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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 PUBLIC EMPLOYEES' RETIREMENT SYSTEM [20000 - 21716]** ( Part 3 repealed and added by Stats. 1995, Ch. 379, Sec. 2.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 5. Termination of Contracts [20570 - 20593]** ( Article 5 added by Stats. 1995, Ch. 379, Sec. 2. )

**20570.** (a) (1) If the contract has been in effect for at least five years and was approved by an ordinance or resolution adopted by the governing body of the contracting agency, the governing body may terminate it by completing all of the following:

(A) Adopting a resolution giving notice of intention to terminate.

(B) Notifying, in writing, the contracting agency's past and present employees, who are members, former members, or retired members of the system, within 30 days of the adoption of the resolution giving notice of intention to terminate.

(i) Within seven days of receipt of the resolution noticing the contracting agency's intention to terminate, the board shall provide the contracting agency with contact information data in its possession for the purpose of providing past employee members, former members, and retired members the notice required by this subparagraph. The contact information data shall be provided to the contracting agency in an open format that is platform independent, machine readable, retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Within 14 days of receipt of the contact information data described in clause (i), the contracting agency shall provide written notice to past employee members, former members, and retired members of the adoption of the resolution giving notice of intention to terminate.

(iii) The contracting agency shall not be liable for failure to provide the notice required pursuant to this subparagraph to a member if the contact information data received for that member is incomplete or incorrect.

(C) Adopting an ordinance or resolution terminating the contract, not less than 90 days and not more than one year after the system's receipt of the resolution giving notice of intention to terminate, by the affirmative vote of at least two-thirds of the members of the governing body.

(2) Termination shall be effective with board approval on the date designated in the ordinance or resolution terminating the contract, provided that the effective date of termination shall not be earlier than the date the governing body adopts the ordinance or resolution terminating the contract.

(b) (1) If the contract is a joint contract and the joint contract has been in effect for at least five years, the contract may be terminated by completing all of the following:

(A) Adopting trial court and county resolutions giving notice of intention to terminate.

(B) Notifying, in writing, the trial court's and county's past and present employees, who are members, former members, or retired members of the system, within seven days of the adoption of the resolutions giving notice of intention to terminate.

(i) Within seven days of receipt of the trial court and county resolutions noticing their intention to terminate, the board shall provide each contracting agency with contact information data in its possession for the purpose of providing its past employee members, former members, and retired members the notice required by this subparagraph. The contact

information data shall be provided to the contracting agency in an open format that is platform independent, machine readable, retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Within 14 days of receipt of the contact information data described in clause (i), each contracting agency shall provide written notice to its past employee members, former members, and retired members of the adoption of the resolution giving notice of intention to terminate.

(iii) A contracting agency shall not be liable for failure to provide the notice required pursuant to this subparagraph to a member if the contact information data received for that member is incomplete or incorrect.

(C) Adopting ordinances or resolutions terminating the joint contract, not less than 90 days and not more than one year after the system's receipt of the resolution giving notice of intention to terminate, by the affirmative vote of at least two-thirds of the members of the governing body of the county, and by the presiding officer of the trial court.

(2) Termination shall be effective with board approval on the date designated in the ordinance terminating the contract, provided that the effective date of termination shall not be earlier than the date the governing body of the county and the presiding officer of the trial court adopts or approves the ordinance or resolution terminating the contract, whichever is later.

*(Amended by Stats. 2018, Ch. 732, Sec. 2. (SB 1022) Effective January 1, 2019.)*

**20571.** (a) If the contract has been in effect for at least five years and was approved by an ordinance adopted by a majority vote of the electorate, termination by the contracting agency may be effected not less than 90 days and not more than one year after authority has been granted by ordinance adopted by a majority vote of the electorate of the contracting agency voting thereon.

(b) Termination shall be effective with board approval on the date designated in the ordinance terminating the contract, provided that the termination effective date shall not be earlier than the date of the vote of the electorate.

(c) The contracting agency shall notify in writing its past and present employees and retirees, who are members, former members, or retired members of the system, of the pending vote of the electorate on the proposed termination of the contract at least 90 days before the date of the vote.

(1) Within seven days of receipt of a request from the contracting agency to fulfill its duties under this subdivision, the board shall provide the contracting agency with contact information data in its possession for the purpose of providing past employee members, former members, and retired members the notice required by this subparagraph. The contact information data shall be provided to the contracting agency in an open format that is platform independent, machine readable, retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(2) The contracting agency shall not be liable for failure to provide the notice required pursuant to this subparagraph to a past employee member, former member, or retired member if the contact information data received for that member is incomplete or incorrect.

*(Amended by Stats. 2018, Ch. 732, Sec. 3. (SB 1022) Effective January 1, 2019.)*

**20571.5.** Notwithstanding any other provision of this article, the board may enter into an agreement with the governing body of a contracting agency for the termination of a portion of the contract with respect to a member classification with no active employees. The terms of the agreement shall be reflected in an amendment to the agency's contract with the board. The board may require that the portion of the contract being terminated be in effect for at least five years. Upon the termination of a portion of a contract, the board shall do the following:

(a) Hold for the benefit of the members of this system who are credited with service rendered as employees of the contracting agency, and for the benefit of beneficiaries of this system who are entitled to receive benefits on account of that service, the portion of the accumulated contributions then held by this system and credited to, or as having been made by, the agency. This portion of the accumulated contributions shall not exceed the difference between the following:

(1) An amount actuarially equivalent, including contingencies for mortality fluctuations, as determined by the actuary and approved by the board, to the amount this system is obligated to pay after the effective date of termination to, or on account of, persons who are or have been employed by, and on account of service rendered by them to, the agency.

(2) The contributions, with credited interest thereon, then held by this system as having been made by those persons as employees of the agency.

(b) Merge all plan assets and liabilities into the terminated agency pool to provide exclusively for the payment of benefits to members of these plans.

(1) If the sum of the accumulated contributions is less than the actuarial equivalent specified in paragraph (1) of subdivision (a), the agency shall contribute to the system, under the terms fixed by the board, an amount equal to the difference between the amount specified in paragraph (1) of subdivision (a) and the accumulated contributions.

(2) If the sum of accumulated contributions exceeds the amount specified in paragraph (1) of subdivision (a), the excess contributions shall be merged into the active plan or plans of the contracting agency, as determined by the chief actuary.

(c) Enter into an agreement with the governing body of a contracting agency terminating a portion of a contract in order to ensure both of the following:

(1) The final compensation used in the calculation of benefits of its employees is calculated in the same manner as the benefits of employees of agencies that are not terminating, regardless of whether the employees of the terminating agency retire directly from employment with the contracting agency terminating a portion of a contract or continue in other public service.

(2) Related necessary adjustments in the employer's contribution rate are made, from time to time, by the board prior to the date of termination to ensure adequate funding of benefits or the governing body of the contracting agency terminating a portion of a contract and the board agree to another actuarially sound payment technique, including a lump-sum payment at termination.

*(Added by Stats. 2008, Ch. 261, Sec. 2. Effective January 1, 2009.)*

**20572.** (a) If a contracting agency fails for 30 days after demand by the board to pay in full any installment of contributions required by its contract, or fails for three months after demand therefor by the board to file any information required in the administration of this system with respect to that contracting agency's employees, or if the board determines that the contracting agency is no longer in existence, the board may terminate that contract by resolution adopted by a majority vote of its members effective 60 days after notice of its adoption has been mailed by registered mail to the governing body of the contracting agency.

(b) In addition to the interest obligations set forth in Section 20537, if a contracting agency fails to pay in full any installment of the contributions when due and the failure continues for a period of three months, the contracting agency may be assessed a penalty of 10 percent of the total amount due and unpaid, including any accrued and unpaid interest. The penalty may be assessed once during each 30-day period that the outstanding amount remains unpaid. In addition, the contracting agency may be assessed the costs of collection, including reasonable legal fees and litigation costs, including, without limitation, legal fees and legal costs incurred in bankruptcy, when necessary to collect any amounts due.

*(Amended by Stats. 2016, Ch. 415, Sec. 25. (AB 2375) Effective January 1, 2017.)*

**20573.** Notwithstanding any other provision of law, the board may negotiate with the governing board of the terminating agency, or the governing board of any agency or agencies which may be assuming any portion of the liabilities of the terminating agency as to the effective date of termination and the terms and conditions of the termination and of the payment of unfunded liabilities.

For purposes of payment of unfunded actuarial liabilities this section shall also apply to inactive contracting agencies, or an inactive member category as determined by the board.

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

**20574.** A terminated agency shall be liable to the system for any deficit in funding for earned benefits, as determined pursuant to Section 20577, interest at the actuarial rate from the date of termination to the date the agency pays the system, and for reasonable and necessary costs of collection, including attorney's fees. The board shall have a lien on the assets of a terminated contracting agency, subject only to a prior lien for wages, in an amount equal to the actuarially determined deficit in funding for earned benefits of the employee members of the agency, interest, and collection costs. The assets shall also be available to pay actual costs, including attorneys' fees, necessarily expended for collection of the lien.

*(Amended by Stats. 2003, Ch. 462, Sec. 2. Effective January 1, 2004.)*

**20574.1.** In lieu of the procedure set forth in Section 20574, all parties to a terminating agency that was formed by an agreement under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 shall be liable to the system for any deficit in funding for earned benefits, as determined pursuant to Section 20577, interest at the actuarial rate from the date of termination to the date the agency, or the parties to the terminating contracting agency, pays the system, and reasonable and necessary costs of collection, including attorney's fees. The board shall have a lien on the assets of a terminated contracting agency and on the assets of all parties to the terminating contracting agency, subject only to a prior lien for wages, in an amount equal to the actuarially determined deficit in funding for earned benefits of the employee members of the agency, interest, and collection costs. The assets shall also be available to pay actual costs, including attorney's fees, necessarily expended for collection of the lien.

*(Added by Stats. 2018, Ch. 909, Sec. 4. (AB 1912) Effective January 1, 2019.)*

**20575.** (a) Notwithstanding any other provision of this part to the contrary, upon request of a terminating agency, the board shall enter into an agreement with the governing body of a terminating agency in order to ensure that both: the final compensation used in the calculation of benefits of its employees shall be calculated in the same manner as the benefits of employees of agencies that are not terminating, regardless of whether they retire directly from employment with the terminating agency or continue in other public service; and related necessary adjustments in the employer's contribution rate are made, from time to time, by the board prior to the date of termination to ensure that benefits are adequately funded or any other actuarially sound payment technique, including a lump-sum payment at termination, is agreed to by the governing body of the terminating agency and the board.

(b) The terminating agency that will cease to exist shall notify the board not sooner than three years nor later than one year prior to its termination date of its intention to enter into agreement pursuant to this section.

(c) The terms of the agreement shall be reflected in an amendment to the agency's contract with the board.

(d) If the board, itself, determines that it is not in the best interests of the system, it may choose not to enter into an agreement pursuant to this section.

(e) A terminating agency formed by an agreement under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 shall enter into an agreement with the board pursuant to subdivisions (a), (c), and (d) and its member agencies shall be liable to the system for inadequate funding of the benefits pursuant to subdivision (a).

*(Amended by Stats. 2018, Ch. 909, Sec. 5. (AB 1912) Effective January 1, 2019.)*

**20576.** (a) Upon the termination of a contract, the board shall hold for the benefit of the members of this system who are credited with service rendered as employees of the contracting agency and for the benefit of beneficiaries of this system who are entitled to receive benefits on account of that service, the portion of the accumulated contributions then held by this system and credited to or as having been made by the agency that does not exceed the difference between (1) an amount actuarially equivalent, including contingencies for mortality fluctuations, as determined by the actuary and approved by the board, the amount this system is obligated to pay after the effective date of termination to or on account of persons who are or have been employed by, and on account of service rendered by them to, the agency, and (2) the contributions, with credited interest thereon, then held by this system as having been made by those persons as employees of the agency.

(b) All plan assets and liabilities of agencies whose contracts have been terminated shall be merged into a single pooled account to provide exclusively for the payment of benefits to members of these plans. Recoveries from terminated agencies for any deficit in funding for earned benefits for members of plans of terminated agencies, and interest thereon, shall also be deposited to the credit of the terminated agency pool.

*(Amended by Stats. 2003, Ch. 462, Sec. 3. Effective January 1, 2004.)*

**20577.** If, at the date of termination, the sum of the accumulated contributions credited to, or held as having been made by, the contracting agency and the accumulated contributions credited to or held as having been made by persons who are or have been employed by the agency, as employees of the agency, is less than the actuarial equivalent specified in clause (1) of subdivision (a) of Section 20576, the agency shall contribute to this system under terms fixed by the board, an amount equal to the difference between the amount specified in clause (1) of subdivision (a) of Section 20576 and the accumulated contributions. The amount of the difference shall be subject to interest at the actuarial rate from the date of contract termination to the date the agency pays this system. If the agency fails to pay to the board the amount of the difference, all benefits under the contract, payable after the board declares the agency in default therefor, shall be reduced by the percentage that the sum is less than the amount in clause (1) of subdivision (a) of Section 20576 as of the date the board declared the default. If the sum of the accumulated contributions is greater than the amount in clause (1) of subdivision (a) of Section 20576, an amount equal to the excess shall be paid by this system to the contracting agency, including interest at the actuarial rate from the date of contract termination to the date this system makes payment. The market value used shall be the value calculated in the most recent annual closing.

The right of an employee of a contracting agency, or his or her beneficiary, to a benefit under this system, whether before or after retirement or death, is subject to the reduction.

*(Amended by Stats. 2003, Ch. 462, Sec. 4. Effective January 1, 2004.)*

**20577.5.** The board shall, prior to exercising authority granted pursuant to Section 20577, and to the extent consistent with its fiduciary duties, consider and exhaust all options and necessary actions, including evaluating whether to bring a civil action against any and all of the member agencies that are parties to a terminated agency formed by an agreement under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 to compel payment of the terminated agency's retirement obligations, and shall be entitled to reasonable attorney's fees in addition to other costs.

*(Repealed and added by Stats. 2018, Ch. 909, Sec. 7. (AB 1912) Effective January 1, 2019.)*

**20578.** (a) Except as provided in subdivision (b), on and after January 1, 1991, the rights and benefits of a former employee of a contracting agency which terminated on or before January 1, 1991, or of his or her beneficiary, shall be the same as if the agency

had continued as a contracting agency. Any monthly allowance of that individual, or of his or her beneficiary, that was reduced pursuant to Section 20577 because the contracting agency failed to pay the board the amount of the difference shall not be subject to continued reduction on or after January 1, 1991. As of January 1, 1991, benefits shall be paid at the level provided in the contract prior to that reduction. However, if a former employee of a contracting agency that terminated on or before January 1, 1991, becomes employed by another covered employer after the date of termination, including an employer subject to reciprocity, the benefits shall be calculated by using the highest compensation earned by the individual.

In accordance with Section 20580, an individual who has withdrawn his or her accumulated contributions from the terminated agency shall not be permitted to redeposit any withdrawn contributions upon again becoming a member of this system.

(b) If a contracting agency has not paid the system for any deficit in funding for earned benefits, as determined pursuant to Section 20577, members shall be entitled to the benefits to which members of the plan were entitled 36 months prior to the date the agency notified the board of its intention to terminate its contract or 36 months prior to the date the board notified the agency of its intent to terminate the contract, whichever is earlier. Entitlement to earned benefits under this subdivision shall be subject to Section 20577.5.

*(Amended by Stats. 2016, Ch. 415, Sec. 27. (AB 2375) Effective January 1, 2017.)*

**20579.** For purposes of Sections 20576 and 20577 in the case of a contracting agency that is an employer for purposes of Chapter 9 (commencing with Section 20790), the contracting agency shall cease to be an employer on the day preceding the effective date of termination, and all accumulated contributions held by this system and made by or credited to the contracting agency shall be determined in accordance with Section 20834.

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

**20580.** Upon the termination of a contract, all memberships in this system existing because of that contract continue in existence to the extent that there are accumulated contributions to the credit of each local member, but any member may elect to withdraw his or her accumulated contributions if the member is not employed in a position subject to coverage by the system at the time of election. The status of any member who does not withdraw his or her accumulated contributions shall be the same as if the public agency had continued as a contracting agency. The membership of any member who is eligible and who elects to withdraw his or her accumulated contributions shall be terminated forthwith, and he or she shall not be entitled to any further benefit based upon service credited as an employee of the contracting agency, nor shall he or she have the right to redeposit those withdrawn contributions upon again becoming a member of this system. The portion of the contributions of the contracting agency held under Section 20576 to the credit of each member shall be determined by the board, and may be adjusted from time to time prior to termination of membership. A member whose membership continues under this section is subject to the same age and incapacity requirements as apply to other members for service or for disability retirement, but he or she is not subject to a minimum service requirement. Except as provided in Section 20578, he or she shall receive the retirement benefits as his or her accumulated contributions, together with the portion of the excess of the contributions of the contracting agency as are credited to him or her, shall provide, as determined by the board, but the provisions of this part relative to minimum retirement allowances shall not apply to him or her, nor shall those benefits exceed the benefits provided by the contract prior to its termination. Upon the death of a member, the basic death benefit shall be his or her accumulated contributions.

*(Amended by Stats. 2001, Ch. 793, Sec. 10. Effective January 1, 2002.)*

**20581.** If a public agency that terminated its contract enters into a contract for participation in this system, the contract may provide for increase in benefits of persons retired or members who retained rights under this system, if the benefits were reduced under this article at the time of termination, to the level provided in the contract for members, and for redeposit of any contributions for service to the agency not credited under a local system maintained by the agency after termination, withdrawn at termination by a person who becomes a member on contract date. Unless the redeposit is made, the member shall not receive credit for the service. All service rendered prior to the contract date and credited as a result of the contract shall constitute prior service whether or not rendered during the period of the terminated contract. All liabilities for service performed under the terminated contract shall become liabilities of a plan under the new contract. The ratio of assets to liabilities that existed at the time the previous contract was terminated shall be used to calculate the amount of assets to be transferred to a plan under the new contract.

*(Amended by Stats. 2003, Ch. 462, Sec. 7. Effective January 1, 2004.)*

**20582.** Any event occurring on or after the date on which termination of a contract becomes effective shall not be considered in determining the right of any member to retire for service or disability or the rights of his or her beneficiaries.

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

**20583.** The right to a retirement allowance, of a person who had retired prior to the effective date of the termination of a contract, or who has qualified and applied for retirement by written document received at the board's office in Sacramento, prior to the effective date, even though the board does not approve the application until a later date, and the right of any person to a benefit on account of

a death that occurred prior to the effective date, is not affected by termination of the contract, unless the contracting agency fails to make the contributions required of it because of the participation of its employees in this system.

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

**20584.** The board may postpone the payment of any amount due a contracting agency on termination of a contract if payment would require the sale of securities, that, in the opinion of the board, would affect adversely the interests of this system.

If the board delays a payment longer than the period reasonably necessary for the determination of the amount due and for the necessary action by the board, interest shall be allowed on the amount remaining due and unpaid from time to time at the rate then in use under this system, and paid to the contracting agency at the same time and in the manner as the original amount due.

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

**20585.** (a) Notwithstanding any other provision of this article, the board may enter into an agreement with the governing body of a contracting agency whose contract has been in effect for at least five years and the board of supervisors of a county maintaining a county retirement system for termination of the contracting agency's participation in this system and inclusion of its employees in the county retirement system.

(b) The agreement shall contain provisions the board finds necessary to protect the interests of this system, including provisions for determination of the amount, time, and manner of transfer of cash or securities, or both, to be transferred to the county system representing the value of the interests in the retirement fund of the contracting agency and its employees by reason of accumulated contributions credited to the agency and its employees. However, the amount transferred may not exceed the amount of the accumulated contributions. Any amount representing the difference between the value of the interests in the retirement fund of the contracting agency and its employees, and the accumulated contributions credited to the agency and its employees, shall be credited to the reserve under Section 20174. The agreement may also contain any other provisions that the board deems necessary to address issues related to the transfer, including, but not limited to, benefits subject to an outstanding domestic relations order and benefits subject to a lien.

(c) All liability of this system with respect to members and retired persons under the contract shall cease and shall become the liability of the county system as of the date of termination specified in the agreement. Liability of the county retirement system shall be for payment of benefits in accordance with Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 applicable to it except that allowances of persons retired on the termination date and their beneficiaries and of beneficiaries of deceased members or retired persons who are receiving allowances on that date, shall be continued in at least the amount provided under the agency's contract as it was on that date. The termination may not affect the contribution rate of any member in any other employment under this system on the date of termination or any retirement allowance or other benefit based on service to another employer being paid on the termination date.

(d) Any member who becomes a member of a county retirement system upon the contract termination shall be subject to this part and Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 extending rights to a member or subjecting him or her to limitations because of membership in another retirement system to the same extent that he or she would have been had he or she been a member of the county retirement system during his or her membership in this system under the terminated contract.

(e) Upon execution of the agreement, a contracting agency that is an employer under Chapter 9 (commencing with Section 20790) shall cease to have that status, and the accumulated contributions of the contracting agency shall be determined and thereafter held as provided in Section 20834.

*(Amended by Stats. 2003, Ch. 519, Sec. 4. Effective January 1, 2004.)*

**20586.** The board may enter into an agreement in accordance with Section 20585 for termination of a contract that has been in effect for at least five years with respect to local firefighters if the firefighting function of the contracting agency and local firefighters have been transferred to a district which participates in a county retirement system. The contract shall continue with respect to all employees of the contracting agency other than local firefighters.

*(Amended by Stats. 1996, Ch. 906, Sec. 64. Effective January 1, 1997.)*

**20587.** The board may enter into an agreement in accordance with Section 20585 for termination of a contract that has been in effect for at least five years with respect to local members if particular functions of the contracting agency and local members have been transferred to a district or a county service area that participates in a county retirement system. The contract shall continue with respect to all other employees of the contracting agency.

*(Amended by Stats. 1996, Ch. 906, Sec. 65. Effective January 1, 1997.)*

**20588.** (a) Notwithstanding any other provision of this article, the board may, pursuant to this section and Section 31657, enter into an agreement with the board of retirement of a county maintaining a county retirement system, for termination of participation of a public agency whose contract has been in effect for at least five years in this system or the state with respect to certain safety



members who have ceased to be employed by the public agency or the state and have been employed by a county, fire authority, or district as a result of a transfer of firefighting or law enforcement functions from the public agency or the state to the county, fire authority, or district and inclusion of the former public agency employees in that county retirement system.

(b) The agreement shall contain provisions the board finds necessary to protect the interests of this system, including provisions for determination of the amount, time, and manner of transfer of cash or securities, or both, to be transferred to the county system representing the actuarial value of the interests in the retirement fund of the public agency or the state and the transferred employees by reason of accumulated contributions credited to that public agency or the state and the employees transferred. The agreement may also contain any other provisions that the board deems necessary to address issues related to the transfer, including, but not limited to, benefits subject to an outstanding domestic relations order and benefits subject to a lien. The agreement shall apply only to employees who are employed by the county or district on the effective date of the agreement.

(c) All liability of this system with respect to the members transferred under that agreement shall cease and shall become the liability of the county retirement system as of the date of transfer specified in the agreement. Liability of the county retirement system shall be for payment of benefits to transferred employees in accordance with Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3.

(d) Any member transferred who becomes a member of a county retirement system upon that transfer date shall be subject to provisions of this part and of Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 extending rights to a member or subjecting him or her to limitations because of membership in another retirement system to the same extent that he or she would have been had he or she been a member of the county retirement system during his or her membership in this system.

(e) This section shall apply only in the Counties of Kern, Los Angeles, Orange, and San Bernardino.

*(Amended by Stats. 2015, Ch. 86, Sec. 1. (AB 868) Effective January 1, 2016.)*

**20589.** (a) Notwithstanding any other provision of this article, the board may enter into an agreement with the board of retirement of the San Francisco City and County Employees' Retirement System, for termination of participation of a public agency whose contract has been in effect for at least five years in this system or the state with respect to certain safety members who have ceased to be employed by the public agency or the state and have been employed by the city and county, fire authority, or district as a result of a transfer of firefighting or law enforcement functions from the public agency or the state to the city and county, fire authority, or district and inclusion of the former public agency employees in that retirement system.

(b) The agreement shall contain provisions the board finds necessary to protect the interests of this system, including provisions for determination of the amount, time, and manner of transfer of cash or securities, or both, to be transferred to the city and county system representing the actuarial value of the interests in the retirement fund of the public agency or the state and the transferred employees by reason of accumulated contributions credited to that public agency or the state and the employees transferred. The agreement may also contain any other provisions that the board deems necessary to address issues related to the transfer, including, but not limited to, benefits subject to an outstanding domestic relations order and benefits subject to a lien. The agreement shall apply only to employees who are employed by the city and county or district on the effective date of the agreement.

(c) All liability of this system with respect to the members transferred under that agreement shall cease and shall become the liability of the San Francisco City and County Employees' Retirement System as of the date of transfer specified in the agreement. Liability of the city and county retirement system shall be for payment of benefits to transferred employees.

(d) Any member transferred who becomes a member of the city and county retirement system upon that transfer date shall be subject to provisions of this part and the provisions of the San Francisco City Charter and Administrative Code extending rights to a member or subjecting him or her to limitations because of membership in another retirement system to the same extent that he or she would have been had he or she been a member of the city and county retirement system during his or her membership in this system.

(e) This section shall apply only in the City and County of San Francisco.

*(Added by Stats. 2004, Ch. 268, Sec. 1. Effective January 1, 2005.)*

**20590.** (a) Notwithstanding any other provision of this article, the board may enter into an agreement with the governing body of a contracting agency, other than a housing authority, and the governing body of a city with a population in excess of 2,000,000 and maintaining its own retirement system, for termination of the contracting agency's participation in this system and inclusion of the employees in the city retirement system.

(b) The agreement shall contain provisions the board finds necessary to protect the interests of this system, including provisions for determination of the amount, time, and manner of transfer of cash or securities, or both, to be transferred to the city system representing the value of the interests in the retirement fund of the contracting agency and its employees by reason of contributions and interest credited to the agency and its employees. The agreement may also contain any other provisions that the board deems necessary to address issues related to the transfer, including, but not limited to, benefits subject to an outstanding domestic relations order and benefits subject to a lien.

(c) All liability of this system with respect to members and retired persons under the contract shall cease and shall become the liability of the city system as of the date of termination specified in the agreement. Liability of the city system shall be for payment of benefits to persons retired on the termination date and their beneficiaries and of beneficiaries of deceased members in at least the amount provided under the agency's contract as it was on that date. The termination may not affect the contribution rate of any member in any other employment under this system on the date of termination or any retirement allowance or other benefit based on service.

(d) Any member who becomes a member of a city system upon the contract termination shall be subject to those provisions of this part extending rights to a member or subjecting the member to limitations because of membership in another retirement system to the same extent that the member would have been had he or she been a member of the city system during his or her membership in this system under the terminated contract.

*(Amended by Stats. 2003, Ch. 519, Sec. 6. Effective January 1, 2004.)*

**20591.** Notwithstanding any other provision of this article, the board may enter into an agreement in accordance with Section 20590 with the governing body of a contracting agency, and the governing body of a city maintaining its own retirement system for termination of the contracting agency's participation in this system with respect to local firefighters and inclusion of those local firefighters in that city retirement system if the firefighting function of the contracting agency and the local firefighters have been transferred to that city. The contract shall continue with respect to all employees of the contracting agency other than local firefighters.

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

**20592.** Notwithstanding any other provision of law, when all or part of an employer's function is transferred to an entity that is not an employer, the board may, by contract between the board, the employer, and the succeeding entity, transfer all or part of the assets and liabilities accumulated in this system by the employer to the succeeding entity.

Members employed by that employer shall have an individual election whether all accumulated contributions shall be transferred to the succeeding entity or left on deposit with this system.

The accumulated contributions may be directly transferred to the succeeding entity by the board for those members who so request.

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

**20593.** Notwithstanding any other provision of law, when the management of a health district is assumed by the governing body of San Joaquin County, the contract shall be construed as a continuation of the district's contract for all purposes of this part. Section 20834 shall not apply upon the execution of an agreement with the board and the governing body of the county for the assumption.

*(Amended by Stats. 1996, Ch. 906, Sec. 68. Effective January 1, 1997.)*