

AMENDED IN ASSEMBLY APRIL 12, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2468

Introduced by Assembly Member Hadley

February 19, 2016

An act to amend Section 7522.20 of, and to add Section 21354.6 to, the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2468, as amended, Hadley. Public Employees' Retirement System: contracting agencies: benefit formulas.

The Public Employees' Retirement Law authorizes a public agency to participate in, and make all or part of its employees members of, the Public Employees' Retirement System (PERS) by a contract entered into between its governing body and the board of administration of the system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas for employees first hired on or after January 1, 2013, as specified.

This bill would authorize a public agency that has contracted with the board of administration of PERS to offer an alternative formula from that required by PEPRA, to be applicable to miscellaneous, nonsafety employees hired after January 1, 2017, *and who are new members, as defined*, if specified contingencies are satisfied, including that the agency and representative employee organization have agreed to its application in a valid memorandum of understanding. *The bill would require that miscellaneous, nonsafety employees who are not new members, as defined, if they are employed by a public employer*

that did not contract with PERS prior to December 31, 2012, be covered by the default benefit formula under PEPRRA. The bill would specify what is pensionable compensation for these purposes.

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 7522.20 of the Government Code is
2 amended to read:
3 7522.20. (a) Except as provided in subdivision (c) or (d), each
4 retirement system that offers a defined benefit plan for nonsafety
5 members of the system shall use the formula prescribed by this
6 section. The defined benefit plan shall provide a pension at
7 retirement for service equal to the percentage of the member's
8 final compensation set forth opposite the member's age at
9 retirement, taken to the preceding quarter year, in the following
10 table, multiplied by the number of years of service in the system
11 as a nonsafety member. A member may retire for service under
12 this section after five years of service and upon reaching 52 years
13 of age.

14	Age of Retirement	Fraction
15	52	1.000
16	52 1/4	1.025
17	52 1/2	1.050
18	52 3/4	1.075
19	53	1.100
20	53 1/4	1.125
21	53 1/2	1.150
22	53 3/4	1.175
23	54	1.200
24	54 1/4	1.225
25	54 1/2	1.250
26	54 3/4	1.275
27	55	1.300
28	55 1/4	1.325
29	55 1/2	1.350
30	55 3/4	1.375
31	56	1.400
32		

1	56 ¹ / ₄	1.425
2	56 ¹ / ₂	1.450
3	56 ³ / ₄	1.475
4	57	1.500
5	57 ¹ / ₄	1.525
6	57 ¹ / ₂	1.550
7	57 ³ / ₄	1.575
8	58	1.600
9	58 ¹ / ₄	1.625
10	58 ¹ / ₂	1.650
11	58 ³ / ₄	1.675
12	59	1.700
13	59 ¹ / ₄	1.725
14	59 ¹ / ₂	1.750
15	59 ³ / ₄	1.775
16	60	1.800
17	60 ¹ / ₄	1.825
18	60 ¹ / ₂	1.850
19	60 ³ / ₄	1.875
20	61	1.900
21	61 ¹ / ₄	1.925
22	61 ¹ / ₂	1.950
23	61 ³ / ₄	1.975
24	62	2.000
25	62 ¹ / ₄	2.025
26	62 ¹ / ₂	2.050
27	62 ³ / ₄	2.075
28	63	2.100
29	63 ¹ / ₄	2.125
30	63 ¹ / ₂	2.150
31	63 ³ / ₄	2.175
32	64	2.200
33	64 ¹ / ₄	2.225
34	64 ¹ / ₂	2.250
35	64 ³ / ₄	2.275
36	65	2.300
37	65 ¹ / ₄	2.325
38	65 ¹ / ₂	2.350
39	65 ³ / ₄	2.375
40	66	2.400

1 66¼ 2.425
 2 66½ 2.450
 3 66¾ 2.475
 4 67 2.500

5
 6 (b) Pensionable compensation used to calculate the defined
 7 benefit shall be limited as described in Section 7522.10.

8 (c) A new member of the State Teachers’ Retirement System
 9 shall be subject to the formula established pursuant to Section
 10 24202.6 of the Education Code.

11 (d) With respect to new members, a public agency participating
 12 in the Public Employees’ Retirement System pursuant to contract
 13 may provide the formula established in Section 21354.6 in lieu of
 14 this section and subject to the requirements of Section 21354.6.

15 SEC. 2. Section 21354.6 is added to the Government Code, to
 16 read:

17 21354.6. (a) Notwithstanding any other law, a contracting
 18 agency may make the formula provided in this section applicable
 19 to miscellaneous, nonsafety employees hired after January 1, 2017,
 20 *and who are otherwise new members as defined in Section 7522.04,*
 21 provided that the agency and representative employee organization
 22 have agreed to its application in a valid memorandum of
 23 understanding, the contracting agency adopts *a resolution or* an
 24 ordinance to this effect, and the agency’s contract is amended in
 25 the manner prescribed for approval of contracts or, in the case of
 26 a new contract, by express provision in the contract. The pension
 27 at retirement for service provided by this section shall be equal to
 28 the percentage of the member’s final compensation set forth
 29 opposite the member’s age at retirement, taken to the preceding
 30 quarter year, in the following table, multiplied by the number of
 31 years of service in the system as a nonsafety member. A member
 32 may retire for service under this section after five years of *state*
 33 service and upon reaching 55 years of ~~age~~ *age, except as provided*
 34 *in Section 21060.*

35

36 Age of Retirement	Fraction
37 55	1.000
38 55¼	1.025
39 55½	1.050
40 55¾	1.075

1	56	1.100
2	56 ¹ / ₄	1.125
3	56 ¹ / ₂	1.150
4	56 ³ / ₄	1.175
5	57	1.200
6	57 ¹ / ₄	1.225
7	57 ¹ / ₂	1.250
8	57 ³ / ₄	1.275
9	58	1.300
10	58 ¹ / ₄	1.325
11	58 ¹ / ₂	1.350
12	58 ³ / ₄	1.375
13	59	1.400
14	59 ¹ / ₄	1.425
15	59 ¹ / ₂	1.450
16	59 ³ / ₄	1.475
17	60	1.500
18	60 ¹ / ₄	1.525
19	60 ¹ / ₂	1.550
20	60 ³ / ₄	1.575
21	61	1.600
22	61 ¹ / ₄	1.625
23	61 ¹ / ₂	1.650
24	61 ³ / ₄	1.675
25	62	1.700
26	62 ¹ / ₄	1.725
27	62 ¹ / ₂	1.750
28	62 ³ / ₄	1.775
29	63	1.800
30	63 ¹ / ₄	1.825
31	63 ¹ / ₂	1.850
32	63 ³ / ₄	1.875
33	64	1.900
34	64 ¹ / ₄	1.925
35	64 ¹ / ₂	1.950
36	64 ³ / ₄	1.975
37	65	2.000
38	65 ¹ / ₄	2.025
39	65 ¹ / ₂	2.050
40	65 ³ / ₄	2.075

1 66 2.100
2 66¹/₄..... 2.125
3 66¹/₂..... 2.150
4 66³/₄..... 2.175
5 67 2.200
6 67¹/₄..... 2.225
7 67¹/₂..... 2.250
8 67³/₄..... 2.275
9 68 2.300
10 68¹/₄..... 2.325
11 68¹/₂..... 2.350
12 68³/₄..... 2.375
13 69 2.400
14 69¹/₄..... 2.425
15 69¹/₂..... 2.450
16 69³/₄..... 2.475
17 70 2.500

18

19 *(b) Unless otherwise permitted by law, a miscellaneous,*
20 *nonsafety employee, who is not a new member as defined in Section*
21 *7522.04, shall be subject to the benefit formula in Section 7522.20*
22 *if employed by a public employer that did not contract with this*
23 *system to provide retirement benefits on or before December 31,*
24 *2012.*

25 *(c) Pensionable compensation used to calculate the defined*
26 *benefit pursuant to this section shall be limited as described in*
27 *Section 7522.10.*

O