



Board of Administration

Agenda Item 8d

November 15, 2023

Item Name: State Legislative Proposal: Technical and Clarifying Amendments to the Public Employees' Retirement Law

Program: Legislation

Item Type: Action

Recommendation

Sponsor legislation to make technical and clarifying changes to sections of the Government Code affecting the benefit programs administered by the California Public Employees' Retirement System (CalPERS).

Executive Summary

CalPERS team members are seeking the approval of the CalPERS Board of Administration to sponsor legislation that would make the following technical and clarifying changes:

- Further align statutes related to deferred retirement for Judges' Retirement System (JRS) II judges with existing law and business practices to ensure the proper implementation of Chapter 531, Statutes of 2022 (AB 2443).

Strategic Plan

This proposal is outside the scope of the 2022-2027 CalPERS Strategic Plan.

Background

CalPERS benefit programs and administrative processes are subject to numerous statutory requirements, several of which have been identified by team members as subject to confusion among stakeholders or which otherwise represent an opportunity to realize efficiencies through their modification and clarification. In these cases, recommended legislative changes are appropriate for the continued administration and good governance of CalPERS.

Analysis

The following are the proposed amendments to sections of the Government Code:

AB 2443 Implementation

AB 2443 allowed a JRS II judge who is not eligible to retire and receive a retirement allowance under existing law but is at least 60 years old with 15 years or more of service or 65 years old with a minimum of 10 years of service, to retire and elect one of two deferred retirement allowance options. This bill also made other conforming changes to existing JRS II law related to retiree health coverage and benefits for a surviving spouse to accommodate the deferred payment of a judge's retirement allowance. The provisions of this bill will become operative on January 1, 2024, and would have only remained in effect until January 1, 2029, and after that date would have been repealed.

Chapter 159, Statutes of 2023 (SB 885) and Chapter 538, Statutes of 2023 (AB 658) provided conforming amendments to be consistent with existing laws related to death, divorce, and other circumstances that impact retirement benefits. However, upon further review, CalPERS team members identified additional technical and clarifying amendments that will need to be made to existing law related to the retirement unmodified allowance, retirement calculations, beneficiaries, and monetary credits to ensure the proper implementation of AB 2443.

Other Technical Changes

This proposal will also make other technical changes to the Public Employees' Retirement Law in accordance with other provisions of state and federal law.

Budget and Fiscal Impacts

These amendments will further clarify how and when deferred retirement allowances are eligible to be paid. If these laws are not clarified, there will be ambiguities within these laws that may require CalPERS to pay out retirement allowances that are not consistent with other existing laws and business practices.

Benefits and Risks

Benefits:

- Provides consistency in the administration of benefits and streamlines processes to be efficient

Cons:

- None

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