

Assembly Bill No. 3453

CHAPTER 385

An act to amend Sections 89529, 89529.15, 89601, 89602, 89611, and 89623 of the Education Code, relating to public employee retirement.

[Approved by Governor August 17, 1996. Filed with
Secretary of State August 19, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 3453, Kaloogian. Retirement: California State University.

Existing law authorizes eligible employees of the California State University to elect either to join the Public Employees' Retirement System or an optional retirement program available to those employees. Existing law also provides for industrial disability leave and nonindustrial disability insurance for personnel of the California State University as a supplement to benefits under the Public Employees' Retirement System and the State Teachers' Retirement System.

This bill would make the provisions relating to industrial disability leave and nonindustrial disability insurance applicable to participants in the optional retirement program.

This bill would also permit the Trustees of the California State University to include investment funds in the optional retirement program.

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

SECTION 1. Section 89529 of the Education Code is amended to read:

89529. (a) This article applies to employees of the trustees who are members of the Public Employees' Retirement System or the State Teachers' Retirement System in compensated employment on and after July 1, 1974.

(b) This article also applies to a participant in the optional retirement program pursuant to Chapter 5.5 (commencing with Section 89600), provided that he or she would otherwise be eligible to participate in the Public Employees' Retirement System except for the election to participate in the optional retirement program.

(c) This article does not apply to employees of the trustees who are included in the provisions of Article 6 (commencing with Section 4800) of Chapter 2 of Part 2 of Division 4 of the Labor Code.

SEC. 2. Section 89529.15 of the Education Code is amended to read:

89529.15. As used in this article:



(a) “Employee” means any of the following:

(1) A permanent or probationary full-time employee of the trustees, regardless of period of service, who is a member of the Public Employees’ Retirement System or the State Teachers’ Retirement System in compensated employment on or after October 1, 1976.

(2) A permanent or probationary part-time or intermittent employee of the trustees with at least the equivalent of six monthly compensated pay periods of service in the 18 months of pay periods immediately preceding the pay period in which the disability begins, who is a member of the Public Employees’ Retirement System or the State Teachers’ Retirement System in compensated employment on or after January 1, 1979.

(3) In addition to those eligible under paragraph (1), an employee of the trustees appointed half-time or more for one year of service or one academic year, as defined by the trustees, or more, who is a member of the Public Employees’ Retirement System or the State Teachers’ Retirement System in compensated employment on or after January 1, 1979.

(4) A permanent or probationary full-time employee of the trustees, regardless of period of service, who is a participant in the optional retirement program pursuant to Chapter 5.5 (commencing with Section 89600), provided that he or she would otherwise be eligible to participate in the Public Employees’ Retirement System except for the election to participate in the optional retirement program.

(b) “Full pay” means the gross base salary earnable by the employee and subject to retirement contribution on the date of the commencement of his or her disability.

(c) “Disability” or “disabled” includes mental or physical illness and mental or physical injury including any illness or injury resulting from pregnancy, childbirth, or related medical condition. An employee is deemed disabled on any day in which, because of his or her physical, mental, or medical condition, he or she is unable to perform his or her regular or customary work.

(d) “Disability benefit period”, with respect to any individual, means the continuous period of disability beginning with the first day with respect to which the individual files a valid claim for nonindustrial disability benefits. For the purpose of this article, two consecutive periods of disability due to the same or related cause or condition and separated by a period of not more than 14 days shall be considered as one disability benefit period.

(e) “Appeals board” means the California Unemployment Insurance Appeals Board.

SEC. 3. Section 89601 of the Education Code is amended to read:

89601. In order to encourage qualified teachers to enter and remain in service with the California State University, an optional



retirement program is authorized by this chapter. The optional retirement program may be established on or after July 1, 1991, by a provision adopting this chapter in a memorandum of understanding which is entered into by the trustees pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1 of the Government Code. However, no other provision of this chapter is subject to the control of any memorandum of understanding. The optional retirement program shall become operative on the July 1 which immediately follows the receipt by the Public Employees' Retirement System of a notice of the adoption of this chapter and a copy of the memorandum of understanding.

SEC. 4. Section 89602 of the Education Code is amended to read:

89602. Under this optional retirement program, the trustees shall offer eligible employees contracts, certificates, or investment funds providing retirement and death benefits, funded through annuities or investment fund options. The state and eligible employees electing this optional retirement program shall contribute to the optional retirement program to the extent authorized or required by this chapter. Benefits under the contracts, certificates, or investment funds are owned by the participants.

SEC. 5. Section 89611 of the Education Code is amended to read:

89611. "Benefit" means any monthly or lump-sum payment due a retirant, or other beneficiary, and includes lump-sum payments due on account of death.

SEC. 6. Section 89623 of the Education Code is amended to read:

89623. No retirement, death, or other benefit shall be paid by the state or the trustees for services credited under the optional retirement program. The benefits are payable to participants or their beneficiaries only by the designated company or companies in accordance with the terms of the contracts, certificates, or investment funds.

