

STATE TEACHERS' RETIREMENT SYSTEM

BILL ANALYSIS

Assembly Bill 2765 Assembly PER&SS Committee (Amended 5/4/98)

Proponents: STRS (Sponsor), CFT, Small School District Association

Opponents: None Known

SUMMARY

This bill makes various technical and conforming changes to the Teachers' Retirement Law.

DISCUSSION

This bill is primarily a clean-up measure to reconcile changes created by previously enacted legislation and includes minor, technical conforming amendments.

Most notable are changes to add the term "plan amendment" to provisions in Part 13 of the TRL, as recommended by STRS' consulting tax experts. Wherever the TRB has delegated authority in the TRL to make determinations that affect the terms of the Defined Benefit Plan and, ultimately, the definitely determinable benefits under the Plan, the statute should specify that the TRB's determination shall be deemed a "plan amendment." Specific examples of the Board exercising its delegated authority to amend Plan provisions occurred at its September 12, 1996 meeting when proposed resolutions to revise joint and survivor annuity factors and the assessment rate for cancellation of pre-retirement option elections were subsequently approved by the Board.

Other changes are made to facilitate more effective and efficient administration of the System, to conform to other state and federal measures and to repeal or make appropriate changes to obsolete provisions. The bill also extends the current January 1, 1999, sunset date for the Golden Handshake provisions to January 1, 2004.

There are no changes in benefits to members or any changes in the members' rights or eligibility for benefits.

FISCAL IMPACT

None. The bill can be implemented with existing resources and will not increase the ongoing workload.

POSITION

Sponsor - This bill will make technical amendments necessary for continued effective administration of the System.