

Assembly Bill No. 1640

CHAPTER 296

An act to amend Sections 20616 and 20618 of, and to add Section 21623.5 to, the Government Code, relating to public employees.

[Approved by Governor August 17, 1998. Filed with
Secretary of State August 17, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1640, Migden. Public employees: retirement benefits.

The Public Employees' Retirement Law provides a \$600 lump-sum death benefit payment to the estate of a retired school member and a \$2,000 lump-sum death benefit payment to the estate of a retired state member.

This bill would authorize contracting agencies and school employers to elect to provide a \$2,000, \$3,000, \$4,000, or \$5,000 lump-sum death benefit for their retired employees and would make related changes in other provisions.

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

SECTION 1. Section 20616 of the Government Code is amended to read:

20616. Sections 20469, 20470, 20502, 20512, 20570, 20571, and 20572 do not apply to contracts made pursuant to this chapter. The county superintendent of schools shall have no authority to exercise any election under any provision of this part, other than Section 21623.5, that applies to a contracting agency only on its election to be subject to it.

SEC. 2. Section 20618 of the Government Code is amended to read:

20618. The assets and liabilities arising out of contracts with school employers, as defined in Section 20063, shall be merged, excluding that portion of a contract that provides benefits pursuant to Section 21623.5, that portion of a contract with respect to local police officers, as defined in Section 20430, and those contracts with school districts or community college districts, as defined in subdivision (i) of Section 20057, which employ school safety members, as defined in Section 20444. Employer accumulated contributions credited to those entities on June 30, 1982, and all the contributions paid by a school employer after June 30, 1982, shall be held exclusively for the benefit of school members, retired school members, and their beneficiaries.

A person who is a member under a contract between the board and school districts or community college districts prior to July 1, 1983,



shall not be denied any right extended to him or her by reason of that membership.

SEC. 3. Section 21623.5 is added to the Government Code, to read:

21623.5. In lieu of benefits provided by Sections 21620 and 21622 upon the death of any local or school member, after retirement and while receiving a retirement allowance from this system, there shall be paid to his or her estate, or to the beneficiary who he or she shall nominate by written designation duly executed and filed with the board, the sum of two thousand dollars (\$2,000), three thousand dollars (\$3,000), four thousand dollars (\$4,000), or five thousand dollars (\$5,000), whichever amount is designated by the employer in its contract, to be provided from contributions by the employer.

For the purposes of this section, all contributions, liabilities, actuarial interest rates, and other valuation factors shall be determined on the basis of actuarial assumptions and methods which, in the aggregate, are reasonable and which, in combination, offer the actuary's best estimate of anticipated experience under the system.

The additional employer contributions required under this section shall be computed as a level percentage of member compensation.

This section shall not apply to a contracting agency or school employer unless and until the agency or school employer elects to be subject to this section by amendment to its contract made in the manner prescribed for approval of contracts, except an election among the employees is not required or in the case of contracts made on or after January 1, 1999, except by express provision in the contract making the contracting agency or school employer subject to this section.

