

CHAPTER 202

An act to amend Section 31874.6 of the Government Code, relating to county employees' retirement.

[Approved by Governor July 25, 2008. Filed with
Secretary of State July 25, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

SB 392, Ducheny. County employees' retirement: cost-of-living adjustments.

The County Employees Retirement Law of 1937 authorizes specified cost-of-living increases to be applied to allowances paid to or on account of members of county and district retirement systems. Existing law, applicable to Sonoma County, permits the board of retirement of the retirement system in Sonoma County, if approved by the county board of supervisors, to provide cost-of-living adjustments, on a prefunded basis, to certain of the monthly allowances paid by the system to or on account of members of the system, as specified.

This bill would extend the provisions described above to Imperial County.

The people of the State of California do enact as follows:

SECTION 1. Section 31874.6 of the Government Code is amended to read:

31874.6. (a) Notwithstanding any other provision of law, on an annual basis, the board of retirement may, with the approval of the county board of supervisors, grant a cost-of-living adjustment on a prefunded basis to the retirement allowances, optional death allowances, or annual death allowances payable to or on account of eligible members. The action by the board of retirement may specify a date as of which the adjustment shall be effective and, if no effective date is specified, the adjustment shall be made in allowances payable for the time commencing on the first day of the month following the action by the board of retirement or approval by the county board of supervisors, whichever is later.

(b) Before the board of retirement may grant an adjustment pursuant to this section, the total costs of the adjustment shall be determined by a qualified actuary and the board shall determine, with the advice of the actuary, that full funding of the adjustment can be provided from earnings of the retirement fund that are in excess of the total interest credited to contributions and reserves plus 1 percent of the total assets of the retirement fund.

(c) The adjustment provided by this section shall be payable only to those retired members, survivors, beneficiaries, or successors in interest whose accumulated loss of purchasing power equals or exceeds 20 percent as of January 1 of the year the board of retirement takes action pursuant to this section. Loss of purchasing power shall be determined by the board of retirement based on the difference between the following:

(1) The initial retirement allowance, optional death allowance, or annual death allowance as it would have been increased by the cumulative total effect of the annual changes, rounded to the nearest one-half of 1 percent, in the Consumer Price Index for All Urban Consumers for the area in which the county seat is situated.

(2) The retirement allowance, optional death allowance, or annual death allowance as actually increased by cost-of-living adjustments previously granted with respect to the allowance.

(d) A cost-of-living adjustment granted pursuant to this section shall become part of the retirement allowance, optional death allowance, or annual death allowance to be increased by any subsequent cost-of-living adjustments. The granting of an increase pursuant to this section in any particular year does not create any continuing entitlement to additional increases in subsequent years, and does not create any claim by a retired member, survivor, beneficiary, or successor in interest against the county, district, or retirement fund for any increase in any allowance paid or payable prior to the effective date of the action by the board of retirement pursuant to this section.

(e) This section shall only be applicable in the following counties:

(1) A county of the 19th class, as defined by Sections 28020 and 28040, as amended by Chapter 1204 of the Statutes of 1971.

(2) A county of the 32nd class, as defined by Sections 28020 and 28053, as amended by Chapter 1204 of the Statutes of 1971.