

AMENDED IN SENATE AUGUST 7, 2000
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,
~~Knott~~, and Pescetti)**

February 24, 1999

An act to amend Sections 22662, 22802, 23200, 23201, 23202, 24750, and 24751 of, to add Sections ~~24300.5~~ 24300.6, 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 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 contributions, as specified.

(2) Existing law provides that a member, prior to retirement, may elect 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, effective July 1, 2001, authorize *a* retired ~~members~~ *member, who was unmarried at the time of retirement and* who did not elect one of the options, to make such an election *if he or she marries* after retirement, and to designate the member’s *new* 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: 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:



1 22662. The nonmember spouse who is awarded a
2 separate account under this part may redeposit
3 accumulated retirement contributions previously
4 refunded to the member in accordance with the
5 determination of the court pursuant to Section 22652.

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

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

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

25 (d) All payments shall be received by the system
26 before the effective date of ~~retirement of the~~
27 ~~nonmember spouse~~ *the nonmember spouse's retirement*
28 under this part. If any payment due because of the
29 election is not received at the system's office in
30 Sacramento within 120 days of its due date, the election
31 shall be canceled and any payments made under the
32 election shall be returned to the nonmember spouse.

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

35 (f) The member shall not have a right to redeposit the
36 share of the nonmember spouse in the previously
37 refunded accumulated retirement contributions under
38 this part whether or not the nonmember spouse elects to
39 redeposit. However, any accumulated retirement
40 contributions previously refunded under this part and



1 not explicitly awarded to the nonmember spouse under
2 this part by the judgment or court order shall be deemed
3 the exclusive property of the member.

4 SEC. 2. Section 22802 of the Education Code is
5 amended to read:

6 22802. (a) A member who was previously excluded
7 from membership in the Defined Benefit Program may
8 elect to receive credit for:

9 (1) Service as a substitute excluded under Section
10 22602.

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

13 (3) Adult education service excluded under Section
14 22603, as it read on December 31, 1995.

15 (4) Service as a school nurse excluded under Section
16 22606, as it read on December 31, 1995.

17 (5) Service performed in a position prior to the date
18 the position was made subject to coverage under the
19 Defined Benefit Program.

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

31 (b) A member who elects to receive credit under this
32 part for service performed while excluded from
33 membership under the Defined Benefit Program shall
34 pay all of the required contributions for all or the portion
35 of that service for which the member elects to receive
36 credit.

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

39 23200. (a) If a person, whose accumulated
40 retirement contributions have been refunded, again



1 becomes a member of the Defined Benefit Program or is
2 subject to Section 23201, the person may elect to
3 redeposit all or a portion of those contributions with
4 regular interest from the date of refund to the date of
5 payment.

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

8 (c) If a nonmember spouse, as defined in Section
9 22651, withdraws accumulated contributions in
10 accordance with Section 22661, the member may
11 redeposit a sum equal to those contributions pursuant to
12 subdivision (a), providing he or she is not receiving an
13 allowance under Chapter 26 (commencing with Section
14 24100) or Chapter 27 (commencing with Section 24201).

15 (d) If a member elects to redeposit a portion of all
16 accumulated retirement contributions that were
17 previously refunded subject to requirements imposed by
18 the board, the member shall receive pro rata service
19 credit in proportion to the amount redeposited.

20 SEC. 4. *Section 23201 of the Education Code is*
21 *amended to read:*

22 23201. Any person whose accumulated retirement
23 contributions were refunded, who wishes to establish
24 concurrent membership, and who has received, or will
25 qualify to receive, a retirement allowance from one or
26 more of the retirement systems defined in Section
27 22115.2, may elect to redeposit *all or a portion of* the
28 accumulated retirement contributions that were
29 refunded, with regular interest from the date of refund
30 to the date of payment, without being employed to
31 perform creditable service subject to coverage under the
32 Defined Benefit Program.

33 SEC. 5. Section 23202 of the Education Code is
34 amended to read:

35 23202. (a) An election pursuant to Section 23200 to
36 redeposit accumulated retirement contributions may be
37 made by a member anytime prior to the effective date of
38 the member's retirement under this part.

39 (b) An election to redeposit refunded accumulated
40 retirement contributions shall be considered as an



1 election to repay accumulated retirement contributions
 2 previously refunded, up to but not exceeding the amount
 3 required to restore the total service credit refunded,
 4 under the provisions of this chapter.

5 (c) If any payment due because of this election is not
 6 received at the system’s office in Sacramento within 120
 7 days of its due date, the election shall be canceled. Upon
 8 the cancellation of election , the member shall receive
 9 credit for the payments made under the election or, at the
 10 request of the member, those payments shall be
 11 refunded.

12 (d) If the election is canceled, the member may at any
 13 time prior to the effective date of retirement under this
 14 part, again elect to redeposit accumulated retirement
 15 contributions previously withdrawn or refunded, in
 16 accordance with Section 23200 and all the laws, rules, and
 17 regulations pertaining thereto.

18 ~~SEC. 5. Section 24300.5~~

19 *SEC. 6. Section 24300.6 is added to the Education*
 20 *Code, to read:*

21 ~~24300.5. (a) Notwithstanding Section 24300, any~~
 22 ~~retired member who did not elect an option pursuant to~~
 23 ~~that section may, after the effective date of the member’s~~
 24 ~~retirement under this part, elect an option described in~~
 25 ~~Section 24300 that would provide an actuarially modified~~
 26 ~~retirement allowance payable throughout the life of the~~
 27 ~~member and the member’s spouse, subject to the~~
 28 ~~provisions of this section.~~

29 ~~(b)~~

30 *24300.6. (a) Any retired member who was*
 31 *unmarried on the effective date of retirement who did*
 32 *not elect an option pursuant to Section 24300, and who*
 33 *thereafter marries, may, after the effective date of the*
 34 *member’s retirement under this part, elect an option*
 35 *described in paragraphs (1) to (6), inclusive, of*
 36 *subdivision (a) of Section 24300, naming his or her new*
 37 *spouse as the option beneficiary, subject to all of the*
 38 *following:*



1 (1) *The retired member shall have been married for*
2 *at least one year prior to making the election of the*
3 *option.*

4 (2) The retired member shall notify the board, in
5 writing on a form provided by the system, of the election
6 of the option and the designation of the member's *new*
7 spouse as the option beneficiary.

8 ~~(e)~~

9 (3) The election of an option under this section is
10 subject to approval by the board. A retired member may
11 not elect a joint and survivor option that would result in
12 any additional liability to the retirement fund. A retired
13 member may not elect Option 8.

14 ~~(d)~~

15 (4) The election shall be effective six months after the
16 date the notification is received by the board, provided
17 that both the retired member and the retired member's
18 designated spouse are then living.

19 ~~(e)~~

20 (b) The election of the option and designation of the
21 option beneficiary under this section shall result in an
22 actuarial modification of the member's retirement
23 allowance *that shall be payable through the life of the*
24 *member and the member's new spouse.* Modification of
25 the member's retirement allowance pursuant to this
26 section shall be based on the ages of the retired member
27 and the retired member's *new* spouse as of the effective
28 date of the election.

29 ~~(f)~~

30 (c) This section shall be operative July 1, 2001.

31 ~~SEC. 6.~~

32 *SEC. 7.* Section 24750 of the Education Code is
33 amended to read:

34 24750. Those members who took a refund of their
35 accumulated contributions from the former Los Angeles
36 Unified School District Retirement System or the former
37 Los Angeles Community College District Retirement
38 System or the San Francisco City and County Employees'
39 Retirement System, prior to July 1, 1972, and who have
40 former Permanent Fund contributions only on deposit



1 related to former local system service shall have those
2 accumulated former Permanent Fund contributions on
3 deposit as of July 1, 1972, treated in the same manner as
4 accumulated retirement contributions of all nonlocal
5 members. Upon discovery and notification to those
6 members, they shall do either of the following:

7 (a) Redeposit all or a portion of the accumulated
8 retirement contributions required to bring the account
9 into full balance with regular interest prior to retirement
10 under this part.

11 (b) Leave those former Permanent Fund
12 accumulated contributions on deposit and receive a
13 reduced retirement allowance under the law as it read on
14 June 30, 1972.

15 ~~SEC. 7.—~~

16 *SEC. 8.* Section 24751 of the Education Code is
17 amended to read:

18 24751. Those members who took a refund of their
19 accumulated retirement contributions from the former
20 Los Angeles Unified School District Retirement System
21 or the former Los Angeles Community College District
22 Retirement System or the San Francisco City and County
23 Employees' Retirement System, prior to July 1, 1972, and
24 who also took a refund of their Permanent Fund
25 contributions from the State Teachers' Retirement
26 System with respect to the Defined Benefit Program, and
27 who redeposited their contributions in the local system
28 but did not redeposit their Permanent Fund
29 contributions in the State Teachers' Retirement System
30 with respect to the Defined Benefit Program, shall
31 redeposit all or a portion of the accumulated retirement
32 contributions required to bring the account into full
33 balance with regular interest from the date of refund to
34 the date of payment. The redeposit may be made
35 immediately upon notification by the system and shall be
36 made prior to retirement under this part. The redeposit
37 shall be made in a lump sum or by installment payments
38 as specified by the chief executive officer.

39 ~~SEC. 8.—~~



1 *SEC. 9.* Section 26144.5 is added to the Education
2 Code, to read:

3 26144.5. “Trustee service” means duties performed
4 by a member of the governing body of an employer.

5 ~~SEC. 9.—~~

6 *SEC. 10.* Section 26401.5 of the Education Code is
7 repealed.

8 ~~SEC. 10.—~~

9 *SEC. 11.* Section 26403 is added to the Education
10 Code, to read:

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

15 ~~SEC. 11.—~~

16 *SEC. 12.* Section 26501.5 is added to the Education
17 Code, to read:

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

23 ~~SEC. 12.—~~

24 *SEC. 13.* Section 26503.5 is added to the Education
25 Code, to read:

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

