



Board of Administration

Agenda Item 9d

February 19, 2019

Item Name: State Legislative Proposal: Technical 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

Management seek approval of the Board of Administration (Board) to sponsor legislation that would make technical changes and the following:

- Conform the California Public Employees' Retirement Law (PERL) to the recently signed federal SECURE Act to increase the required minimum distribution age for retirement accounts from 70.5 years old to 72 years old.
- Clarify that confidential data filed by or on behalf of a member, beneficiary, or annuitant with the Board may be shared, as permitted, with CalPERS participating agencies, other state entities and other California public retirement systems that either by statute or agreement provide reciprocal benefits; as otherwise required by law; and pursuant to a court order of competent jurisdiction.

Strategic Plan

This proposal supports the 2017-22 CalPERS Strategic Plan to simplify programs to strengthen the long-term sustainability of the pension fund and also to reduce complexity across the enterprise.

Background

CalPERS benefit programs and administrative processes are subject to numerous statutory requirements, several of which have been identified by team members as outdated, subject to confusion among stakeholders, or which otherwise represent an opportunity to realize

efficiencies through their modification or clarification. In these cases, recommended legislative changes are appropriate for the continued administration and good governance of CalPERS.

Analysis

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

The Federal SECURE Act

On December 19, 2019, President Trump signed the Further Consolidated Appropriations Act, 2020 (HR 1865), which included the Setting Every Community Up for Retirement Enhancement (SECURE) Act, into law. The SECURE Act sought to improve the nation's retirement system by making adjustments to our current federal laws regarding preparation for retirement and savings. One of these adjustments was to change the minimum distribution age to begin withdrawing money from one's retirement account from 70.5 years old to 72 years old. This increase in age allows one's retirement accounts to mature for an additional 18 months and this could potentially have a significant impact on one's retirement savings. CalPERS staff seeks to conform the PERL to the federal SECURE Act and increase the state's minimum distribution age to begin withdrawing money from a retirement account to 72 years old.

Confidential Member Information

CalPERS regularly responds to requests for member and annuitant data from CalPERS participating agencies, state agencies, and other California public retirement systems that either by statute or agreement provide reciprocal benefits to members of the system. CalPERS also receives requests for disclosure of confidential member data in response to court orders.

Existing law states that data filed with the Board by a member, retired member, beneficiary, or annuitant is confidential. Team members recommend amending the current law to clarify that CalPERS may share, as permitted, confidential data with other California public retirement systems that provide reciprocal benefits to members of the system, CalPERS participating agencies, and other state entities; as otherwise required by law; and pursuant to a court order of competent jurisdiction. The amendments would also make explicit that any information requested and provided under this section would be treated as confidential by the requestor.

Other Technical Changes

This proposal will also make corrections to inaccurate code section references and other technical changes to the PERL in accordance with other provisions of state and federal law.

Budget and Fiscal Impacts

Administrative Costs/Saving:

- Clarifying how confidential data is shared will result in administrative savings due to reduced complexity and clearer standards.

Benefits and Risks

Benefits:

- Conforming the PERL to the current federal law will ensure efficient administration and avoid conflict between state and federal law.
- Provides clear authority to appropriately provide confidential information with public agencies, other California public retirement systems, and the California State University.

Risks:

None

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