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GOVERNMENT CODE - GOV

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980] (Title 2 enacted by Stats. 1943, Ch. 134.)

DIVISION 5. PERSONNEL [18000 - 22980] (Division 5 added by Stats. 1945, Ch. 123.)

PART 3. PUBLIC EMPLOYEES' RETIREMENT SYSTEM [20000 - 21716] (Part 3 repealed and added by Stats. 1995, Ch. 379, Sec. 2.)

CHAPTER 5. Contract Members of System [20460 - 20593] (Chapter 5 added by Stats. 1995, Ch. 379, Sec. 2.)

ARTICLE 3. Contracting Agency Financial Obligations [20530 - 20538] (Article 3 added by Stats. 1995, Ch. 379, Sec. 2.)

20530. Any cash and securities to the credit of the local system and held on account of persons who become members of this system shall be transferred to this system, as of the effective date of the contract. The board may make arrangements with the agency for the transfer of assets, other than an amount equal to the total member contributions, over an appropriate period following the effective date of the contract, if it finds that transfer as of the effective date is not possible without hardship to the agency because of contractual restrictions on the return of assets of the local system held by an insurance carrier. The board shall in that case credit, as interest income, the portion of the assets transferred as is necessary to compensate the retirement fund for loss of earnings because of the delay in transfer, the amount to be determined by applying a rate that is equal to the difference between the average rate of earnings of the fund on investments made in fixed income securities during the fiscal year preceding the date of contract and the annual interest rate to the balance of the assets not transferred. The value at which the securities shall be credited to the contracting agency shall be determined by the board. In crediting transferred cash, as the contracting agency's contributions, the board may fix the credit, by writing down the book value of securities purchased with that cash, at an amount that will result in an interest return under the securities at least equal to the current rate of interest credited to contributions. As of that date, the governing body or head of the local system shall certify the proportion, if any, of its funds that represents the accumulated contributions of the members, and the relative shares of the members.

(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20530.1. (a) An agency whose contract provides for participation of its employees in this system may request the employees' service, with the contracting agency, prior to the date the employees became members of this system, be credited under this system. If the employees are members of a local retirement system and received service and contribution credits under that local retirement system, credit in this system may be granted if the system administrator certifies that the local system may be transferred.

(b) This section shall apply only to members employed by the contracting agency on the effective date of the contract or the amendment to the contract in which the contracting agency elects to be subject to the provisions of this section. Any cash and securities to the credit of the local retirement system and held on account of affected employees shall be transferred to this system as of said effective date.

(c) Notwithstanding subdivision (b), the board may make arrangements with the agency for the transfer of all or a portion of assets, or all or a portion of service credit, over an appropriate period following the effective date of the contract or the amendment to the contract, if it finds that transfer as of the effective date is not possible without hardship to the agency or its employees. Nothing in these arrangements for the partial transfer of assets or service credit shall affect the crediting of service for purposes of determining eligibility for benefits under this system. Interest may be charged at the discretion of the board.

(d) This section may not apply to any contracting agency unless and until the agency elects to be subject to this section by contract or amendment to the contract made in the manner prescribed for approval of contracts.

(Amended by Stats. 2003, Ch. 10, Sec. 5. Effective May 14, 2003.)

20531. (a) Shares of members in the funds of a local employer shall be credited to the respective individual accounts of the local agency members who have been included in this system, and administered as if made during membership in this system, except that the annuity provided by those contributions with accumulated interest shall be deducted first from the pension that otherwise would be payable on account of prior service and the balance of the contributions with accumulated interest shall be deducted from

the pension that otherwise would be payable on account of current service. The total of the funds transferred to this system shall be offset against the prior or current service liability, as the case may be, before determining the contribution to be paid by the contracting agency.

(b) A former member of the local retirement system who withdrew any contributions prior to the effective date of that agency's contract with this system is entitled to credit for the service upon which those contributions were made if he or she elects to deposit any of those withdrawn contributions with this system under the terms and conditions specified in Section 20750. Any amounts so deposited with this system shall be administered as provided in this section.

(c) As used in subdivision (b), "former member" shall also include any former member of the local retirement system who failed to exercise the right of election pursuant to paragraph (3) of subdivision (b) of Section 24810 of the Education Code.

(Added by renumbering Section 20523 by Stats. 1996, Ch. 906, Sec. 58. Effective January 1, 1997.)

20532. The contracting agency shall make the contribution for its employees in this system, as recommended by the actuary and approved by the board and certified by it to the contracting agency.

The contribution may consist of fixed sums, percentages of compensation of contract members, or both, and shall be paid to this system as provided in the contract.

The actual contribution is subject to adjustment by the board as may be necessary on account of any additional prior service credits that the contracting agency may desire to provide for its employees in this system or on account of experience under this system as determined by periodical investigation, valuation and determination required to be made by the board, including adjustments determined as necessary by the board, even after the total contributions determined, plus subsequent adjustments, if any, have been completely paid.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20533. The employer contribution rate adopted under this part, or because of amendments to the contract or to this part, apply to all compensation upon the basis of which member's contributions are deducted after those employer contribution rates became or become effective.

If correction of the amount of compensation reported is required, the employer contributions shall be computed using the employer contribution rate in effect at the time that the compensation requiring adjustment was earned.

(Amended by Stats. 2014, Ch. 237, Sec. 3. (AB 2472) Effective January 1, 2015.)

20534. The board may make arrangements with any contracting agency for the payment of the prior service liability on terms that its financial condition will permit.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20535. The expense of determining initially the approximate and actual contributions, with respect to its employees, shall be assessed against and paid by the public agency on whose account it is incurred. Payment shall be made directly to the consulting actuary, if any, and directly to the board for services rendered by its employees.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20536. (a) The board may include each year in the contribution required of the contracting agency a reasonable amount, which may differ from agency to agency, to cover the costs of administering this system as it affects the active and retired employees of that agency. The board may also assess a contracting agency a reasonable amount to cover costs incurred because of the agency's failure to submit reports and forward contributions on a timely basis. The payments shall be credited to the current appropriation for support of the board and available for expenditure by the board.

(b) Upon request, the board shall provide information to a contracting agency concerning the amount of administrative costs to be charged to each contracting agency with respect to those plans within the system in which the contracting agency participates.

(Amended by Stats. 2004, Ch. 190, Sec. 1. Effective January 1, 2005.)

20537. The board may charge interest on the amount of any payment due and unpaid by a contracting agency until payment is received. Interest shall be charged at a simple annual rate of 10 percent. The interest shall be deemed interest earnings for the year in which the late payment is received.

(Amended by Stats. 2023, Ch. 159, Sec. 3. (SB 885) Effective January 1, 2024.)

20538. (a) All amounts due to the retirement system by a contracting agency under this part shall be paid through an electronic funds transfer method prescribed by the board. This payment requirement is effective upon declaration by the board.

(b) A contracting agency that is unable, for good cause, to comply with subdivision (a), may apply to the board for a waiver that allows the agency to pay in an alternate manner as prescribed by the board, but not by credit card payment.

(Added by Stats. 2009, Ch. 118, Sec. 3. (AB 637) Effective January 1, 2010.)