

Introduced by Senator Negrete McLeod

February 15, 2011

An act to amend Sections 21571, 21572, 21573, 21574.7, and 21581 of the Government Code, relating to the Public Employees' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

SB 350, as introduced, Negrete McLeod. Public Employees' Retirement System: preretirement death benefits.

The Public Employees' Retirement Law provides preretirement death benefits for the surviving spouse or children, or both, as specified, of state members and specified school members not covered by the federal Social Security Act. That law prescribes various allowances for preretirement death benefits, as specified. That law specifies certain benefits known as the 1959 survivor allowance.

Existing law requires, on and after the date determined by the board, all assets and liabilities of all contracting agencies subject to the 1959 survivor allowance, and their employees, on account of benefits provided, to be pooled into a single account, and a single employer rate to be established to provide benefits under that provision on account of members employed by a contracting agency that is subject to those provisions.

This bill would require assets and liabilities of contracting agencies subject to those provisions to be pooled, as specified, after June 30, 2012. The bill would also provide that on and after July 1, 2012, certain members employed by a contracting agency entitled to receive benefits under the 1959 survivor allowance provisions instead receive increased benefits, as specified.

Existing law specifies that if a contracting agency has a surplus in its 1959 survivor benefit account as of the date the contracting agency becomes subject to certain provisions of law, the surplus shall be applied to reduce its rate of contribution. Existing law also specifies that if a contracting agency that is subject to those provisions has a deficit in its 1959 survivor benefit account as of the date the contracting agency becomes subject to these provisions, its rate of contribution shall be increased until the deficit is paid.

This bill would delete those provisions.

Existing law requires the rate of contribution of a member subject to the above-described provisions to include, in addition to his or her normal rate, \$2 per month or fraction thereof, or \$0.93 for each biweekly payroll period or fraction thereof, where salaries are paid on that basis. Existing law requires that those contributions not become a part of a member's accumulated contributions or be treated or administered as normal contributions and not be refundable to a member under any circumstances. Existing law provides that those contributions are available only for payment of 1959 survivor allowances.

Notwithstanding those provisions, with respect to the combined assets and liabilities that are pooled, as described above, this bill would provide, if the board determines that there exists a reasonable actuarial amortization of surplus funds that will fully pay for total annual premiums for benefits and the surplus exceeds 200% of the total liabilities of the pool, that the rate of contribution of a member shall be his or her normal rate with no additional contribution, as specified.

The bill would also make related changes to reflect that these provisions may apply to nonstate employees, including school members, as well as contracting agencies.

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 21571 of the Government Code is
- 2 amended to read:
- 3 21571. (a) If the death benefit provided by Section 21532 is
- 4 payable on account of a member's death that occurs under
- 5 circumstances other than those described in subparagraph (F) of
- 6 paragraph 4 (1) of subdivision (a) of Section 21530, or if an

allowance under Section 21546 is payable, the payment pursuant to subdivision (b) shall be made, in the following order of priority:

(1) The surviving wife or surviving husband of the member, who has the care of unmarried children, including stepchildren, of the member who are under 22 years of age, or are incapacitated because of disability that began before and has continued without interruption after attainment of that age.

(2) The guardian or conservator of surviving unmarried children, including stepchildren, of the member who are under 22 years of age or are so incapacitated.

(3) The surviving wife or surviving husband of the member, who does not qualify under paragraph (1).

(4) Each surviving parent of the member.

(b) Regardless of the benefit provided by Section 21532 and of the beneficiary designated by the member under that section, or regardless of the allowance provided under Section 21546, the following applicable 1959 survivor allowance, under the conditions stated and from contributions of the ~~state~~, *employer*, shall be paid:

(1) A surviving spouse who was either continuously married to the member for at least one year prior to death, or was married to the member prior to the occurrence of the injury or onset of the illness that resulted in death, and has the care of unmarried children, including stepchildren, of the deceased member who are under 22 years of age or are so incapacitated, shall be paid three hundred sixty dollars (\$360) if there is one child or four hundred thirty dollars (\$430) per month if there are two or more children. If there also are children who are not in the care of the surviving spouse, the portion of the allowance payable under this paragraph, assuming that these children were in the care of the surviving spouse, which is in excess of one hundred eighty dollars (\$180) per month, shall be divided equally among all those children and payments made to the spouse and other children, as the case may be.

(2) If there is no surviving spouse, or if the surviving spouse dies, and if there are unmarried children, including stepchildren, of the deceased member who are under 22 years of age or are so incapacitated, or if there are children not in the care of the spouse, the children shall be paid an allowance as follows:

(A) If there is only one child, the child shall be paid one hundred eighty dollars (\$180) per month.

1 (B) If there are two children, the children shall be paid three
2 hundred sixty dollars (\$360) per month divided equally between
3 them.

4 (C) If there are three or more children, the children shall be paid
5 four hundred thirty dollars (\$430) per month divided equally among
6 them.

7 (3) A surviving spouse who has attained or attains the age of
8 62 years and, with respect to that surviving spouse, who was either
9 continuously married to the member for at least one year prior to
10 death, or who was married to the member prior to the occurrence
11 of the injury or onset of the illness which resulted in death, shall
12 be paid one hundred eighty dollars (\$180) per month. No allowance
13 shall be paid under this ~~paragraph~~, *paragraph* while the surviving
14 spouse is receiving an allowance under paragraph (1), or while an
15 allowance is being paid under subparagraph (C) of paragraph (2).
16 The allowance paid under this paragraph shall be seventy dollars
17 (\$70) per month while an allowance is being paid under
18 subparagraph (B) of paragraph (2).

19 (4) If there is no surviving spouse or surviving child who
20 qualifies for a 1959 survivor allowance, or if the surviving spouse
21 dies and there is no surviving child, or if the surviving spouse dies
22 and the children die or marry or, if not incapacitated, reach ~~age~~
23 *22; 22 years of age*, each of the member's dependent parents who
24 has attained or attains ~~the age 62 years of 62; age~~, and who received
25 at least one-half of his or her support from the member at the time
26 of the member's death, shall be paid one hundred eighty dollars
27 (\$180) per month.

28 (c) "Stepchildren," for purposes of this section, shall include
29 only stepchildren of the member living with him or her in a regular
30 parent-child relationship at the time of his or her death.

31 (d) The amendments to this section by Chapter 1617 of the
32 Statutes of 1971 shall apply only to 1959 survivor allowances
33 payable April 1, 1972, and thereafter.

34 (e) This section does not apply to any member in the employ
35 of an employer not subject to this section on January 1, 1994.

36 (f) On and after the date determined by the board, all assets and
37 liabilities of all contracting agencies subject to this section, and
38 their employees, on account of benefits provided under this article
39 shall be pooled into a single account, and a single employer rate
40 shall be established to provide benefits under this section on

1 account of members employed by a contracting agency that is
2 subject to this section. *On and after July 1, 2012, assets and*
3 *liabilities of contracting agencies subject to this section shall be*
4 *pooled as specified in subdivision (g) of Section 21573.*

5 (g) The rate of contribution of an employer subject to this section
6 shall be figured using the term insurance valuation ~~method~~ *method*,
7 *pursuant to subdivision (h) of Section 21573.* If a contracting
8 agency that is subject to this section is projected to have a surplus
9 in its 1959 survivor benefit account as of the date the assets and
10 liabilities are first pooled, the surplus shall be applied to reduce
11 its rate of contribution. If a contracting agency that is subject to
12 this section is projected to have a deficit in its 1959 survivor benefit
13 account as of the date the assets and liabilities are first pooled, its
14 rate of contribution shall be increased until the projected deficit is
15 paid.

16 (h) *On and after July 1, 2012, all members employed by a*
17 *contracting agency entitled to receive benefits under this section*
18 *shall instead receive benefits provided under Section 21573.*

19 SEC. 2. Section 21572 of the Government Code is amended
20 to read:

21 21572. (a) In lieu of benefits provided in Section 21571, if the
22 death benefit provided by Section 21532 is payable on account of
23 a ~~state~~ member's death that occurs under circumstances other than
24 those described in subparagraph (F) of paragraph (1) of subdivision
25 (a) of Section 21530, or if an allowance under Section 21546 is
26 payable, the payment pursuant to subdivision (b) shall be made in
27 the following order of priority:

28 (1) The surviving wife or surviving husband of the member who
29 has the care of unmarried children, including stepchildren, of the
30 member who are under 22 years of age or are incapacitated because
31 of a disability that began before and has continued without
32 interruption after attainment of that age.

33 (2) The guardian of surviving unmarried children, including
34 stepchildren, of the member who are under 22 years of age or are
35 so incapacitated.

36 (3) The surviving wife or surviving husband of the member who
37 does not qualify under paragraph (1).

38 (4) Each surviving parent of the member.

39 (b) Regardless of the benefit provided by Section 21532 and of
40 the beneficiary designated by the member under that section, or

1 regardless of the allowance provided under Section 21546, the
2 following applicable 1959 survivor allowance, under the conditions
3 stated and from contributions of the ~~state~~, *employer*, shall be paid:

4 (1) A surviving spouse who was either continuously married to
5 the member for at least one year prior to death, or was married to
6 the member prior to the occurrence of the injury or onset of the
7 illness that resulted in death, and has the care of unmarried
8 children, including stepchildren, of the deceased member who are
9 under 22 years of age or are so incapacitated, shall be paid four
10 hundred fifty dollars (\$450) per month if there is one child or five
11 hundred thirty-eight dollars (\$538) per month if there are two or
12 more children. If there also are children who are not in the care of
13 the surviving spouse, the portion of the allowance payable under
14 this paragraph, assuming that these children were in the care of
15 the surviving spouse, that is in excess of two hundred twenty-five
16 dollars (\$225) per month, shall be divided equally among all those
17 children and payments made to the spouse and other children, as
18 the case may be.

19 (2) If there is no surviving spouse, or if the surviving spouse
20 dies, and if there are unmarried children, including stepchildren,
21 of the deceased member who are under 22 years of age or are so
22 incapacitated, or if there are children not in the care of the spouse,
23 the children shall be paid an allowance as follows:

24 (A) If there is only one child, the child shall be paid two hundred
25 twenty-five dollars (\$225) per month.

26 (B) If there are two children, the children shall be paid four
27 hundred fifty dollars (\$450) per month divided equally between
28 them.

29 (C) If there are three or more children, the children shall be paid
30 five hundred thirty-eight dollars (\$538) per month divided equally
31 among them.

32 (3) A surviving spouse who has attained or attains the age of
33 62 years and, with respect to that surviving spouse, who was either
34 continuously married to the member for at least one year prior to
35 death, or was married to the member prior to the occurrence of the
36 injury or onset of the illness that resulted in death, shall be paid
37 two hundred twenty-five dollars (\$225) per month. No allowance
38 shall be paid under this paragraph while the surviving spouse is
39 receiving an allowance under paragraph (1) or while an allowance
40 is being paid under subparagraph (C) of paragraph (2). The

1 allowance paid under this paragraph shall be eighty-eight dollars
2 (\$88) per month while an allowance is being paid under
3 subparagraph (B) of paragraph (2).

4 (4) If there is no surviving spouse or surviving child who
5 qualifies for a 1959 survivor allowance, or if the surviving spouse
6 dies and there is no surviving child, or if the surviving spouse dies
7 and the children die or marry or, if not incapacitated, reach 22
8 years of age, each of the member's dependent parents who has
9 attained or attains the age of 62 years, and who received at least
10 one-half of his or her support from the member at the time of the
11 member's death, shall be paid two hundred twenty-five dollars
12 (\$225) per month.

13 (c) "Stepchildren," for purposes of this section, shall include
14 only stepchildren of the member living with him or her in a regular
15 parent-child relationship at the time of his or her death.

16 (d) This section shall apply to beneficiaries receiving 1959
17 survivor allowances on July 1, 1975, as well as to beneficiaries
18 with respect to the death of a state member occurring on or after
19 July 1, 1975.

20 (e) This section shall apply, with respect to benefits payable on
21 and after July 1, 1981, to all members employed by a school
22 employer, and school safety members employed with a school
23 district or community college district as defined in subdivision (i)
24 of Section 20057, except that it shall not apply, without contract
25 amendment, with respect to safety members who became members
26 after July 1, 1981. All assets and liabilities of all school employers,
27 and their employees, on account of benefits provided under this
28 article shall be pooled into a single account, and a single employer
29 rate shall be established to provide benefits under this section on
30 account of all miscellaneous members employed by a school
31 employer and all safety members who are members on July 1,
32 1981.

33 (f) This section does not apply to any member in the employ of
34 an employer not subject to this section on January 1, 1994.

35 (g) On and after January 1, 2000, all state members covered by
36 this section shall be covered by the benefit provided under Section
37 21574.7.

38 (h) On and after the date determined by the board, all assets and
39 liabilities of all contracting agencies subject to this section, and
40 their employees, on account of benefits provided under this article

1 shall be pooled into a single account, and a single employer rate
2 shall be established to provide benefits under this section on
3 account of members employed by a contracting agency that is
4 subject to this section. *On and after July 1, 2012, assets and*
5 *liabilities of contracting agencies subject to this section shall be*
6 *pooled as specified in subdivision (g) of Section 21573.*

7 (i) The rate of contribution of an employer subject to this section
8 shall be figured using the term insurance valuation ~~method~~. *method*
9 *pursuant to subdivision (h) of Section 21573.* If a contracting
10 agency that is subject to this section is projected to have a surplus
11 in its 1959 survivor benefit account as of the date the assets and
12 liabilities are first pooled, the surplus shall be applied to reduce
13 its rate of contribution. If a contracting agency that is subject to
14 this section is projected to have a deficit in its 1959 survivor benefit
15 account as of the date the assets and liabilities are first pooled, its
16 rate of contribution shall be increased until the projected deficit is
17 paid.

18 (j) *After June 30, 2012, all members employed by a contracting*
19 *agency entitled to receive benefits under this section shall instead*
20 *receive benefits provided under Section 21573.*

21 SEC. 3. Section 21573 of the Government Code is amended
22 to read:

23 21573. (a) In lieu of benefits provided in Section 21571 or
24 Section 21572, if the death benefit provided by Section 21532 is
25 payable on account of a ~~state~~ member's death that occurs under
26 circumstances other than those described in subparagraph (F) of
27 paragraph (1) of subdivision (a) of Section 21530, or if an
28 allowance under Section 21546 is payable, the payment pursuant
29 to subdivision (b) shall be made in the following order of priority:

30 (1) The surviving wife or surviving husband of the member who
31 has the care of unmarried children, including stepchildren, of the
32 member who are under 22 years of age or are incapacitated because
33 of a disability that began before and has continued without
34 interruption after attainment of that age.

35 (2) The guardian of surviving unmarried children, including
36 stepchildren, of the member who are under 22 years of age or are
37 so incapacitated.

38 (3) The surviving wife or surviving husband of the member who
39 does not qualify under paragraph (1).

40 (4) Each surviving parent of the member.

(b) Regardless of the benefit provided by Section 21532 and of the beneficiary designated by the member under that section, or regardless of the allowance provided under Section 21546, the following applicable 1959 survivor allowance, under the conditions stated and from contributions of the ~~state~~, *employer*, shall be paid:

(1) A surviving spouse who was either continuously married to the member for at least one year prior to death, or who was married to the member prior to the occurrence of the injury or onset of the illness that resulted in death, and has the care of unmarried children, including stepchildren, of the deceased member who are under 22 years of age or are so incapacitated, shall be paid seven hundred dollars (\$700) per month if there is one child, or eight hundred forty dollars (\$840) per month if there are two or more children. If there also are children who are not in the care of the surviving spouse, the portion of the allowance payable under this paragraph, assuming that these children were in the care of the surviving spouse, that is in excess of three hundred fifty dollars (\$350) per month, shall be divided equally among all those children and payments made to the spouse and other children, as the case may be.

(2) If there is no surviving spouse, or if the surviving spouse dies, and if there are unmarried children, including stepchildren, of the deceased member who are under 22 years of age or are so incapacitated, or if there are children not in the care of the spouse, the children shall be paid an allowance as follows:

(A) If there is only one child, the child shall be paid three hundred fifty dollars (\$350) per month.

(B) If there are two children, the children shall be paid seven hundred dollars (\$700) per month divided equally between them.

(C) If there are three or more children, the children shall be paid eight hundred forty dollars (\$840) per month divided equally among them.

(3) A surviving spouse who has attained or attains the age of 62 years, and, with respect to that surviving spouse, who was either continuously married to the member for at least one year prior to death, or who was married to the member prior to the occurrence of the injury or onset of the illness that resulted in death, shall be paid three hundred fifty dollars (\$350) per month. No allowance shall be paid under this paragraph while the surviving spouse is receiving an allowance under paragraph (1) or while an allowance

1 is being paid under subparagraph (C) of paragraph (2). The
2 allowance paid under this paragraph shall be one hundred forty
3 dollars (\$140) per month while an allowance is being paid under
4 subparagraph (B) of paragraph (2).

5 (4) If there is no surviving spouse or surviving child who
6 qualifies for the 1959 survivor allowance, or if the surviving spouse
7 dies and there is no surviving child, or if the surviving spouse dies
8 and the children die or marry or, if not incapacitated, reach 22
9 years of age, each of the member's dependent parents who has
10 attained or attains the age of 62 years, and who received at least
11 one-half of his or her support from the member at the time of the
12 member's death, shall be paid three hundred fifty dollars (\$350)
13 per month.

14 (c) "Stepchildren," for purposes of this section, shall include
15 only stepchildren of the member living with the member in a
16 regular parent-child relationship at the time of the death of the
17 member.

18 (d) This section shall apply to beneficiaries of state members
19 whose death occurred before January 1, 1985. Where a surviving
20 spouse attained the age of 62 years prior to January 1, 1987,
21 entitlement shall exist retroactive to January 1, 1985, or to his or
22 her 62nd birthday, whichever is later. All assets and liabilities of
23 all state agencies and their employees on account of benefits
24 provided to beneficiaries specified in this subdivision shall be
25 pooled into a single account. The board shall transfer from the
26 reserve for 1959 survivor contributions retained in the retirement
27 fund an amount sufficient to pay the cost of the increased benefits
28 provided by this subdivision for beneficiaries of members who
29 died on or before December 31, 1984.

30 (e) This section shall not apply to beneficiaries with respect to
31 the death of a state member, except as provided in subdivision (i),
32 occurring on or after January 1, 1985, unless provided for in a
33 memorandum of understanding reached pursuant to Section 3517.5,
34 or authorized by the Director of Personnel Administration for
35 classifications of state employees that are excluded from, or not
36 subject to, collective bargaining. The memorandum of
37 understanding adopting this section shall be controlling without
38 further legislative action, except that if those provisions of a
39 memorandum of understanding require the expenditure of funds,

1 those provisions shall not become effective unless approved by
2 the Legislature as provided by law.

3 (f) This section shall apply, with respect to benefits payable on
4 and after January 1, 1985, to school members and to school safety
5 members, as defined in Section 20444. All assets and liabilities of
6 all school employers, and their employees, on account of benefits
7 provided under this article shall be pooled into a single account,
8 and a single employer rate shall be established to provide benefits
9 under this section on account of school members employed by a
10 school employer.

11 (g) This section shall apply to members of a contracting agency
12 ~~that, in its original contract or by amending its contract, that first~~
13 ~~elects effective on or after January 1, 1985, and prior in its contract~~
14 ~~with the board to July 1, 2001, to make this article applicable to~~
15 ~~local members employed by the agency. On or after January 1,~~
16 ~~1985, and its employees prior to July 1, 2001, contracting agencies~~
17 ~~already subject and has not subsequently amended its contract to~~
18 ~~Section 21571 or Section 21572 may elect by contract amendment~~
19 ~~provide benefits pursuant to be subject to this section. Section~~
20 ~~21574 or 21574.5.~~ All assets and liabilities of all contracting
21 agencies subject to this section, and their employees, on account
22 of benefits provided under this article shall be pooled into a single
23 account, and a single employer rate shall be established to provide
24 benefits under this section on account of members employed by a
25 contracting agency that is subject to this section. Any public agency
26 first contracting with the board on or after January 1, 1994, and
27 prior to July 1, 2001, or any contracting agency amending its
28 contract to remove exclusions of member classifications on or after
29 January 1, 1994, and prior to July 1, 2001, that has not, pursuant
30 to Section 418 of Title 42 of the United States Code, entered into
31 an agreement with the federal government for the coverage of its
32 employees under the federal system, shall be subject to this section.

33 (h) The rate of contribution of an employer subject to this section
34 shall be figured using the term insurance valuation method. ~~If a~~
35 ~~contracting agency that is subject to this section has a surplus in~~
36 ~~its 1959 survivor benefit account as of the date the contracting~~
37 ~~agency becomes subject to this section, the surplus shall be applied~~
38 ~~to reduce its rate of contribution. If a contracting agency that is~~
39 ~~subject to this section has a deficit in its 1959 survivor benefit~~
40 ~~account as of the date the contracting agency becomes subject to~~

1 ~~this section, its rate of contribution shall be increased until the~~
2 ~~deficit is paid.~~

3 (i) This section shall not apply to beneficiaries with respect to
4 the death of a state member employed by the California State
5 University occurring on or after January 1, 1988, unless provided
6 for in a memorandum of understanding reached pursuant to Chapter
7 12 (commencing with Section 3560) of Division 4 of Title 1, or
8 authorized by the Trustees of the California State University for
9 employees excluded from collective bargaining. The memorandum
10 of understanding shall be controlling without further legislative
11 action, except that if the provisions of a memorandum of
12 understanding require the expenditure of funds, the provisions
13 shall not become effective unless approved by the Legislature in
14 the annual Budget Act.

15 (j) This section shall apply to local members employed by a
16 contracting agency that has included this benefit in its contract
17 with the board on or before June 30, 2001.

18 (k) This section shall not apply to any contracting agency that
19 first contracts with the board on or after July 1, 2001.

20 (l) On and after January 1, 2000, all eligible state and school
21 members covered by this section shall be covered by the benefit
22 provided under Section 21574.7.

23 *(m) After June 30, 2012, assets and liabilities of contracting*
24 *agencies subject to Sections 21571 and 21572 shall be pooled with*
25 *assets and liabilities of contracting agencies subject to this section*
26 *into a single account, and a single employer rate shall be*
27 *established to provide benefits under this section.*

28 SEC. 4. Section 21574.7 of the Government Code is amended
29 to read:

30 21574.7. (a) In lieu of benefits provided in Section 21571,
31 21572, or 21573, if the death benefit provided by Section 21532
32 is payable on account of a state member's death that occurs under
33 circumstances other than those described in subparagraph (F) of
34 paragraph (1) of subdivision (a) of Section 21530, or if an
35 allowance under Section 21546 is payable, the payment pursuant
36 to subdivision (b) shall be made in the following order of priority:

37 (1) The surviving spouse of the member who has the care of
38 unmarried children, including stepchildren, of the member who
39 are under 22 years of age or are incapacitated because of a

1 disability that began before and has continued without interruption
2 after the attainment of that age.

3 (2) The guardian of surviving unmarried children, including
4 stepchildren, of the member who are under 22 years of age or are
5 so incapacitated.

6 (3) The surviving spouse of the member who does not qualify
7 under paragraph (1).

8 (4) Each surviving parent of the member.

9 (b) Regardless of the benefit provided by Section 21532 and of
10 the beneficiary designated by the member under that section, or
11 regardless of the allowance provided under Section 21546, the
12 following applicable 1959 survivor allowance, under the conditions
13 stated and from contributions of the employer, shall be paid:

14 (1) A surviving spouse who was either continuously married to
15 the member for at least one year prior to death, or was married to
16 the member prior to the occurrence of the injury or onset of the
17 illness that resulted in death, and has the care of unmarried
18 children, including stepchildren, of the deceased member who are
19 under 22 years of age or are so incapacitated, shall be paid one
20 thousand five hundred dollars (\$1,500) per month if there is one
21 child or one thousand eight hundred dollars (\$1,800) per month if
22 there are two or more children. If there also are children who are
23 not in the care of the surviving spouse, the portion of the allowance
24 payable under this paragraph, assuming that these children were
25 in the care of the surviving spouse, that is in excess of seven
26 hundred fifty dollars (\$750) per month, shall be divided equally
27 among all those children and payments made to the spouse and
28 other children, as the case may be.

29 (2) If there is no surviving spouse, or if the surviving spouse
30 dies, and if there are unmarried children, including stepchildren,
31 of the deceased member who are under 22 years of age or are so
32 incapacitated, or if there are children not in the care of the spouse,
33 the children shall be paid an allowance as follows:

34 (A) If there is only one child, the child shall be paid seven
35 hundred fifty dollars (\$750) per month.

36 (B) If there are two children, the children shall be paid one
37 thousand five hundred dollars (\$1,500) per month divided equally
38 between them.

1 (C) If there are three or more children, the children shall be paid
2 one thousand eight hundred dollars (\$1,800) per month divided
3 equally among them.

4 (3) A surviving spouse who has attained or attains the age of
5 60 years, and who was either continuously married to the member
6 for at least one year prior to death, or was married to the member
7 prior to the occurrence of the injury or onset of the illness that
8 resulted in death, shall be paid seven hundred fifty dollars (\$750)
9 per month. No allowance shall be paid under this paragraph while
10 the surviving spouse is receiving an allowance under paragraph
11 (1) or while an allowance is being paid under subparagraph (C) of
12 paragraph (2). The allowance paid under this paragraph shall be
13 three hundred dollars (\$300) per month while an allowance is being
14 paid under subparagraph (B) of paragraph (2).

15 (4) If there is no surviving spouse or surviving child who
16 qualifies for the 1959 survivor allowance, or if the surviving spouse
17 dies and there is no surviving child, or if the surviving spouse dies
18 and the children die or marry or, if not incapacitated, reach 22
19 years of age, each of the member's dependent parents who has
20 attained or attains the age of 60 years, and who received at least
21 one-half of his or her support from the member at the time of the
22 member's death, shall be paid seven hundred fifty dollars (\$750)
23 per month.

24 (c) "Stepchildren," for purposes of this section, shall include
25 only stepchildren of the member living with the member in a
26 regular parent-child relationship at the time of the death of the
27 member.

28 (d) This section shall only apply to state and school members
29 effective on or after January 1, 2000.

30 (e) All assets and liabilities of state employers subject to this
31 section, and their employees, on account of benefits provided under
32 this article shall be pooled into a single account, and a single
33 employer rate shall be established to provide benefits under this
34 section on account of state members employed by the state.

35 (f) All assets and liabilities of school employers, as defined in
36 Section 20063, that are subject to this section, and their employees,
37 on account of benefits provided under this article shall be pooled
38 into a single account, and a single employer rate shall be
39 established to provide benefits under this section.

1 (g) The rate of contribution of an employer subject to this section
2 shall be calculated using a method determined by the board.
3 Surplus assets shall be applied to reduce the rate of contribution.
4 If a deficit exists, the rate of contribution shall be increased until
5 the deficit is paid.

6 (h) On and after January 1, 2000, all state-employees and school
7 members shall be covered by this section.

8 SEC. 5. Section 21581 of the Government Code is amended
9 to read:

10 21581. (a) The rate of contribution of a member subject to this
11 article shall include, in addition to his or her normal rate, two
12 dollars (\$2) per month or fraction thereof, or ninety-three cents
13 (\$0.93) for each biweekly payroll period or fraction thereof, where
14 salaries are paid on that basis. Those contributions shall not become
15 a part of a member's accumulated contributions or be treated or
16 administered as normal contributions and shall not be refundable
17 to a member under any circumstances. Those contributions shall
18 be available only for payment of 1959 survivor allowances.

19 (b) *Notwithstanding subdivision (a), with respect to the*
20 *combined assets and liabilities under Section 21571, 21572, or*
21 *21573 that are pooled pursuant to subdivision (g) of Section 21573,*
22 *if the board determines that there exists a reasonable actuarial*
23 *amortization of surplus funds that will fully pay for total annual*
24 *premiums for benefits pursuant to Section 21573 and the surplus*
25 *exceeds 200 percent of the total liabilities of the pool, the rate of*
26 *contribution of a member subject to Section 21573 shall be his or*
27 *her normal rate with no additional contribution.*

28 (b)

29 (c) Notwithstanding subdivision (a), the total required monthly
30 premium for Section 21574.5, as determined by the board, shall
31 be offset by the uniform amortization of surplus assets within this
32 account. If the total monthly premium is equal to, or less than, four
33 dollars (\$4), the member contribution portion shall be two dollars
34 (\$2) per month and the employer shall pay the difference, if any.
35 If the total monthly premium required exceeds four dollars (\$4),
36 the member and the employer shall evenly share the total required
37 monthly premium.

38 (c)

39 (d) Notwithstanding subdivision (a), the total monthly premium
40 required for Section 21574.7, as determined by the board, shall be

1 offset by the uniform amortization of surplus assets within this
2 account. Member contributions shall be two dollars (\$2) per month
3 until such time as the future required monthly premium exceeds
4 four dollars (\$4), and the employer shall pay the difference between
5 the total required monthly premium and the member's contribution.
6 Once the total required monthly premium exceeds four dollars
7 (\$4), the member and the employer shall evenly share the required
8 monthly premium.

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