

Introduced by Senator Schiff

February 18, 1999

An act to amend Sections 21362, 21363, 21369, and 21370 of, and to add Section 21389 to, the Government Code, relating to the Public Employees' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

SB 498, as introduced, Schiff. Public employees retirement.

The Public Employees' Retirement Law limits retirement allowances of local safety members to 75% of final compensation.

This bill would increase that limit to 90% for local safety members who retire on and after January 1, 2000.

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 21362 of the Government Code
2 is amended to read:
3 21362. The current service pension for patrol
4 members and the combined current and prior service
5 pensions for local safety members with respect to local
6 safety service rendered to a contracting agency that is
7 subject to this section is a pension derived from the
8 contributions of the employer sufficient when added to
9 the service retirement annuity that is derived from the
10 accumulated normal contributions of the patrol member



1 at the date of his or her retirement to equal the fraction
 2 of one-fiftieth of his or her final compensation set forth
 3 opposite his or her age at retirement taken to the
 4 preceding completed quarter year, in the following table,
 5 multiplied by the number of years of patrol service and
 6 local safety service subject to this section with which he
 7 or she is credited at retirement.

| 8 | 9 | 10 | 11 |
|----|-------------------|----|----------|
| | Age at | | Fraction |
| | retirement | | |
| 11 | 50 | | 1.0000 |
| 12 | 50 1/4 | | 1.0175 |
| 13 | 50 1/2 | | 1.0350 |
| 14 | 50 3/4 | | 1.0525 |
| 15 | 51 | | 1.0700 |
| 16 | 51 1/4 | | 1.0875 |
| 17 | 51 1/2 | | 1.1050 |
| 18 | 51 3/4 | | 1.1225 |
| 19 | 52 | | 1.1400 |
| 20 | 52 1/4 | | 1.1575 |
| 21 | 52 1/2 | | 1.1750 |
| 22 | 52 3/4 | | 1.1925 |
| 23 | 53 | | 1.2100 |
| 24 | 53 1/4 | | 1.2275 |
| 25 | 53 1/2 | | 1.2450 |
| 26 | 53 3/4 | | 1.2625 |
| 27 | 54 | | 1.2800 |
| 28 | 54 1/4 | | 1.2975 |
| 29 | 54 1/2 | | 1.3150 |
| 30 | 54 3/4 | | 1.3325 |
| 31 | 55 and over | | 1.3500 |

32
 33 In no event shall the current service pension and the
 34 combined current and prior service pensions under this
 35 section for all service to all employers exceed an amount
 36 that, when added to the service retirement annuity
 37 related to that service, equals 75 percent of final
 38 compensation. For state members who retire on or after
 39 January 1, 1995, and with respect to service for all state
 40 employers under this section, the benefit shall not exceed



1 80 percent of final compensation. *For local members who*
2 *retire on or after January 1, 2000, the benefit shall not*
3 *exceed 90 percent of final compensation.* If the pension
4 relates to service to more than one employer and would
5 otherwise exceed that maximum, the pension payable
6 with respect to each employer shall be reduced in the
7 same proportion as the allowance based on service to that
8 employer bears to the total allowance computed as
9 though there were no limit, so that the total of the
10 pensions shall equal the maximum. Where a state
11 member retiring on or after January 1, 1995, has service
12 under this section with both state and local agency
13 employers, the 80-percent limit shall apply and the
14 additional benefit shall be funded by increasing the
15 member's pension payable with respect to the state
16 employer.

17 This section shall not apply to any contracting agency,
18 unless and until the agency elects to be subject to the
19 provisions of this section by amendment to its contract
20 made in the manner prescribed for approval of contracts
21 or, in the case of contracts made after the date this section
22 is operative, by express provision in the contract making
23 the contracting agency subject to the provisions of this
24 section.

25 This section shall supersede Section 21363, 21366, 21368,
26 21369, or 21370, whichever is then applicable, with
27 respect to patrol and local safety members who retire
28 after the date this section becomes applicable to their
29 respective employers.

30 This section shall not apply to state safety or state peace
31 officer/firefighter members.

32 The Legislature reserves, with respect to any member
33 subject to this section, the right to provide for the
34 adjustment of industrial disability retirement allowances
35 because of earnings of a retired person and modification
36 of the conditions and qualifications required for
37 retirement for disability as it may find appropriate
38 because of the earlier ages of service retirement made
39 possible by the benefits under this section.



1 SEC. 2. Section 21363 of the Government Code is
 2 amended to read:
 3 21363. The combined current and prior service
 4 pensions for state peace officer/firefighter members
 5 subject to this section with respect to state peace
 6 officer/firefighter service and the combined current and
 7 prior service pensions for local safety members with
 8 respect to local safety service rendered to a contracting
 9 agency that is subject to this section is a pension derived
 10 from the contributions of the employer sufficient when
 11 added to the service retirement annuity that is derived
 12 from the accumulated normal contributions of the state
 13 peace officer/firefighter member at the date of his or her
 14 retirement to equal the fraction of one-fiftieth of his or
 15 her final compensation set forth opposite his or her age
 16 at retirement taken to the preceding completed
 17 quarter-year, in the following table, multiplied by the
 18 number of years of state peace officer/firefighter service
 19 subject to this section with which he or she is credited at
 20 retirement.

| 21 | 22 Age at | 23 Retirement | 24 Fraction |
|----|-----------|---------------|-------------|
| 24 | 50 | ..... | 1.0000 |
| 25 | 50 1/4 | ..... | 1.0125 |
| 26 | 50 1/2 | ..... | 1.0250 |
| 27 | 50 3/4 | ..... | 1.0375 |
| 28 | 51 | ..... | 1.0500 |
| 29 | 51 1/4 | ..... | 1.0625 |
| 30 | 51 1/2 | ..... | 1.0750 |
| 31 | 51 3/4 | ..... | 1.0875 |
| 32 | 52 | ..... | 1.1000 |
| 33 | 52 1/4 | ..... | 1.1125 |
| 34 | 52 1/2 | ..... | 1.1250 |
| 35 | 52 3/4 | ..... | 1.1375 |
| 36 | 53 | ..... | 1.1500 |
| 37 | 53 1/4 | ..... | 1.1625 |
| 38 | 53 1/2 | ..... | 1.1750 |
| 39 | 53 3/4 | ..... | 1.1875 |
| 40 | 54 | ..... | 1.2000 |



| | | |
|---|-------------------|--------|
| 1 | 54 1/4 | 1.2125 |
| 2 | 54 1/2 | 1.2250 |
| 3 | 54 3/4 | 1.2375 |
| 4 | 55 and over | 1.2500 |

5
6 In no event shall the current service pension and the
7 combined current and prior service pensions under this
8 section for all service to all employers exceed an amount
9 that, when added to the service retirement annuity
10 related to that service, equals 75 percent of final
11 compensation. For state members who retire on or after
12 January 1, 1995, and with respect to service for all state
13 employers under this section, the benefit shall not exceed
14 80 percent of final compensation. *For local members who*
15 *retire on or after January 1, 2000, the benefit shall not*
16 *exceed 90 percent of final compensation.* If the pension
17 relates to service to more than one employer, or this
18 section and Section 21369, and would otherwise exceed
19 that maximum, the pension payable with respect to each
20 section or employer shall be reduced in the same
21 proportion as the allowance bears to the total allowance
22 computed as though there were no limit, so that the total
23 of the pensions shall equal the maximum. Where a state
24 member retiring on or after January 1, 1995, has service
25 under this section with both state and local agency
26 employers, the 80-percent limit shall apply and the
27 additional benefit shall be funded by increasing the
28 member's pension payable with respect to the state
29 employer.

30 The Legislature reserves, with respect to any member
31 subject to this section, the right to provide for the
32 adjustment of industrial disability retirement allowances
33 because of earnings of a retired person and modification
34 of the conditions and qualifications required for
35 retirement for disability as it may find appropriate
36 because of the earlier age of service retirement made
37 possible by the benefits under this section.

38 This section may be applied to related supervisory
39 classes or confidential positions for the respective
40 bargaining units specified in this section.



1 This section shall be operative with respect to state
2 peace officer/firefighter members in Corrections
3 Bargaining Unit No. 6, Protective Services and Public
4 Safety Bargaining Unit No. 7, or Firefighters Bargaining
5 Unit No. 8, in accordance with a memorandum of
6 understanding reached between the state and the
7 exclusive bargaining agent in the respective unit
8 pursuant to Chapter 10.3 (commencing with Section
9 3512) of Division 4 of Title 1. This section also shall be
10 operative with respect to the state peace
11 officer/firefighter members employed by a California
12 State University police department who are in Public
13 Safety Unit No. 8 in accordance with a memorandum of
14 understanding reached between the Trustees of the
15 California State University and the recognized employee
16 organization pursuant to Chapter 12 (commencing with
17 Section 3560) of Division 4 of Title 1.

18 This section shall also be operative with respect to a
19 “state peace officer/firefighter member” defined in
20 subdivision (a) of Section 20396 if authorized by, and in
21 accordance with, a memorandum of understanding
22 reached between the Trustees of the California State
23 University and the recognized employee organization
24 pursuant to Chapter 12 (commencing with Section 3560)
25 of Division 4 of Title 1.

26 Nothing in this section or in any other provision of law
27 affected by Chapter 1320 of the Statutes of 1984 or
28 Chapter 234 of the Statutes of 1986 shall be construed as
29 authorizing any future negotiation with respect to
30 whether or not any bargaining unit specified in this
31 section whose memorandum of understanding was
32 previously approved by the Legislature pursuant to law
33 and this section, shall continue to remain within the state
34 peace officer/firefighter membership category.

35 The operative date of this section with respect to
36 members in each of the bargaining units specified in this
37 section shall be as provided for in the memorandum of
38 understanding.



1 This section shall not apply to a person whose effective
2 date of retirement is prior to the operative date of this
3 section with respect to the bargaining unit of the person.

4 This section shall be known as, and may be cited as the
5 State Peace Officers' and Fire Fighters' Retirement Act.

6 The Legislature reserves the right to subsequently
7 modify or amend this part in order to completely
8 effectuate the intent and purposes of this section and the
9 right to not provide any new comparable advantages if
10 disadvantages to employees result from any modification
11 or amendment.

12 This section shall not apply to a contracting agency nor
13 its employees until, first, it is agreed to in a written
14 memorandum of understanding entered into by an
15 employer and representatives of employees and, second,
16 the contracting agency elects to be subject to it by
17 amendment to its contract made in the manner
18 prescribed for approval of contracts or in the case of a
19 new contract, by express provision of the contract. The
20 operative date of this section with respect to a local safety
21 member shall be the effective date of the amendment to
22 his or her employer's contract electing to be subject to
23 this section.

24 SEC. 3. Section 21369 of the Government Code is
25 amended to read:

26 21369. The combined prior and current service
27 pension for a state safety member, and a local safety
28 member with respect to service to a contracting agency
29 subject to this section, upon retirement after attaining
30 age 55, is a pension derived from contributions of an
31 employer sufficient, when added to that portion of the
32 service retirement annuity that is derived from the
33 accumulated normal contributions of the member at the
34 date of his or her retirement, to equal one-fiftieth of his
35 or her final compensation multiplied by the number of
36 years of state safety, police, fire, or county peace officer
37 service that is credited to him or her as a state safety
38 member or a local safety member subject to this section
39 at retirement. Notwithstanding the preceding sentence,
40 this section shall apply to the current and prior service



1 pension for any other state safety member based on
2 service to which it would have applied had the member,
3 on July 1, 1971, been in employment described in Section
4 20403 or 20404.

5 Upon retirement for service prior to attaining age 55,
6 the percentage of final compensation payable for each
7 year of credited service that is subject to this section shall
8 be the product of 2 percent multiplied by the factor set
9 forth in the following table for his or her actual age at
10 retirement:

| 11 | 12 | 13 | 14 |
|----|----------------------------------|------------------|----|
| | | The percent for | |
| | | each year of | |
| | | credited service | |
| 15 | If the retirement age occurs at: | is: | |
| 16 | 50 | 0.713 | |
| 17 | 50 1/4 | 0.725 | |
| 18 | 50 1/2 | 0.737 | |
| 19 | 50 3/4 | 0.749 | |
| 20 | 51 | 0.761 | |
| 21 | 51 1/4 | 0.775 | |
| 22 | 51 1/2 | 0.788 | |
| 23 | 51 3/4 | 0.801 | |
| 24 | 52 | 0.814 | |
| 25 | 52 1/4 | 0.828 | |
| 26 | 52 1/2 | 0.843 | |
| 27 | 52 3/4 | 0.857 | |
| 28 | 53 | 0.871 | |
| 29 | 53 1/4 | 0.886 | |
| 30 | 53 1/2 | 0.902 | |
| 31 | 53 3/4 | 0.917 | |
| 32 | 54 | 0.933 | |
| 33 | 54 1/4 | 0.950 | |
| 34 | 54 1/2 | 0.966 | |
| 35 | 54 3/4 | 0.983 | |

36
37 In no event shall the total pension for all service under
38 this section exceed an amount that, when added to the
39 service retirement annuity related to that service, equals
40 75 percent of final compensation. For state members who



1 retire on or after January 1, 1995, and with respect to
2 service for all state employers under this section, the
3 benefit shall not exceed 80 percent of final compensation.
4 *For local members who retire on or after January 1, 2000,*
5 *the benefit shall not exceed 90 percent of final*
6 *compensation.* If the pension relates to service to more
7 than one employer and would otherwise exceed that
8 maximum, the pension payable with respect to each
9 employer shall be reduced in the same proportion as the
10 allowance based on service to that employer bears to the
11 total allowance computed as though there were no limit,
12 so that the total of those pensions shall equal the
13 maximum. Where a state member retiring on or after
14 January 1, 1995, has service under this section with both
15 state and local agency employers, the 80-percent limit
16 shall apply and the additional benefit shall be funded by
17 increasing the member's pension payable with respect to
18 the state employer.

19 This section shall not apply to a person whose effective
20 date of retirement is prior to July 1, 1971.

21 The Legislature reserves, with respect to any member
22 subject to this section, the right to provide for the
23 adjustment of industrial disability retirement allowances
24 because of earnings of a retired person and modification
25 of the conditions and qualifications required for
26 retirement for disability as it may find appropriate
27 because of the earlier age of service retirement made
28 possible by the benefits under this section.

29 The percentage of final compensation provided in this
30 section shall be reduced by one-third as applied to that
31 part of the member's final compensation that does not
32 exceed four hundred dollars (\$400) per month for service
33 after the effective date of coverage of a member under
34 the federal system. This paragraph shall not apply to a
35 member who retires after the date upon which coverage
36 under the federal system of persons in his or her
37 employment terminates. It shall not apply to a local safety
38 member employed by a contracting agency electing to be
39 subject to this section after March 7, 1973, unless the
40 agency elects to be subject to this paragraph by



1 amendment to its contract or by appropriate provision of
2 a contract entered into after this provision is effective and
3 as to any member, the reduction in the percentage of final
4 compensation shall apply to all local safety service to the
5 agency, if any of the local safety service has been included
6 in the federal system.

7 This section shall not apply to a contracting agency nor
8 its employees until the agency elects to be subject to it by
9 amendment to its contract made in the manner
10 prescribed for approval of contracts or in the case of a
11 new contract, by express provision of the contract. The
12 operative date of this section with respect to a local safety
13 member shall be the effective date of the amendment to
14 his or her employer's contract electing to be subject to
15 this section.

16 SEC. 4. Section 21370 of the Government Code is
17 amended to read:

18 21370. The combined prior and current service
19 pension for local safety members with respect to service
20 to a contracting agency subject to this section, upon
21 retirement after attaining 56 years of age, is a pension
22 derived from contributions of an employer sufficient,
23 when added to that portion of the service retirement
24 annuity that is derived from the accumulated normal
25 contributions of the member at the date of his or her
26 retirement, to equal one-fiftieth of his or her final
27 compensation set forth opposite his or her age at
28 retirement taken to the preceding completed quarter
29 year in the following table, multiplied by the number of
30 years of service credited to him or her as a local safety
31 member subject to this section at retirement.

32 Upon retirement for service prior to attaining 56 years
33 of age, the percentage of final compensation payable for
34 each year of credited service that is subject to this section
35 shall be the product of 2 percent multiplied by the factor
36 set forth in the following table for the actual age at
37 retirement:

38



| | The percent for each year of credited service |
|----|---|
| 1 | |
| 2 | |
| 3 | |
| 4 | is: |
| 5 | .8565 |
| 6 | .8650 |
| 7 | .8740 |
| 8 | .8830 |
| 9 | .8920 |
| 10 | .9020 |
| 11 | .9120 |
| 12 | .9222 |
| 13 | .9330 |
| 14 | .9410 |
| 15 | .9490 |
| 16 | .9570 |
| 17 | .9650 |
| 18 | .9675 |
| 19 | .9700 |
| 20 | .9725 |
| 21 | .9750 |
| 22 | .9810 |
| 23 | .9870 |
| 24 | .9935 |
| 25 | 1.0000 |
| 26 | 1.0435 |
| 27 | 1.0870 |
| 28 | 1.1310 |
| 29 | 1.1750 |

30
31 This section shall apply only to local police officers and
32 county peace officers who are local safety members.

33 This section shall not apply to persons whose effective
34 date of retirement is prior to January 1, 1985.

35 The Legislature reserves, with respect to any member
36 subject to this section, the right to provide for the
37 adjustment of industrial disability retirement allowances
38 because of earnings of a retired person and modification
39 of the conditions and qualifications required for
40 retirement for disability as it may find appropriate



1 because of the earlier age of service retirement made
2 possible by the benefits under this section.

3 The percentage of final compensation provided in this
4 section shall be reduced by one-third as applied to that
5 part of the member's final compensation that does not
6 exceed four hundred dollars (\$400) per month for service
7 after the effective date of coverage of a member under
8 the federal system. This paragraph shall not apply to a
9 member who retires after the date upon which coverage
10 under the federal system of persons in his or her
11 employment terminates.

12 ~~It~~

13 *For members who retire prior to January 1, 2000, in no*
14 *event shall the total pension for all service under this*
15 *section exceed an amount that, when added to the service*
16 *retirement annuity related to the service, equals 75*
17 *percent of final compensation. For members who retire*
18 *on or after January 1, 2000, the allowance shall not exceed*
19 *90 percent of final compensation. If the pension relates to*
20 *service for more than one employer and would otherwise*
21 *exceed the maximum, the pension payable with respect*
22 *to each employer shall be reduced in the same proportion*
23 *as the allowance based on service to the employer bears*
24 *to the total allowance computed as though there were no*
25 *limit, so that the total of the pensions shall equal the*
26 *maximum.*

27 This section shall only apply as an optional contributory
28 retirement formula for this system local safety groups
29 whose group participated in Federal Old Age and
30 Survivors' Insurance provisions of the Social Security Act
31 on April 1983.

32 This section shall not apply to a contracting agency nor
33 its employees until the agency and the representative
34 employee organization agree by memorandum of
35 understanding to be subject to it by amendment to its
36 contract made in the manner prescribed for approval of
37 contracts. It shall also be required that the representative
38 employee organizations agree to be subject to this
39 provision.



1 The operative date of this section with respect to a local
2 safety member shall be the effective date of the
3 amendment to the employer's contract electing to be
4 subject to this section.

5 SEC. 5. Section 21389 is added to the Government
6 Code, to read:

7 21389. Notwithstanding Sections 21362, 21363, 21369,
8 and 21370, for local safety members who retire on or after
9 January 1, 2000, and with respect to all local safety service
10 rendered to a contracting agency that is subject to any of
11 those sections, the benefit limit shall be 90 percent rather
12 than 75 percent of final compensation.

