

AMENDED IN SENATE MAY 16, 2005
AMENDED IN SENATE MARCH 29, 2005

SENATE BILL

No. 777

Introduced by Senator Soto

February 22, 2005

An act to amend Sections 31452.5, 31486.3, 31490.5, 31494.3, and 31781.2 of the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 777, as amended, Soto. County employees' retirement.

(1) The County Employees Retirement Law of 1937 authorizes deductions from retirement allowances or benefits from the system to be made for payments to charitable organizations approved by the board of retirement and the board of supervisors.

This bill would also authorize deductions for payments to any nonprofit organizations *primarily representing retired employees that are* approved by the board of retirement and the board of supervisors.

(2) The County Employees Retirement Law of 1937 establishes noncontributory retirement plans for employees in specified counties. Existing law, upon approval by the county board of supervisors, authorizes members of noncontributory retirement plans in the Counties of Santa Barbara and Los Angeles to receive service credit for time that would not otherwise be recognized, upon payment by the member of specified contributions to the retirement fund.

This bill would clarify that the amount of those contributions payable by the member is the same as the amount payable by a member of the contributory plan, as specified. The bill would further make related and conforming changes with regard to previously purchased service.

(3) The County Employees Retirement Law of 1937 permits a surviving spouse of a member, if the member dies prior to reaching the minimum retirement age and meets other criteria, to leave the amount of the death benefit on deposit in the retirement system, as specified.

This bill would delete an erroneous cross-reference in these provisions and make other technical changes.

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

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

1 SECTION 1. Section 31452.5 of the Government Code is
 2 amended to read:
 3 31452.5. The board may comply with and give effect to a
 4 revocable written authorization signed by a retired member or
 5 beneficiary of a retired member entitled to a retirement allowance
 6 or benefit under this chapter, authorizing the treasurer or other
 7 entity authorized by the board to deduct a specified amount from
 8 the retirement allowance or benefit payable to any retired
 9 member or beneficiary of a retired member for the purpose of
 10 paying premiums on any policy or certificate of group life
 11 insurance or group disability insurance issued by an admitted
 12 insurer, for any prepaid group medical or hospital service plan, or
 13 both, for any dental plan, approved by the board, for the benefit
 14 of the retired member or his or her dependents, for the payment
 15 of premiums on national service life insurance or United States
 16 government converted insurance, for the purchase of shares in or
 17 the payment of money to any regularly chartered credit union, for
 18 charitable or nonprofit organizations *primarily representing*
 19 *retired county employees* or federally chartered veterans'
 20 organizations as approved by both the board of retirement and
 21 the board of supervisors, or for the purchase of United States
 22 Savings Bonds, or for the payment of personal income taxes to
 23 the government of the United States or of the State of California,
 24 and each month shall draw his or her order in favor of the
 25 insurer, plan, organization, credit union, or government named in
 26 the written authorization for an amount equal to the deductions
 27 so authorized and made during the month. The board may charge
 28 a reasonable fee for the making of the deductions and payments

1 and the fees shall be deposited in the county fund from which
2 salaries are paid.

3 SEC. 2. Section 31486.3 of the Government Code is amended
4 to read:

5 31486.3. (a) An active member governed by the provisions
6 of this article may elect, by written notice filed with the board, to
7 make contributions and receive credit under this plan for service
8 for which he or she would not otherwise be entitled to receive
9 credit pursuant to this article.

10 (b) A member who elects to receive service credit pursuant to
11 this section shall have the same purchase rights and shall
12 contribute to the retirement fund the amount that a member in the
13 contributory plan wishing to purchase the same service would
14 have to contribute, based on the rates applicable to a member of
15 the contributory plan with the same date of entry into
16 membership. Payment shall be made by lump-sum payment or by
17 installment payments over a period not to exceed 10 years, prior
18 to the effective date of his or her retirement or, if applicable,
19 prior to the date provided in Section 31485.7.

20 (c) No member may receive any service credit under this
21 section for which he or she has not completed payment pursuant
22 to subdivision (b) before the effective date of his or her
23 retirement or, if applicable, before the date provided in Section
24 31485.7. Subject to the limitations of federal law, a member who
25 has elected to make payments in installments may complete
26 payment by lump sum at any time prior to the effective date of
27 his or her retirement.

28 (d) Any sums paid by a member pursuant to this section shall
29 be considered to be and administered as contributions by the
30 member.

31 (e) As used in this section, the “contributory plan” means that
32 contributory plan otherwise available to new members of the
33 system on the election date.

34 (f) This section is not operative until the board of supervisors
35 elects, by resolution adopted by a majority vote, to make this
36 section operative in the county.

37 SEC. 3. Section 31490.5 of the Government Code is amended
38 to read:

39 31490.5. (a) An active member governed by the provisions
40 of this article may elect, by written notice filed with the board, to

1 make contributions and receive credit under this plan for service
2 for which he or she would not otherwise be entitled to receive
3 credit pursuant to this article.

4 (b) Any member who elects to receive service credit pursuant
5 to this section shall have the same purchase rights and shall
6 contribute to the retirement fund the amount that a member in the
7 contributory plan wishing to purchase the same service would
8 have to contribute, based on the rates applicable to a member of
9 the contributory plan with the same date of entry into
10 membership. Payment shall be made by lump-sum payment or by
11 installment payments over a period not to exceed 10 years, prior
12 to the effective date of his or her retirement or, if applicable,
13 prior to the date provided in Section 31485.8.

14 (c) No member may receive any service credit under this
15 section for which he or she has not completed payment pursuant
16 to subdivision (b) before the effective date of his or her
17 retirement or, if applicable, before the date provided in Section
18 31485.8. Subject to the limitations of federal law, a member who
19 has elected to make payments in installments may complete
20 payment by lump sum at any time prior to the effective date of
21 his or her retirement.

22 (d) Any sums paid by a member pursuant to this section shall
23 be considered to be and administered as contributions by the
24 member.

25 (e) As used in this section, the “contributory plan” means that
26 contributory plan otherwise available to new members of the
27 system on the election date.

28 (f) This section is not operative until the board of supervisors
29 elects, by resolution adopted by a majority vote, to make this
30 section operative in the county.

31 SEC. 4. Section 31494.3 of the Government Code is amended
32 to read:

33 31494.3. (a) Members who have elected to transfer under
34 Section 31494.1 shall be provided within 90 days of the election
35 date the cost of contributions required for that period of all
36 creditable service with the employer prior to the month for which
37 monthly contributions are to commence, as prescribed in
38 subdivision (f) of Section 31494.1, and shall deposit in the
39 retirement fund, the amount hereinafter provided in this
40 subdivision, by lump sum, or regular monthly installments, or

1 both, over the period of time determined by a resolution adopted
2 by a majority vote of the board of retirement, but in any event
3 prior to the date of application for retirement or, if applicable, the
4 date provided in Section 31485.8, the date of termination, or the
5 date of death. The amount shall equal the sum of the
6 contributions a member would have made to the retirement fund
7 for that length of time as that for which the member shall receive
8 credit as service, computed in accordance with the rate of
9 contribution applicable to the member under the contributory
10 plan, based upon entry age, and in the same manner as prescribed
11 under the plan as if the plan had been in effect during the entire
12 period of all creditable service, together with regular interest
13 thereon.

14 (b) All service previously purchased by the member pursuant
15 to Section 31490.5, if any, shall be recalculated in accordance
16 with the rate of contribution applicable to the member under the
17 contributory plan, based upon the entry age, and in the same
18 manner as prescribed under the plan as if the contributory plan
19 had been in effect during the entire period of all creditable
20 service, together with regular interest thereon. All contributions
21 paid by the member pursuant to Section 31490.5, if any, shall be
22 credited toward the amount owed under subdivision (a) and all
23 periods of service credited under the plan created by this article
24 shall be transferred to the contributory plan upon completion of
25 payment of that amount.

26 (c) Any member who applies for service credit under
27 subdivision (e) of Section 31494.1 relating to federal and military
28 service, shall be provided within 90 days of the election date the
29 cost of contribution required for that service, and shall deposit in
30 the retirement fund the amount hereinafter provided in this
31 subdivision by lump sum, or regular monthly installments, or
32 both, over the period of time determined by a resolution adopted
33 by a majority vote of the board of retirement, but in any event
34 prior to the date of application for retirement, date of termination,
35 or death. The amount shall equal the sum of twice the
36 contributions the member would have made to the retirement
37 fund for the length of time as that for which the member has
38 elected to receive credit as service, computed by applying the
39 rate of contribution applicable to the member under the
40 contributory plan, based upon entry age, to the monthly

1 compensation first earnable by the member as of the most recent
2 date of entry into the retirement system, multiplied by the
3 number of months for which the member has elected to receive
4 credit, together with regular interest thereon.

5 (d) Any member who applies for service credit under
6 subdivision (e) of Section 31494.1, relating to prior service as
7 defined in the bylaws of the board, other than qualifying service
8 under Section 31490.5, and public service other than military and
9 federal service, shall be provided within 90 days of the election
10 date the cost of contribution required for that service, and shall
11 deposit in the retirement fund the amount hereinafter provided in
12 this subdivision, by lump sum or regular monthly installments, or
13 both, over the period of time determined by a resolution adopted
14 by a majority vote of the board of retirement, but in any event
15 prior to the date of application for retirement or, if applicable,
16 prior to the date provided in Section 31485.8, the date of
17 termination, or the date of death. The amount shall equal that
18 sum of contributions the member would have made to the
19 retirement fund for the length of time as that for which the
20 member has elected to receive credit as service, calculated in the
21 same manner as prescribed in the bylaws of the board relating to
22 credit for prior service, except that such contribution shall be
23 computed by applying the rate of contribution applicable to the
24 member under the contributory plan, based upon entry age.

25 (e) This section shall be operative in a county at such time or
26 times as may be mutually agreed to in memoranda of
27 understanding executed by the employer and employee
28 representatives if the board of supervisors adopts, by majority
29 vote, a resolution declaring that the section shall be operative in
30 the county.

31 SEC. 5. Section 31781.2 of the Government Code is amended
32 to read:

33 31781.2. (a) In lieu of accepting in cash the death benefit
34 payable under Section 31781 or 31781.01, the surviving spouse
35 of a member who dies prior to reaching the minimum retirement
36 age and who at the date of his death has 10 or more years of
37 service to his credit, shall have the option to leave the amount of
38 the death benefit on deposit in the retirement system until the
39 earliest date when the deceased member could have retired had
40 he lived, and at that time receive the retirement allowance

1 provided for in Section 31765 or 31765.1 or 31765.11,
2 whichever is applicable.

3 (b) If, at the death of the spouse, she or he is survived by one
4 or more unmarried children of the member, under the age of 18,
5 the retirement allowance shall continue to the child or children,
6 collectively, until every child dies, marries, or attains age 18. If
7 the spouse dies, either before or after the death of the member,
8 without either making the election or receiving any portion of the
9 death benefit, and no part of the death benefit had been paid to
10 any person, prior to the payment of any benefits, the legally
11 appointed guardian of the children shall make the election
12 provided for in subdivision (a) on behalf of the surviving
13 children as, in his or her judgment, may appear to be in their
14 interest and advantage, and the election so made shall be binding
15 and conclusive upon all parties in interest.

16 (c) Notwithstanding any other provisions of this section, the
17 benefits otherwise payable to the children of the member shall be
18 paid to the children through the age of 21 if the children remain
19 unmarried and are regularly enrolled as full-time students in an
20 accredited school as determined by the board.

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