

AMENDED IN ASSEMBLY JULY 7, 1997

AMENDED IN SENATE MAY 14, 1997

SENATE BILL

No. 1027

Introduced by Senator Schiff

February 27, 1997

An act to amend Sections 23200 and 23202 of, ~~and~~ to add ~~Section 22811 to~~ *Chapter 14.2 (commencing with Section 22820) to Part 13 of, and to repeal Section 22707 of,* the Education Code, relating to school employees.

LEGISLATIVE COUNSEL'S DIGEST

SB 1027, as amended, Schiff. School employees retirement.

The State Teachers' Retirement System authorizes members to redeposit refunded contributions.

The bill would authorize members to redeposit contributions withdrawn by nonmember spouses.

Existing law authorizes credit for service prior to July 1, 1944, in other states.

This bill would authorize purchases of additional service credit for out-of-state public school employment without any date restriction. *These provisions would become operative on January 1, 1999.*

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 22811 is added to the Education~~
2 ~~Code, to read:~~

3 ~~22811. (a) A member, other than a retired member,~~
4 ~~may elect to purchase additional service credit for~~
5 ~~employment with a public school system in another state~~
6 ~~or territory of the United States or by the United States~~
7 ~~for its citizens under the following conditions:~~

8 ~~(1) The out-of-state service shall have been in a~~
9 ~~position that in this state would qualify for membership~~
10 ~~in this system.~~

11 ~~(2) In no event shall the member receive credit for~~
12 ~~this service if the member has received or is eligible to~~
13 ~~receive credit for the same service in another retirement~~
14 ~~system.~~

15 ~~(b) The amount of additional service credit that may~~
16 ~~be purchased may not exceed the lesser of the number of~~
17 ~~years of service credit the member has in the out-of-state~~
18 ~~retirement system or 10 years.~~

19 ~~(c) Additional service credit may be purchased under~~
20 ~~this section by either of the following:~~

21 ~~(1) Depositing contributions for each year of service~~
22 ~~claimed up to the limits established in subdivision (b), or~~
23 ~~amounts in accordance with Section 22801.~~

24 ~~(2) Depositing contributions in accordance with~~
25 ~~Section 22801 and receiving the number of years of~~
26 ~~service credit the total amount of contributions will~~
27 ~~purchase up to the limits established in subdivision (b).~~

28 ~~(d) A member who transfers contributions under~~
29 ~~subdivision (c) may not transfer contributions qualifying~~
30 ~~under Section 403(b) of the Internal Revenue Code.~~

31 ~~(e) Contributions for additional service credit~~
32 ~~purchased shall not be used in calculating highest average~~
33 ~~annual compensation when calculating final~~
34 ~~compensation.~~

35 ~~SEC. 2.—~~

36 ~~SECTION 1. Section 22707 of the Education Code is~~
37 ~~repealed.~~



1 ~~22707. Except as otherwise specifically provided in~~
2 ~~this part no member shall receive credit for service~~
3 ~~performed outside this state.~~

4 *SEC. 2. Chapter 14.2 (commencing with Section*
5 *22820) is added to Part 13 of the Education Code, to read:*

6
7 *CHAPTER 14.2. OUT-OF-STATE SERVICE CREDIT*
8

9 *22820. (a) A member, other than a retired member,*
10 *may elect to purchase out-of-state service credited in a*
11 *public retirement system for service covering public*
12 *education in another state or territory of the United*
13 *States or by the United States for its citizens. In no event*
14 *shall the member receive credit for this service if the*
15 *member has credit or is eligible to receive credit for the*
16 *same service in the Cash Balance Plan under Part 14*
17 *(commencing with Section 26000) or another public*
18 *retirement system, excluding social security.*

19 *(b) The amount of out-of-state service for which a*
20 *member may purchase credit may not exceed the*
21 *number of years of service credited to the member in the*
22 *out-of-state retirement system or 10 years, whichever is*
23 *less.*

24 *(c) Out-of-state service credit may be purchased*
25 *under this section by means of any of the following*
26 *actions:*

27 *(1) Paying an amount equal to the amount refunded*
28 *from the other public retirement system and receiving*
29 *service credit in this plan pursuant to subdivision (a) of*
30 *Section 22823.*

31 *(2) Paying the contributions required under this plan*
32 *pursuant to subdivision (a) of Section 22823 for the*
33 *service credited in the other public retirement system.*

34 *(3) Paying an amount equal to the amount refunded*
35 *from the other public retirement system and an*
36 *additional amount in accordance with subdivision (a) of*
37 *Section 22823 for the service credited in the other public*
38 *retirement system.*

1 (d) Contributions made to a plan qualified under
2 Section 403(b) of the Internal Revenue Code may not be
3 used to purchase credit for out-of-state service.

4 (e) Compensation for out-of-state service shall not be
5 used in determining the highest average annual
6 compensation earnable when calculating final
7 compensation.

8 (f) The credited service purchased under this section
9 shall not be used to meet the eligibility requirements for
10 benefits provided under Sections 23801, 23804, 23851,
11 23854, 24001, 24101, and 24201.

12 22821. A member's election to purchase out-of-state
13 service credit shall be submitted in writing and shall
14 include information as required by the board.

15 22822. An election pursuant to Section 22820 to
16 purchase credit for out-of-state service may be made by
17 a member any time prior to the effective date of a family,
18 survivor, disability, or retirement allowance.

19 22823. (a) A member who elects to receive credit for
20 out-of-state service as provided in this chapter shall
21 contribute to the retirement fund the actuarial cost of the
22 service, including interest as appropriate, as determined
23 by the board based on the most recent valuation of the
24 plan.

25 (b) (1) Any payment that a member may make to the
26 system to obtain credit for out-of-state service shall be
27 paid in full prior to the effective date of a family, survivor,
28 disability, or retirement allowance.

29 (2) If the system is unable to inform the member of the
30 amount required to purchase out-of-state service prior to
31 the effective date of the applicable allowance, the
32 member may make payment in full within 30 days after
33 the date of mailing of the statement of contributions and
34 interest required or the effective date of the appropriate
35 allowance, whichever is later.

36 (c) Contributions for out-of-state service credit shall
37 be made in a lump sum, or in not more than 120 monthly
38 installments. No installment, except the final installment,
39 shall be less than twenty-five dollars (\$25).



1 (d) Regular interest shall be charged on the monthly
2 unpaid balance if the member makes installment
3 payments.

4 22824. No provision of this chapter shall apply to the
5 extent it would require any action to be taken that would
6 create a conflict with Section 415 of the Internal Revenue
7 Code of 1968 (Title 26 of the United States Code).

8 22825. This chapter shall become operative on
9 January 1, 1999.

10 SEC. 3. Section 23200 of the Education Code is
11 amended to read:

12 23200. (a) If a person, whose accumulated
13 retirement contributions have been refunded, again
14 becomes a member of the plan, the person may elect to
15 redeposit those contributions with regular interest from
16 the date of refund to the date of payment. If the member
17 elects to redeposit, the member shall repay all
18 accumulated retirement contributions that were
19 previously refunded.

20 (b) For time prior to July 1, 1944, regular interest shall
21 be at 2 1/2 percent compounded annually.

22 (c) If a nonmember spouse, as defined in Section
23 22651, withdraws accumulated contributions in
24 accordance with Section 22661, the member may
25 redeposit a sum equal to those contributions pursuant to
26 subdivision (a), providing he or she is not receiving an
27 allowance under Chapter 26 (commencing with Section
28 24100) or Chapter 27 (commencing with Section 24201).

29 ~~SEC. 3.—~~

30 SEC. 4. Section 23202 of the Education Code is
31 amended to read:

32 23202. (a) An election pursuant to Section 23200 to
33 redeposit accumulated retirement contributions may be
34 made by a member anytime prior to the effective date of
35 the member's retirement.

36 (b) An election to redeposit refunded accumulated
37 retirement contributions shall be considered as an
38 election to repay all accumulated retirement
39 contributions previously refunded under the provision of
40 this chapter.



1 (c) If any payment due because of this election is not
2 received at the system's office in Sacramento within 120
3 days of its due date, the election shall be canceled. Upon
4 the cancellation of election any payments made under
5 the election shall be refunded.

6 (d) If the election is cancelled, the member may at any
7 time prior to the effective date of retirement, again elect
8 to redeposit accumulated retirement contributions
9 previously withdrawn or refunded, in accordance with
10 Section 23200 and all the laws, rules, and regulations
11 pertaining thereto.

