified allowance consists of the right to have the
 10 maximum retirement allowance paid to the judge for his or her
 11 life alone. A continuing allowance to the surviving spouse, other
 12 than the benefit provided in subdivision (b) of Section 75590, is
 13 not provided and there is not a return of unused accumulated
 14 contributions after the death of the judge.

15 (b) The Return of Remaining Contributions Option 1 consists
 16 of the right to have a retirement allowance paid to the judge for
 17 his or her life alone and if he or she dies before he or she receives
 18 in annuity payments the amount of his or her accumulated
 19 contributions at retirement, to have the balance at death paid to
 20 his or her surviving spouse, or if none, to his or her estate.

21 (c) (1) The 100 Percent Beneficiary Option 2 consists of the
 22 right to have a retirement allowance paid to the judge until his or
 23 ~~her death,~~ *death* and thereafter to have the same monthly allowance
 24 paid to his or her surviving spouse for ~~life,~~ *life*; provided ~~that,~~ *that*
 25 with respect to a judge subject to subdivision (b) of Section 75590,
 26 the surviving spouse shall receive that portion of the judge's
 27 monthly allowance that exceeds the amount of the allowance
 28 deemed payable pursuant to subdivision (b) of Section 75590.

29 (2) Upon the death of both the judge and the surviving spouse,
 30 any remaining balance of the judge's accumulated contributions
 31 at retirement not used to fund the allowances paid to the judge and
 32 the surviving spouse pursuant to this subdivision will be paid in a
 33 lump sum to the estate of the deceased.

34 *(d) (1) The 100 Percent Beneficiary Option 2 with Benefit*
 35 *Allowance Increase consists of the right to have a retirement*
 36 *allowance paid to the judge until his or her death and thereafter*
 37 *to have the same monthly allowance paid to his or her surviving*
 38 *spouse for life; provided that with respect to a judge subject to*
 39 *subdivision (b) of Section 75590, the surviving spouse shall receive*
 40 *that portion of the judge's monthly allowance that exceeds the*

1 amount of the allowance deemed payable pursuant to subdivision
2 (b) of Section 75590.

3 (2) If the judge's spouse predeceases the judge and the judge
4 elected this optional settlement, the judge's allowance shall be
5 adjusted effective the first day of the month following the death of
6 the spouse to reflect the benefit that would have been paid had the
7 judge not elected an optional settlement.

8 (3) If the marriage of a retired judge is dissolved or annulled
9 or if the retired judge and his or her spouse are legally separated
10 and the judgment dividing their community property awards the
11 total interest in this system to the retired judge, and the retired
12 judge elected this optional settlement, the retired judge's allowance
13 shall be adjusted effective the first day of the month following the
14 filing of the judgment with the board to reflect the benefit that
15 would have been paid had the judge not elected an optional
16 settlement.

17 (d)

18 (e) (1) The 50 Percent Beneficiary Option 3 consists of the
19 right to have a retirement allowance paid to the judge until his or
20 her ~~death~~, death and thereafter to have one-half of the monthly
21 allowance paid to his or her surviving spouse for ~~life~~, life; provided
22 ~~that~~, that with respect to a judge subject to subdivision (b) of
23 Section 75590, the surviving spouse shall receive one-half of that
24 portion of the judge's monthly allowance that exceeds the amount
25 of the allowance deemed payable pursuant to subdivision (b) of
26 Section 75590.

27 (2) Upon the death of both the judge and the surviving spouse,
28 any remaining balance of the judge's accumulated contributions
29 at retirement not used to fund the allowances paid to the judge and
30 the surviving spouse pursuant to this subdivision will be paid in a
31 lump sum to the estate of the deceased.

32 (f) (1) The 50 Percent Beneficiary Option 3 with Benefit
33 Allowance Increase consists of the right to have a retirement
34 allowance paid to the judge until his or her death and thereafter
35 to have one-half of the monthly allowance paid to his or her
36 surviving spouse for life; provided that with respect to a judge
37 subject to subdivision (b) of Section 75590, the surviving spouse
38 shall receive one-half of that portion of the judge's monthly
39 allowance that exceeds the amount of the allowance deemed
40 payable pursuant to subdivision (b) of Section 75590.

1 (2) *If the judge's spouse predeceases the judge and the judge*
2 *elected this optional settlement, the judge's allowance shall be*
3 *adjusted effective the first day of the month following the death of*
4 *the spouse to reflect the benefit that would have been paid had the*
5 *judge not elected an optional settlement.*

6 (3) *If the marriage of a retired judge is dissolved or annulled*
7 *or if the retired judge and his or her spouse are legally separated*
8 *and the judgment dividing their community property awards the*
9 *total interest in this system to the retired judge, and the retired*
10 *judge elected this optional settlement, the retired judge's allowance*
11 *shall be adjusted effective the first day of the month following the*
12 *filing of the judgment with the board to reflect the benefit that*
13 *would have been paid had the judge not elected an optional*
14 *settlement.*

15 (e)

16 (g) The Flexible Beneficiary Option 4 consists of the right to
17 have a retirement allowance paid to a judge until his or her death,
18 and thereafter to have a monthly allowance paid to his or her
19 surviving spouse for life. ~~However, the actuarial equivalent of~~
20 ~~benefits under this optional settlement payable to the judge's~~
21 ~~surviving spouse shall not exceed the actuarial equivalent of the~~
22 ~~benefits which would be payable to the surviving spouse if the~~
23 ~~judge had elected the optional settlement found in subdivision (e).~~
24 ~~The Subject to Section 75570.5, the judge may select the monthly~~
25 ~~allowance payable to the surviving spouse from the options below.~~
26 *below:*

27 (3) ~~“Specific~~

28 (1) ~~Specific Dollar Amount to a Surviving Spouse,” pursuant~~
29 ~~to which the Spouse. The judge may specify that upon his or her~~
30 ~~death after retirement, a monthly allowance in an amount~~
31 ~~determined by the judge be paid to his or her surviving spouse for~~
32 ~~life.~~

33 (4) ~~“Specific~~

34 (2) ~~Specific Percentage to a Surviving Spouse,” pursuant to~~
35 ~~which the Spouse. The judge may specify that upon his or her death~~
36 ~~after retirement, a monthly allowance in an amount equivalent to~~
37 ~~a specified percentage of the judge's unmodified allowance be~~
38 ~~paid to his or her surviving spouse for life.~~

1 ~~SEC. 49.~~

2 *SEC. 51.* Section 75573 of the Government Code is amended
3 to read:

4 75573. A judge who elects to receive optional settlement two
5 or three in Section 75571 may concurrently and irrevocably elect
6 to waive the provision for an increase to his or her allowance, as
7 specified in subdivisions (b) and (c) of Section 75571, and shall,
8 instead, have his or her allowance based upon the waiver of this
9 benefit.

10 This section shall apply to any judge who retires on or before
11 December 31, 2017.

12 ~~SEC. 50.~~

13 *SEC. 52.* Section 75590 of the Government Code is amended
14 to read:

15 75590. (a) A surviving spouse of a judge who was eligible to
16 retire pursuant to subdivision (a) of Section 75522 shall, within
17 90 days after the judge's death, elect to receive either of the
18 following:

19 (1) A monthly retirement allowance equal to one-half of the
20 judge's benefit factor computed as stated in subdivision (d) of
21 Section 75522 as of the date of death, multiplied by the judge's
22 final compensation multiplied by the number of years of service
23 credit. This allowance shall be adjusted for changes in the cost of
24 living as provided in Section 75523.

25 (2) The judge's monetary credits determined pursuant to Section
26 75520, including the credits added under subdivision (b) of that
27 section computed to the last day of the month preceding the date
28 of distribution.

29 (b) A surviving spouse of a retired judge who elected to receive
30 a monthly allowance under subdivision (d) of Section 75522 or
31 who was retired for disability and receiving an allowance under
32 Section 75560.4 shall receive a monthly allowance equal to 50
33 percent of the deceased judge's last monthly retirement allowance.
34 This allowance shall be adjusted for changes in the cost of living
35 as provided in Section 75523.

36 (c) (1) Notwithstanding any other provision of this article to
37 the contrary, the surviving spouse of a judge who (A) died in office,
38 (B) had attained the minimum age for service retirement applicable
39 to the judge preceding his or her death, with a minimum of 20
40 years of service, and (C) was eligible to receive an allowance

1 pursuant to Section 75522, shall receive an allowance that is equal
2 to the amount that the judge would have received if the judge had
3 been retired from service on the date of death and had elected the
4 optional settlement specified in subdivision (b) of Section 75571
5 and in Section 75573.

6 (2) A surviving spouse receiving an allowance pursuant to this
7 subdivision shall have no other claim to benefits with respect to
8 the Judges' Retirement Fund or with respect to any other provision
9 of the Judges' Retirement System II Law.

10 (3) The benefits provided by this subdivision are only payable
11 to the surviving spouse of a judge who elects to come within this
12 subdivision. That election may be made at any time while the judge
13 is in office and, once made, the election is irrevocable.

14 (d) A monthly allowance payable to a surviving spouse pursuant
15 to this section is payable commencing upon the death of the judge
16 and continuing until the death of the surviving spouse.

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