

BILL NUMBER: SB 1466 (PE&R) As Introduced 02/23/06

SUMMARY

Senate Bill 1466 is the annual California State Teachers' Retirement System (CalSTRS) technical "housekeeping" bill. The bill makes various technical and conforming changes to the Teachers' Retirement Law (TRL) to facilitate efficient administration of the State Teachers' Retirement Plan (Plan), which includes the Defined Benefit (DB) Program, the Defined Benefit Supplement (DBS) Program and the Cash Balance (CB) Benefit Program.

PURPOSE OF THE BILL

SB 1466 is necessary to maintain a well-organized Plan.

POSITION AND SUPPORTING ARGUMENTS

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

ANALYSIS

Specifically, the changes made by SB 1466 (all sections refer to the Education Code):

1. Conform Section 22664 to the existing law referencing the CalSTRS headquarters building, as established by Chapter 378, Statutes of 2004.
2. Provide further conformity in Sections 24703, 24704 and 24705, to references to the San Francisco Employees' Retirement System (SFERS) to reflect the changes made to the name of that system.
3. Conform Section 25015 to Chapter 903, Statutes of 2002, which authorizes a retired member of the DBS Program, in certain circumstances, to name a new annuity beneficiary if the retired member's original beneficiary pre-deceases the member.
4. Amend Section 26000.5, to correct an out-of-date reference to the CB Benefit Program.
5. Conform Section 26113 to existing statutory language that includes trustee service, pursuant to Section 26403, as creditable service under the CB Benefit Program.
6. Require employers, under Sections 26400 and 26401, to mail the original election form to CalSTRS' headquarters when an employee elects participation in the CB Benefit Program.
7. Corrects Section 44922, which references former Section 22724, which was recodified by Chapter 893, Statutes of 1993.

LEGISLATIVE HISTORY

Chapter 351, Statutes of 2005 (AB 224—PER&SS), among other things, corrects references to the SFERS within the TRL.

Chapter 378, Statutes of 2004 (AB 2680—Negrete-McLeod), expands the geographic area in which CalSTRS may locate its headquarters facility.

Chapter 903, Statutes of 2002 (SB 1983—Soto), authorizes a retired member of the DBS Program, in certain circumstances, to name a new annuity beneficiary if the retired member's original beneficiary pre-deceases the member.

Chapter 1020, Statutes of 2000 (AB 820—PER&SS), provides that trustee service performed by an employer who provides the CB Benefit Program is creditable under that program.

Chapter 893, Statutes of 1993 (AB 1796—Napolitano), among other things, recodifies Education Code Section 22724 to Section 22713.

PROGRAM BACKGROUND

1. Conforming the Education Code to the existing law referencing the location of the CalSTRS headquarters building.

Chapter 378, Statutes of 2004 (AB 2680—Negrete McLeod), expanded the geographic location in which the CalSTRS headquarters building may reside from Sacramento County to Sacramento County and Eastern Yolo County. This amendment makes a conforming change to a section of the TRL that continues to reference the CalSTRS headquarters building as being located in Sacramento County.

Education Code section affected by amendment: 22664

2. Providing consistency with references to the San Francisco Employees' Retirement System

Chapter 351, Statutes of 2005 (AB 224—Negrete McLeod), corrected some references within the TRL that used the former name of the SFERS. This amendment makes conforming changes to additional sections of the TRL that were not corrected by Chapter 351, due to an oversight.

Education Code sections affected by amendment: 24703, 24704 and 24705

3. Conforming provisions of the DBS Program related to the member's ability to elect a new annuity beneficiary.

Previously, the TRL prohibited a retired member from changing his/her annuity beneficiary, except in cases of divorce. Chapter 903, Statutes of 2002 (SB 1983—Soto), added an additional exception to this rule for cases when an annuity beneficiary predeceases the retired member; however, that measure did not amend Section 25015 to include this exception, due to an oversight. This amendment conforms Section 25015 to the exception established by Chapter 903.

Education Code section affected by amendment: 25015

4. Correcting an out-of-date reference to the CB Benefit Program.

Chapter 1048, Statutes of 1998 (SB 2085—Burton), merged the DB Program and CB Benefit Program under the Plan and renamed the "Cash Balance Benefit Plan" as the "Cash Balance

Benefit Program”. This amendment corrects a reference to the CB Benefit Program in Section 26000.5 that was not corrected by Chapter 1048.

Education Code section affected by amendment: 26000.5

5. Conforming existing statute to include trustee service as creditable service under the CB Benefit Program.

Chapter 1020, Statutes of 2000 (AB 820—PER&SS), added Section 26403, which allows school board trustees whose districts provide the CB Benefit Program to earn retirement benefits under the program for that service. However, through an oversight, it did not define creditable service to include trustee service. This amendment conforms the definition of creditable service to include trustee service pursuant to Section 26403.

Education Code section affected by amendment: 26113

6. Requiring employers to mail the original CB Benefit Program election form to CalSTRS’ headquarters.

Currently, when an employee elects participation in the CB Benefit Program, the employer maintains the original election form in its records. CalSTRS is not aware of the employee’s election until it receives information regarding the employee’s pay and service from the employer’s regular reporting. This amendment requires employers to maintain a copy of the election form and mail the original form to CalSTRS.

Education Code sections affected by amendment: 26400 and 26401

7. Correcting references former Education Code Section 22724

Chapter 893, Statutes of 1993 (AB 1796—Napolitano), recodified former Section 22724 to Section 22713. However, it did not amend Section 44922, which continues to reference Section 22724. This amendment corrects the reference to Section 22713 that is contained in Section 44922.

Education Code section affected by amendment: 44922

FISCAL IMPACT

Benefit Program Cost – None.

Administrative Costs/Savings – The cost of making the required changes to the System’s publications, database and manual process is minor and absorbable.

SUPPORT

CalSTRS

OPPOSITION

None