

Title 2. California Public Employees' Retirement System

Proposed Adoption of Article 6, Sections 579, 579.1, 579.2, 579.4, 579.24, of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations

Article 6. 2013 Public Employees' Pension Reform Implementation

Section 579. Scope and Authority.

These regulations interpret and implement the pension reform provisions authorized by the California Public Employees' Pension Reform Act of 2013 (PEPRA) (Government Code sections 7522 through 7522.74), related Public Employees' Retirement Law (PERL) changes to Sections 20281.5, 20516, 20516.5, 20677.96, 20683.2, 20791, 21076, 21076.5, and 21400 (PERL provisions), and related changes to Sections 9355.4 through 9355.45 (Legislators' Retirement System provisions).

Note: Authority cited: Sections 7522.02, 20120, 20121, 20122, 20123, 20124, California Government Code. Reference: Sections 7522-7522.74, 9355.4-9355.45, 20281.5, 20516, 20516.5, 20677.96, 20683.2, 20791, 20176, 21076.5, and 21400, Government Code.

Section 579.1. New Members and Classic Members Defined.

- (a) For purposes of this Article, "New Members" are those individuals defined in Government Code section 7522.04(f). All Sections in this Article apply exclusively to New Members, unless expressly stated otherwise.
- (b) For purposes of this Article, "Classic Members" are members who do not meet the definition of New Members as provided by Section 7522.04(f).

Note: Authority cited: Sections 7522.02, 20120, 20121, 20122, 20123, 20124, Government Code. Reference: Section 7522.04(f), Government Code.

Section 579.2. Additional Definitions.

- (a) For purposes of determining whether an individual is an "Active Member" pursuant to Government Code section 7522.04(f)(3), the phrase shall mean an individual who meets the definition of a "Member" under Government Code section 20370(a), and who is employed by a CalPERS-covered employer.

Note: Authority cited: Sections 7522.02, 20120, 20121, 20122, 20123, 20124, Government Code. Reference: Sections 7522.04(f)(3), 20020, 20370(a), Government Code.

Section 579.4. Break in Service Defined.

For the purposes of determining whether an individual is a New Member pursuant to Government Code section 7522.04(f), a “break in service” shall mean a permanent separation from employment, and shall not include leaves of absence or other temporary leaves.

Note: Authority cited: Sections 7522.02, 20120, 20121, 20122, 20123, 20124 Government Code. Reference: Section 7522.04(f), Government Code.

Section 579.5. Similarly Situated Defined.

For the purposes of determining the member contribution rate for New Members pursuant to Government Code section 7522.30(c), the term “similarly situated” shall mean members with the same retirement benefit formula who also share similarities in job duties, work location, collective bargaining unit, or other logical work-related characteristics.

Note: Authority cited: Sections 7522.02, 20120, 20121, 20122, 20123, 20124, Government Code. Reference: Sections 7522.04(f), 7522.30(c), Government Code.

Section 579.24. Final Compensation Calculations for Service Accrued Under PEPRA and the PERL

- (a) Retirement benefit provisions under PEPRA, including but not limited to Government Code sections 7522.10, 7522.32, and 7522.34, require retirement benefits for New Members to be calculated differently from retirement benefits for Classic Members under the PERL. Therefore, it is possible for a member to separately accrue service credit as a New Member for one period of service and as a Classic Member for another period of service.
- (b) Where a member has accrued service credit as a Classic Member and separately accrues service credit as a New Member, each with a period of service resulting in a different final compensation amount, CalPERS will apply one final compensation amount for the service credit accrued as a Classic Member, and a second final compensation amount for the service credit accrued as a New Member. CalPERS will then use both figures to calculate the total retirement benefit owed.

Note: Authority cited: Sections 7522.02, 20120, 20121, 20122, 20123, 20124, Government Code. Reference: Sections 7522.10, 7522.32, 7522.34, Government Code.