

AMENDED IN SENATE AUGUST 31, 2000

AMENDED IN SENATE AUGUST 14, 2000

AMENDED IN ASSEMBLY MAY 26, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2456**

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**Introduced by Assembly Member Wright**

**(~~Coauthor: Senator Alarcon~~) (Coauthor: Assembly Member  
Honda)**

*(Coauthors: Senators Alarcon, Johnston, Karnette,  
McPherson, Ortiz, and Vasconcellos)*

February 24, 2000

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An act to add and repeal Chapter 27.1 (commencing with Section 24230) of Part 13 of Division 1 of Title 1 of the Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2456, as amended, R. Wright. State teachers' retirement: ~~deferred~~ retirement option program.

The State Teachers' Retirement Law prescribes service retirement benefits for members of the Defined Benefit Program of the State Teachers' Retirement—~~System~~ *Plan* which benefits are paid in the form of a monthly allowance.

This bill would establish a Retirement Option Program that would allow members of the Defined Benefit Program to elect to receive a lump-sum payment and a reduced monthly allowance, as specified. The bill would direct the board of administration of the system to implement the program no

later than January 1, 2002, except as specified. The bill’s provisions would be repealed on January 1, 2011.

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. Chapter 27.1 (commencing with  
2 Section 24230) is added to Part 13 of Division 1 of Title 1  
3 of the Education Code, to read:

4  
5 CHAPTER 27.1. RETIREMENT OPTION PROGRAM  
6

7 24230. This chapter shall be known and may be cited  
8 as the “Retirement Option Program.”

9 24231. The Retirement Option Program is hereby  
10 created to add flexibility to the system. It provides  
11 members who elect to participate in the program access  
12 to a lump-sum payment and a reduced monthly  
13 retirement allowance.

14 24232. The design and administration of the  
15 Retirement Option Program shall conform with the  
16 applicable provisions of Title 26 of the United States Code  
17 and the Revenue and Taxation Code.

18 24233. If any provision of this chapter or application  
19 thereof to any person or circumstance is held invalid, that  
20 invalidity shall not affect other provisions or applications  
21 of this chapter that can be given effect without the invalid  
22 provision or application, and to this end the provisions of  
23 this chapter are severable.

24 24234. The board shall implement the Retirement  
25 Option Program pursuant to the provisions of this  
26 chapter no later than January 1, 2002, unless the board  
27 determines, by resolution, that the implementation tasks  
28 cannot be completed until a later date, in which case the  
29 board shall implement the program pursuant to this  
30 chapter no later than January 1, 2003.

31 24235. The board—~~any~~ may adopt regulations to  
32 implement the program.



1 24236. A member who retires for service on or after  
2 ~~January 1, 2002, with at least 20 years of credited service~~  
3 *January 1, 2002*, and who has reached normal retirement  
4 age may elect, on a form prescribed by the system, to  
5 receive a lump-sum payment and an actuarially reduced  
6 monthly allowance pursuant to this chapter in lieu of the  
7 monthly allowance that would otherwise be payable to  
8 the member pursuant to Chapter 27 (commencing with  
9 Section 24201).

10 24237. (a) A member who makes the election  
11 described in Section 24236 shall receive a one-time,  
12 lump-sum payment in an amount that equals or does not  
13 exceed the lesser of the following amounts:

14 (1) The actuarial present value of the difference  
15 between (A) the monthly allowance payable to the  
16 member pursuant to Chapter 27 (commencing with  
17 Section 24201), and (B) an amount equal to 2 percent of  
18 the member's final compensation multiplied by the  
19 number of years of credited service and divided by 12.

20 (2) Fifteen percent of the actuarial present value of  
21 the monthly allowance payable to the member under  
22 Chapter 27 (commencing with Section 24201).

23 (b) Notwithstanding any other provision of this part,  
24 a member who makes the election described in Section  
25 24236 shall receive a monthly allowance, pursuant to  
26 Chapter 27 (commencing with Section 24201), that shall  
27 be actuarially reduced to reflect the lump-sum amount  
28 paid under subdivision (a).

29 *24237.5. The Legislature reserves the right to modify*  
30 *the provisions of this chapter to further the objective of*  
31 *permitting eligible members to receive a lump-sum*  
32 *distribution of a portion of their benefits, with a*  
33 *corresponding actuarial reduction in their monthly*  
34 *allowance, such that there shall be no net actuarial impact*  
35 *to the Defined Benefit Program.*

36 24238. This chapter shall remain in effect only until  
37 January 1, 2011, and as of that date is repealed, unless a



1 later enacted statute, that is enacted before January 1,  
2 2011, deletes or extends that date.

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