

Senate Bill No. 1027

Passed the Senate September 12, 1997

Secretary of the Senate

Passed the Assembly September 2, 1997

Chief Clerk of the Assembly

This bill was received by the Governor this ____ day
of _____, 1997, at ____ o'clock __M.

Private Secretary of the Governor

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CHAPTER ____

An act to amend Sections 23200 and 23202 of, to add 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, 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The bill would authorize members to redeposit contributions withdrawn by nonmember spouses.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.

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

SECTION 1. Section 22707 of the Education Code is repealed.

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

CHAPTER 14.2. OUT-OF-STATE SERVICE CREDIT

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



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

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

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

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

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

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

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

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

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

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

22823. (a) A member who elects to receive credit for out-of-state service as provided in this chapter shall

contribute to the retirement fund the actuarial cost of the service, including interest as appropriate, as determined by the board based on the most recent valuation of the plan.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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



Approved _____, 1997

Governor

