

AMENDED IN SENATE AUGUST 25, 2000

AMENDED IN SENATE AUGUST 14, 2000

AMENDED IN ASSEMBLY MAY 20, 1999

AMENDED IN ASSEMBLY APRIL 29, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 429

Introduced by Assembly Member Correa

February 12, 1999

An act to amend Sections 22141, 24415, and 24417 of, and to add ~~Sections 24410.6 and~~ *Section* 24410.7 to, the Education Code, relating to the State Teachers' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

AB 429, as amended, Correa. State Teachers' Retirement System: supplemental benefits.

Under the State Teachers' Retirement Law, retired members and nonmember spouses, disabled members, and beneficiaries of the Defined Benefit Program, as defined, receive monthly allowances that are subject to supplementary increases to preserve their purchasing power.

This bill would increase the monthly allowance amounts payable to retired members and nonmember spouses, disabled members, and beneficiaries according to a specified schedule, payable commencing on or before July 1, 2001, and provide for ~~a cost of living adjustment, as specified, and~~

additional supplemental increases to those benefits to preserve their purchasing power, as specified.

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 22141 of the Education Code is
2 amended to read:

3 22141. Notwithstanding Section 22140,
4 “improvement factor” means an increase of 2 percent in
5 benefits provided under Sections 24408 and 24409 for
6 each year commencing on September 1, 1981, and under
7 Section 24410.5 for each year commencing September 1,
8 2001, and under Sections 24410.6 and 24110.7 for each year
9 commencing September 1, 2002. The factor shall not be
10 compounded nor shall it be applicable to annuities
11 payable from the accumulated annuity deposit
12 contributions or the accumulated tax-sheltered annuity
13 contributions. The Legislature reserves the right to adjust
14 the amount of the improvement factor up or down as the
15 economic conditions dictate. No adjustments of the
16 improvement factor shall reduce the monthly retirement
17 allowance or benefit below that which would be payable
18 to the recipient under this part had this section not been
19 enacted.

20 ~~SEC. 2. Section 24410.6 is added to the Education~~
21 ~~Code, to read:~~

22 ~~24410.6. (a) Any increase provided pursuant to~~
23 ~~Section 24410.5 to a retired member, an option~~
24 ~~beneficiary, or a surviving spouse who is also receiving an~~
25 ~~increased allowance pursuant to Section 24410.7 is,~~
26 ~~effective September 1, 2001, subject to the 2 percent~~
27 ~~cost-of-living adjustment described in Section 22140 or~~
28 ~~22141. Any increase provided pursuant to Section 24410.5~~
29 ~~to a retired member, an option beneficiary, or a surviving~~
30 ~~spouse who is also receiving the increase provided in~~
31 ~~Section 24410.7 is, effective September 1, 2002, subject to~~
32 ~~the 2 percent cost-of-living adjustment described in~~
33 ~~Section 22140 or 22141.~~



1 ~~(b) Any increase provided pursuant to Section 24410.5~~
2 ~~and Section 24410.7 is in addition to any payments~~
3 ~~received under Section 24415.~~

4 ~~SEC. 3.~~

5 *SEC. 2.* Section 24410.7 is added to the Education
6 Code, to read:

7 24410.7. (a) The monthly allowance payable on the
8 effective date of this section, excluding annuities payable
9 from accumulated annuity deposit contributions and
10 tax-sheltered annuity contributions and benefits payable
11 pursuant to Sections 24410.5 and 24410.6, to retired
12 members and nonmember spouses, disabled members,
13 and beneficiaries, including option beneficiaries, shall be
14 increased by the percentage set forth opposite the
15 applicable period during which retirement, disability, or
16 death occurred set forth in the following schedule:

17	18	19
	Period during which retirement, disability, or death occurred:	Percentage:
20	36 months ending Dec. 31, 2000	0.0%
21	12 months ending Dec. 31, 1997	1.0%
22	24 months ending Dec. 31, 1996	2.0%
23	60 months ending Dec. 31, 1994	3.0%
24	60 months ending Dec. 31, 1989	4.0%
25	120 months ending Dec. 31, 1984	5.0%
26	Dec. 31, 1974 or earlier	6.0%

27
28 (b) The increase provided pursuant to this section is in
29 addition to any payments received by a retired member
30 or nonmember spouse, disabled member, or beneficiary,
31 including an option beneficiary, under Section 24415.

32 (c) Benefits payable under this section shall be initially
33 payable by the system on or before July 1, 2001.

34 ~~SEC. 4.~~

35 *SEC. 3.* Section 24415 of the Education Code is
36 amended to read:

37 24415. (a) The proceeds of the Supplemental Benefit
38 Maintenance Account shall be distributed annually in
39 quarterly supplemental payments commencing on
40 September 1, 1990, to retired members, disabled



1 members, and beneficiaries, as defined in subdivision (a)
2 of Section 22107. The amount available for distribution in
3 any fiscal year shall not exceed the amount necessary to
4 restore purchasing power up to 75 percent of the
5 purchasing power of the initial monthly allowance after
6 the application of all allowance increases authorized by
7 this part, including those specified in Section 24412, and
8 excluding those provided pursuant to Sections 24410.5,
9 24410.6, and 24410.7.

10 (b) The net revenues to be distributed shall be
11 allocated among those retired members, disabled
12 members, and beneficiaries, as defined in subdivision (a)
13 of Section 22107, whose allowances, after sequentially
14 applying the annual improvement factor as defined in
15 Sections 22140 and 22141, and the annual supplemental
16 payment as specified in Section 24412, have the lowest
17 purchasing power percentage. The purchasing power
18 calculation for each individual shall be based on the
19 change in the All Urban California Consumer Price Index
20 between June of the calendar year of retirement and June
21 of the fiscal year preceding the fiscal year of distribution.
22 In any year in which the purchasing power of the
23 allowances of all retired members, disabled members,
24 and beneficiaries, as defined in subdivision (a) of Section
25 22107, equals not less than 75 percent and additional funds
26 remain from the allocation authorized by this section,
27 those funds shall remain in the Supplemental Benefit
28 Maintenance Account for allocation in future years.

29 (c) The allowance increase shall not be applicable to
30 annuities payable from the accumulated annuity deposit
31 contributions or the accumulated tax-sheltered annuity
32 contributions.

33 (d) The increases provided by subdivision (b) are not
34 cumulative, not part of the base allowance, and will be
35 payable only to the extent that funds are available from
36 the Supplemental Benefit Maintenance Account. The
37 board shall inform each recipient of the contents of this
38 subdivision.

39 (e) The adjustments authorized by this section are
40 vested only up to the amount payable as a result of the



1 annual appropriation made pursuant to Section 22954 and
2 shall not be included in the base allowance for purposes
3 of calculating the annual improvement defined by
4 Sections 22140 and 22141.

5 (f) Notwithstanding subdivision (b), for purposes of
6 restoring the purchasing power of benefits provided
7 pursuant to Section 24410.5 for members and
8 beneficiaries receiving benefits pursuant to subdivision
9 (b), the purchasing power calculation shall be based on
10 75 percent of the change in the All Urban California
11 Consumer Price Index between January 2000 and June of
12 the fiscal year preceding the fiscal year of distribution,
13 after the application of increases authorized by Section
14 24412 that are made to the allowances provided pursuant
15 to Section 24410.5.

16 (g) Notwithstanding subdivision (b), for purposes of
17 restoring the purchasing power of benefits provided
18 pursuant to Sections 24410.6 and 24410.7 for members and
19 beneficiaries receiving benefits pursuant to subdivision
20 (b), the purchasing power calculation shall be based on
21 75 percent of the change in the All Urban California
22 Consumer Price Index between January 2001 and June of
23 the fiscal year preceding the fiscal year of distribution,
24 after the application of increases authorized by Section
25 24412 that are made to the allowances provided pursuant
26 to Sections 24410.6 and 24410.7.

27 ~~SEC. 5.~~

28 *SEC. 4.* Section 24417 of the Education Code is
29 amended to read:

30 24417. (a) The proceeds of an auxiliary
31 Supplemental Benefit Maintenance Account shall be
32 distributed annually in quarterly supplemental
33 payments, commencing when funds in the Supplemental
34 Benefit Maintenance Account are insufficient to support
35 75 percent, to retired members, disabled members, and
36 beneficiaries, as defined in subdivision (a) of Section
37 22107. The amount available for distribution in any fiscal
38 year shall not exceed the amount necessary to restore
39 purchasing power up to 75 percent of the purchasing
40 power of the initial monthly allowance after the



1 application of all allowance increases authorized by this
2 part, including those specified in Sections 24412 and
3 24415, and excluding those provided pursuant to Sections
4 24410.5, 24410.6, and 24410.7.

5 (b) The net revenues to be distributed shall be
6 allocated among those retired members, disabled
7 members, and beneficiaries, as defined in subdivision (a)
8 of Section 22107, whose allowances, after sequentially
9 applying the annual improvement factor as defined in
10 Sections 22140 and 22141, and the annual supplemental
11 payment as specified in Sections 24412 and 24415, have
12 the lowest purchasing power percentage. The purchasing
13 power calculation for each individual shall be based on
14 the change in the All Urban California Consumer Price
15 Index between June of the calendar year of the benefit
16 effective date and June of the fiscal year preceding the
17 fiscal year of distribution.

18 (c) The allowance increase shall not be applicable to
19 annuities payable from the accumulated annuity deposit
20 contributions or the accumulated tax-sheltered annuity
21 contributions.

22 (d) The increases provided by subdivision (b) are not
23 cumulative, nor part of the base allowance, and will be
24 payable only to the extent that funds are available from
25 the Supplemental Benefit Maintenance Account and the
26 auxiliary Supplemental Benefit Maintenance Account.
27 The board shall inform each recipient of the contents of
28 this subdivision.

29 (e) The distributions authorized by this section are
30 vested only up to the amount payable as a result of the
31 annual appropriation made pursuant to Section 22954 and
32 shall not be included in the base allowance for purposes
33 of calculating the annual improvement defined by
34 Sections 22140 and 22141.

35 (f) Notwithstanding subdivision (b), for purposes of
36 restoring the purchasing power of benefits provided
37 pursuant to Section 24410.5 for members and
38 beneficiaries receiving benefits pursuant to subdivision
39 (b), the purchasing power calculation shall be based on
40 75 percent of the change in the All Urban California



1 Consumer Price Index between January 2000 and June of
2 the fiscal year preceding the fiscal year of distribution,
3 after the application of increases authorized by Section
4 24412 that are made to the allowances provided pursuant
5 to Section 24410.5.

6 (g) Notwithstanding subdivision (b), for purposes of
7 restoring the purchasing power of benefits provided
8 pursuant to Sections 24410.6 and 24410.7 for members and
9 beneficiaries receiving benefits pursuant to subdivision
10 (b), the purchasing power calculation shall be based on
11 75 percent of the change in the All Urban California
12 Consumer Price Index between January 2001 and June of
13 the fiscal year preceding the fiscal year of distribution,
14 after the application of increases authorized by Section
15 24412 that are made to the allowances provided pursuant
16 to Sections 24410.6 and 24410.7.

