

AMENDED IN SENATE JUNE 13, 2000
AMENDED IN ASSEMBLY JANUARY 3, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 820

**Introduced by Committee on Public Employees, Retirement
and Social Security (Correa (Chair), Firebaugh, Honda,
Knox, and Pescetti)**

February 24, 1999

An act to amend ~~Section 23200 of, and Sections 22662, 22802, 23200, 23202, 24750, and 24751 of,~~ to add ~~Section 24315 to Sections 24300.5, 26144.5, 26403, 26501.5, and 26503.5 to,~~ and to repeal *Section 26401.5 of,* the Education Code, relating to teachers' retirement, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 820, as amended, Committee on Public Employees, Retirement and Social Security. Teachers' retirement.

Existing law establishes the State Teachers' Retirement System to provide retirement benefits to participating teachers.

(1) Under existing law, if a member whose accumulated retirement contributions have been refunded, again becomes a member *or another specified condition exists, or if a nonmember spouse is awarded a separate account and accumulated contributions have been previously refunded to the member,* the ~~person~~ member or nonmember spouse may

elect to redeposit those contributions with regular interest from the date of refund to the date of payment.

This bill would authorize the member *or nonmember spouse* to redeposit a portion of the refunded ~~contribution contributions~~, as specified.

(2) Existing law provides that a member, *prior to retirement*, may elect ~~an option~~ *one of several options* for a modified retirement allowance *payable for the life of the member and the member's designated option beneficiary, as specified*.

~~This bill would authorize the State Teachers' Retirement Board to waive those provisions if it determines that the waiver would affect fewer than 100 individuals and would not have a material effect on the fund.~~

This bill would, effective July 1, 2001, authorize retired members who did not elect one of the options to make such an election after retirement, and to designate the member's spouse as the option beneficiary, subject to specified conditions.

(3) *Under the State Teachers' Retirement Law, the Cash Balance Benefit Program provides a retirement plan for persons who perform creditable service, as defined, on a part-time basis. If an employer elects to provide the benefits of the program, and an eligible employee elects to participate, the employer and employee make contributions to the program, as specified, which are deposited in the Teachers' Retirement Fund, a continuously appropriated special fund. Under existing law, a part-time employee who performs creditable service for multiple employers may elect to participate in the program only if all of his or her employers provide benefits under the program.*

This bill would repeal that provision with respect to multiple employers. The bill would also authorize persons who provide trustee service, as defined, to elect to participate in the program and, upon that election, would require those persons and their employers to make contributions, as specified, thereby making an appropriation.

Vote: majority. Appropriation: ~~no~~—yes. Fiscal committee: yes. State-mandated local program: no.



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

1 SECTION 1. *Section 22662 of the Education Code is*
2 *amended to read:*

3 22662. The nonmember spouse who is awarded a
4 separate account under this part may redeposit
5 accumulated retirement contributions previously
6 refunded to the member in accordance with the
7 determination of the court pursuant to Section 22652.

8 (a) The nonmember spouse may redeposit under this
9 part only those accumulated retirement contributions
10 that were previously refunded to the member and in
11 which the court has determined the nonmember spouse
12 has a community property interest.

13 (b) The nonmember spouse shall inform the system in
14 writing of his or her intent to redeposit within 180 days
15 after the judgment or court order addressing the
16 redeposit rights of the nonmember spouse is entered. The
17 nonmember spouse shall elect to redeposit on a form
18 provided by the system within 30 days after the system
19 mails an election form and the billing.

20 (c) If the nonmember spouse elects to redeposit under
21 this part, he or she shall repay *all or a portion of* the
22 accumulated retirement contributions and shall pay
23 regular interest from the date of the refund to the date
24 of payment.

25 ~~(d) An election to redeposit shall be considered an~~
26 ~~election to repay all accumulated retirement~~
27 ~~contributions previously refunded under this part in~~
28 ~~which the nonmember spouse has a community property~~
29 ~~interest. All payments shall be received by the system~~
30 ~~before the effective date of retirement of the~~
31 ~~nonmember spouse under this part. If any payment due~~
32 ~~because of the election is not received at the system's~~
33 ~~office in Sacramento within 120 days of its due date, the~~
34 ~~election shall be canceled and any payments made under~~
35 ~~the election shall be returned to the nonmember spouse.~~

36 (e) The right of the nonmember spouse to redeposit
37 shall be subject to Section 23203.



1 (f) The member shall not have a right to redeposit the
2 share of the nonmember spouse in the previously
3 refunded accumulated retirement contributions under
4 this part whether or not the nonmember spouse elects to
5 redeposit. However, any accumulated retirement
6 contributions previously refunded under this part and
7 not explicitly awarded to the nonmember spouse under
8 this part by the judgment or court order shall be deemed
9 the exclusive property of the member.

10 *SEC. 2. Section 22802 of the Education Code is*
11 *amended to read:*

12 22802. (a) A member who was previously excluded
13 from membership in the Defined Benefit Program may
14 elect to receive credit for:

15 (1) Service as a substitute excluded under Section
16 22602.

17 (2) Service performed on a part-time basis excluded
18 under Section 22601.5 or Section 22604.

19 (3) Adult education service excluded under Section
20 22603, as it read on December 31, 1995.

21 (4) Service as a school nurse excluded under Section
22 22606, as it read on December 31, 1995.

23 (5) Service performed in a position prior to the date
24 the position was made subject to coverage under the
25 Defined Benefit Program.

26 (6) Service subject to coverage under the Defined
27 Benefit Program performed while a member of another
28 California public retirement system, provided the
29 member has ceased to be a member of, and has ceased to
30 be entitled to benefits from, the other retirement system.
31 The member shall not receive credit for the service if the
32 member may redeposit withdrawn contributions and
33 subsequently be eligible for any benefits based upon the
34 same service or based upon other full-time service
35 performed during the same period, from another
36 California public retirement system.

37 (b) A member who elects to receive credit under this
38 part for service performed while excluded from
39 membership under the Defined Benefit Program shall
40 pay *all of* the required contributions for all—~~such~~ *or the*



1 *portion of that service for which the member elects to*
2 *receive credit.*

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

5 23200. (a) If a person, whose accumulated
6 retirement contributions have been refunded, again
7 becomes a member of the Defined Benefit Program *or*
8 *is subject to Section 23201*, the person may elect to
9 redeposit *all or a portion of* those contributions with
10 regular interest from the date of refund to the date of
11 payment. ~~If the member elects to redeposit, the member~~
12 ~~shall repay all accumulated retirement contributions that~~
13 ~~were previously refunded under this part.~~ *payment.*

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

16 (c) If a nonmember spouse, as defined in Section
17 22651, withdraws accumulated contributions in
18 accordance with Section 22661, the member may
19 redeposit a sum equal to those contributions pursuant to
20 subdivision (a), providing he or she is not receiving an
21 allowance under Chapter 26 (commencing with Section
22 24100) or Chapter 27 (commencing with Section 24201).

23 ~~(d) A member may elect~~ *If a member elects* to
24 redeposit a portion of all accumulated retirement
25 contributions that were previously refunded, ~~and,~~ subject
26 to requirements ~~imposed by the board, shall receive pro~~
27 ~~rata credit for that contribution.~~ *imposed by the board,*
28 *the member shall receive pro rata service credit in*
29 *proportion to the amount redeposited.*

30 ~~SEC. 2.~~ Section 24315 is added to the Education Code,
31 to read:

32 24315. ~~Notwithstanding any other provisions of this~~
33 ~~chapter, the board may waive the provisions of this~~
34 ~~chapter if the board determines that the waiver would~~
35 ~~affect fewer than 100 individuals and would not have a~~
36 ~~material effect on the fund. For that purpose, a material~~
37 ~~effect is a cost in excess of one thousandth of one percent~~
38 ~~(.0001) of the State Teachers' Retirement Fund assets.~~

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

1 23202. (a) An election pursuant to Section 23200 to
2 redeposit accumulated retirement contributions may be
3 made by a member anytime prior to the effective date of
4 the member's retirement under this part.

5 (b) An election to redeposit refunded accumulated
6 retirement contributions shall be considered as an
7 election to repay ~~all~~ accumulated retirement
8 contributions previously refunded, *up to but not*
9 *exceeding the amount required to restore the total*
10 *service credit refunded*, under the ~~provision~~ provisions of
11 this chapter.

12 (c) If any payment due because of this election is not
13 received at the system's office in Sacramento within 120
14 days of its due date, the election shall be canceled. Upon
15 the cancellation of election ~~any~~, *the member shall*
16 *receive credit for the payments made under the election*
17 *or, at the request of the member, those payments shall be*
18 refunded.

19 (d) If the election is canceled, the member may at any
20 time prior to the effective date of retirement under this
21 part, again elect to redeposit accumulated retirement
22 contributions previously withdrawn or refunded, in
23 accordance with Section 23200 and all the laws, rules, and
24 regulations pertaining thereto.

25 *SEC. 5. Section 24300.5 is added to the Education*
26 *Code, to read:*

27 24300.5. (a) *Notwithstanding Section 24300, any*
28 *retired member who did not elect an option pursuant to*
29 *that section may, after the effective date of the member's*
30 *retirement under this part, elect an option described in*
31 *Section 24300 that would provide an actuarially modified*
32 *retirement allowance payable throughout the life of the*
33 *member and the member's spouse, subject to the*
34 *provisions of this section.*

35 (b) *The retired member shall notify the board, in*
36 *writing on a form provided by the system, of the election*
37 *of the option and the designation of the member's spouse*
38 *as the option beneficiary.*

39 (c) *The election of an option under this section is*
40 *subject to approval by the board. A retired member may*



1 *not elect a joint and survivor option that would result in*
2 *any additional liability to the retirement fund. A retired*
3 *member may not elect Option 8.*

4 *(d) The election shall be effective six months after the*
5 *date the notification is received by the board, provided*
6 *that both the retired member and the retired member's*
7 *designated spouse are then living.*

8 *(e) The election of the option and designation of the*
9 *option beneficiary under this section shall result in an*
10 *actuarial modification of the member's retirement*
11 *allowance. Modification of the member's retirement*
12 *allowance pursuant to this section shall be based on the*
13 *ages of the retired member and the retired member's*
14 *spouse as of the effective date of the election.*

15 *(f) This section shall be operative July 1, 2001.*

16 *SEC. 6. Section 24750 of the Education Code is*
17 *amended to read:*

18 24750. Those members who took a refund of their
19 accumulated contributions from the former Los Angeles
20 Unified School District Retirement System or the former
21 Los Angeles Community College District Retirement
22 System or the San Francisco City and County Employees'
23 Retirement System, prior to July 1, 1972, and who have
24 former Permanent Fund contributions only on deposit
25 related to former local system service shall have those
26 accumulated former Permanent Fund contributions on
27 deposit as of July 1, 1972, treated in the same manner as
28 accumulated retirement contributions of all nonlocal
29 members. Upon discovery and notification to those
30 members, they shall do either of the following:

31 (a) Redeposit *all or a portion of the accumulated*
32 *retirement contributions* required to bring the account
33 into full balance with regular interest prior to retirement
34 under this part.

35 (b) Leave those former Permanent Fund
36 accumulated contributions on deposit and receive a
37 reduced retirement allowance under the law as it read on
38 June 30, 1972.

39 *SEC. 7. Section 24751 of the Education Code is*
40 *amended to read:*



1 24751. Those members who took a refund of their
2 accumulated *retirement* contributions from the former
3 Los Angeles Unified School District Retirement System
4 or the former Los Angeles Community College District
5 Retirement System or the San Francisco City and County
6 Employees' Retirement System, prior to July 1, 1972, and
7 who also took a refund of their Permanent Fund
8 contributions from the State Teachers' Retirement
9 System with respect to the Defined Benefit Program, and
10 who redeposited their contributions in the local system
11 but did not redeposit their Permanent Fund
12 contributions in the State Teachers' Retirement System
13 with respect to the Defined Benefit Program, shall
14 redeposit *all or a portion of the accumulated retirement*
15 contributions required to bring the account into full
16 balance with regular interest from the date of refund to
17 the date of payment. The redeposit may be made
18 immediately upon notification by the system and shall be
19 made prior to retirement under this part. The redeposit
20 shall be made in a lump sum or by installment payments
21 as specified by the chief executive officer.

22 *SEC. 8. Section 26144.5 is added to the Education*
23 *Code, to read:*

24 26144.5. "*Trustee service*" means duties performed
25 by a member of the governing body of an employer.

26 *SEC. 9. Section 26401.5 of the Education Code is*
27 *repealed.*

28 ~~26401.5. (a) A member of the Defined Benefit~~
29 ~~Program who is employed by more than one employer to~~
30 ~~perform creditable service for less than 50 percent of the~~
31 ~~full-time equivalent for the position with each employer~~
32 ~~shall not be eligible to make an election as provided in~~
33 ~~Section 26401 unless and until all employers by which the~~
34 ~~member is employed to perform creditable service~~
35 ~~provide the benefits of this part for their employees.~~

36 ~~(b) If a member of the Defined Benefit Program who~~
37 ~~pursuant to subdivision (a) has made an election as~~
38 ~~provided in Section 26401 is subsequently employed to~~
39 ~~perform creditable service for an employer that does not~~
40 ~~provide the benefits of this part for its employees;~~



1 ~~contributions shall no longer be made to the Cash Balance~~
2 ~~Benefit Program on his or her behalf and creditable~~
3 ~~service performed for all employers shall be subject to~~
4 ~~coverage under the Defined Benefit Program, with no~~
5 ~~subsequent right of election pursuant to Section 26401 or~~
6 ~~subdivision (a).~~

7 *SEC. 10. Section 26403 is added to the Education*
8 *Code, to read:*

9 *26403. A person who performs trustee service for an*
10 *employer who has elected to provide benefits pursuant to*
11 *this part to its employees may elect to participate in the*
12 *Cash Balance Benefit Program for that service.*

13 *SEC. 11. Section 26501.5 is added to the Education*
14 *Code, to read:*

15 *26501.5. A person who elects, pursuant to Section*
16 *26403, to participate in the Cash Balance Benefit Program*
17 *shall make contributions, as provided in Section 26501,*
18 *based on his or her salary or other compensation earned*
19 *for trustee service.*

20 *SEC. 12. Section 26503.5 is added to the Education*
21 *Code, to read:*

22 *26503.5. If a person elects, pursuant to Section 26403,*
23 *to participate in the Cash Balance Benefit Program, his*
24 *or her employer shall make contributions, as provided in*
25 *Section 26503, based on the salary or other compensation*
26 *paid for trustee service.*

