

AMENDED IN SENATE MAY 13, 2026

AMENDED IN ASSEMBLY JANUARY 22, 2026

AMENDED IN ASSEMBLY APRIL 11, 2025

AMENDED IN ASSEMBLY MARCH 10, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 1383

Introduced by Assembly Member McKinnor

(Coauthors: Assembly Members *Addis, Ahrens, Alanis, Ávila Farías, Boerner, Calderon, Castillo, Chen, Connolly, Flora, Hoover, Krell, Nguyen, Ortega, Pacheco, Patel, Patterson, Ramos, Ransom, Sharp-Collins, and Solache*)

(Coauthors: Senators ~~Grayson~~ *Gonzalez, Grayson, and Pérez*)

February 21, 2025

An act to amend Sections ~~7522.10 and 7522.25~~ 7522.02, 7522.10, 7522.15, 7522.25, and 20516 of, and to add Sections 7522.19 and 7522.26 to, the Government Code, relating to public employees' retirement, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1383, as amended, McKinnor. Public employees' retirement ~~benefits: safety members: benefits.~~

The Public Employees' Retirement Law (PERL) establishes the Public Employees' Retirement System (PERS) to provide a defined benefit to members of the system based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Public Employees' Retirement Fund, which is continuously appropriated for purposes of PERS, including depositing employer and

employee contributions. Under the California Constitution, assets of a public pension or retirement system are trust funds.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans. In this regard, PEPRA restricts the amount of compensation that may be applied for purposes of calculating a defined pension benefit for a new member, as defined, by restricting it to specified percentages of the contribution and benefit base under a specified federal law with respect to old age, survivors, and disability insurance benefits.

Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, creditable service, and age at retirement, subject to certain variations.

This bill, *for service performed* on and after January 1, 2027, would ~~require a retirement system subject to PEPRA to adjust pensionable compensation limits to be consistent with~~ *prohibit the pensionable compensation for calendar year 2027 used to calculate the defined benefit paid to a new member of a retirement system subject to PEPRA who retires from the system from exceeding* specified percentages of the contribution and benefit base under the specified federal law with respect to old age, survivors, and disability insurance benefits. *The bill would make related, conforming changes to these provisions on pensionable compensation.* The bill *also* would require a new member of STRS to be subject to specified limits of the Teachers' Retirement Law.

PEPRA requires each retirement system that offers a defined benefit plan for safety members of the system to use one of 3 formulas for safety members, 2% at age 57, 2.5% at age 57, or 2.7% at age 57.

This bill would establish new retirement formulas, for employees first hired on or after January 1, 2027, as 2.5% at age 55, 2.7% at age 55, or 3% at age ~~55~~. *55, subject to certain exceptions.* For new members hired on or after January 1, 2013, who are safety members, the bill would require employers to adjust the formulas for service performed on or after January 1, 2027, to offer ~~one of the 3 formulas for safety members that is closest to~~ *the formula that has the same fraction at age 55 as the fraction at age 57 in the formula the employer provided offered* pursuant to existing law. The bill would authorize a public employer and a recognized employee organization to negotiate a prospective

increase to the retirement benefit formulas for safety members and new safety members, consistent with the formulas permitted under PEPRRA, including the new formulas described above.

This bill would authorize an employer and its employees to agree in a memorandum of understanding to be subject to a higher safety plan or a lower safety plan, subject to certain requirements, including that the memorandum of understanding is collectively bargained in accordance with applicable laws.

By increasing the contribution to continuously appropriated funds, and by increasing expenditures from those funds, this bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. The Legislature finds and declares the following:

2 (a) California is experiencing significant challenges in the
3 recruitment and retention of safety personnel, including firefighters,
4 police officers, and other first responders. Competitive retirement
5 benefits are critical to ensuring an adequate and well-trained public
6 safety workforce.

7 (b) Firefighters face heightened risks of occupational diseases,
8 including elevated cancer rates. Studies have shown that firefighters
9 have a significantly higher risk of developing multiple types of
10 cancer due to prolonged exposure to carcinogens and hazardous
11 materials in the line of duty. In 2022, the International Agency for
12 Research on Cancer identified the occupation of firefighting as a
13 Class 1 carcinogen.

14 (c) The physical demands of safety positions are extraordinary,
15 requiring peak physical performance, endurance, and exposure to
16 high-stress, life-threatening situations on a daily basis. These
17 factors contribute to increased rates of disability, injury, and early
18 retirement compared to other professions.

19 (d) Adjusting the retirement age and pension formulas for safety
20 employees is necessary to maintain a sustainable and effective
21 workforce while addressing the unique health and occupational
22 challenges faced by these personnel.

23 (e) California has a strong history of protecting and promoting
24 collective bargaining rights and providing opportunities for

1 employees and employers to bargain over certain retirement
 2 benefits that further enhances opportunities for public employers
 3 and employees to partner on stronger retirement security.

4 (f) The compensation cap established under the California Public
 5 Employees’ Pension Reform Act of 2013 places limits that are
 6 significantly less than the current federal limit. To reflect current
 7 wage rates across both safety and miscellaneous employees, it is
 8 necessary to reconsider the appropriate compensation cap level,
 9 consistent with federal limits.

10 *SEC. 2. Section 7522.02 of the Government Code is amended*
 11 *to read:*

12 7522.02. (a) (1) Notwithstanding any other law, except as
 13 provided in this article, on and after January 1, 2013, this article
 14 shall apply to all state and local public retirement systems and to
 15 their participating employers, including the Public Employees’
 16 Retirement System, the State Teachers’ Retirement System, the
 17 Legislators’ Retirement System, the Judges’ Retirement System,
 18 the Judges’ Retirement System II, county and district retirement
 19 systems created pursuant to the County Employees Retirement
 20 Law of 1937 (Chapter 3 (commencing with Section 31450) of Part
 21 3 of Division 4 of Title 3), independent public retirement systems,
 22 and to individual retirement plans offered by public employers.
 23 However, this article shall be subject to the Internal Revenue Code
 24 and Section 17 of Article XVI of the California Constitution. The
 25 administration of the requirements of this article shall comply with
 26 applicable provisions of the Internal Revenue Code and the
 27 Revenue and Taxation Code.

28 (2) Notwithstanding paragraph (1), this article shall not apply
 29 to the entities described in Section 9 of Article IX of, and Sections
 30 4 and 5 of Article XI of, the California Constitution, except to the
 31 extent that these entities continue to be participating employers in
 32 any retirement system governed by state statute. Accordingly, any
 33 retirement plan approved before January 1, 2013, by the voters of
 34 any entity excluded from coverage by this section shall not be
 35 affected by this article.

36 (3) (A) Notwithstanding paragraph (1), this article shall not
 37 apply to a public employee whose interests are protected under
 38 Section 5333(b) of Title 49 of the United States Code until a federal
 39 district court rules that the United States Secretary of Labor, or
 40 their designee, erred in determining that the application of this

1 article precludes certification under that section, or until January
2 1, 2016, whichever is sooner.

3 (B) If a federal district court upholds the determination of the
4 United States Secretary of Labor, or their designee, that application
5 of this article precludes them from providing a certification under
6 Section 5333(b) of Title 49 of the United States Code, this article
7 shall not apply to a public employee specified in subparagraph
8 (A).

9 (4) Notwithstanding paragraph (1), this article shall not apply
10 to a multiemployer plan authorized by Section 302(c)(5) of the
11 federal Taft-Hartley Act (29 U.S.C. Sec. 186(c)(5)) if the public
12 employer began participation in that plan prior to January 1, 2013,
13 and the plan is regulated by the federal Employee Retirement
14 Income Security Act of 1974 (29 U.S.C. Sec. 1001 et seq.).

15 (b) The benefit plan required by this article shall apply to public
16 employees who are new members as defined in Section 7522.04.

17 (c) (1) Individuals who were employed by any public employer
18 before January 1, 2013, and who became employed by a subsequent
19 public employer for the first time on or after January 1, 2013, shall
20 be subject to the retirement plan that would have been available
21 to employees of the subsequent employer who were first employed
22 by the subsequent employer on or before December 31, 2012, if
23 the individual was subject to concurrent membership for which
24 creditable service was performed in the previous six months or
25 reciprocity established under any of the following provisions:

26 (A) Article 5 (commencing with Section 20350) of Chapter 3
27 of Part 3 of Division 5 of Title 2.

28 (B) Chapter 3 (commencing with Section 31450) of Part 3 of
29 Division 4 of Title 3.

30 (C) Any agreement between public retirement systems to provide
31 reciprocity to members of the systems.

32 (D) Section 22115.2 of the Education Code.

33 (2) An individual who was employed before January 1, 2013,
34 and who, without a separation from employment, changed
35 employment positions and became subject to a different defined
36 benefit plan in a different public retirement system offered by their
37 employer shall be subject to that defined benefit plan as it would
38 have been available to employees who were first employed on or
39 before December 31, 2012.

1 (d) If a public employer, before January 1, 2013, offers a defined
2 benefit pension plan that provides a defined benefit formula with
3 a lower benefit factor at normal retirement age and results in a
4 lower normal cost than the defined benefit formula required by
5 this article, that employer may continue to offer that defined benefit
6 formula instead of the defined benefit formula required by this
7 article, and shall not be subject to the requirements of Section
8 7522.10 for pensionable compensation subject to that formula.
9 However, if the employer adopts a new defined benefit formula
10 on or after January 1, 2013, that formula must conform to the
11 requirements of this article or must be determined and certified by
12 the retirement system's chief actuary and the retirement board to
13 have no greater risk and no greater cost to the employer than the
14 defined benefit formula required by this article and must be
15 approved by the Legislature. New members of the defined benefit
16 plan may only participate in the lower cost defined benefit formula
17 that was in place before January 1, 2013, or a defined benefit
18 formula that conforms to the requirements of this article or is
19 approved by the Legislature as provided in this subdivision.

20 (e) If a public employer, before January 1, 2013, offers a
21 retirement benefit plan that consists solely of a defined contribution
22 plan, that employer may continue to offer that plan instead of the
23 defined benefit pension plan required by this article. However, if
24 the employer adopts a new defined benefit pension plan or defined
25 benefit formula on or after January 1, 2013, that plan or formula
26 must conform to the requirements of this article or must be
27 determined and certified by the retirement system's chief actuary
28 and the system's board to have no greater risk and no greater cost
29 to the employer than the defined benefit formula required by this
30 article and must be approved by the Legislature. New members of
31 the employer's plan may only participate in the defined
32 contribution plan that was in place before January 1, 2013, or a
33 defined contribution plan or defined benefit formula that conforms
34 to the requirements of this article. This subdivision shall not be
35 construed to prohibit an employer from offering a defined
36 contribution plan on or after January 1, 2013, either with or without
37 a defined benefit plan, whether or not the employer offered a
38 defined contribution plan prior to that date.

39 (f) (1) If, on or after January 1, 2013, the Cities of Brea and
40 Fullerton form a joint powers authority pursuant to the provisions

1 of the Joint Exercise of Powers Act (Article 1 (commencing with
2 Section 6500) of Chapter 5), that joint powers authority may
3 provide employees the defined benefit plan or formula that those
4 employees received from their respective employers prior to the
5 exercise of a common power, to which the employee is associated,
6 by the joint powers authority to any employee of the City of Brea,
7 the City of Fullerton, or a city described in paragraph (2) who is
8 not a new member and subsequently is employed by the joint
9 powers authority within 180 days of the city providing for the
10 exercise of a common power, to which the employee was
11 associated, by the joint powers authority.

12 (2) On or before January 1, 2017, a city in Orange County that
13 is contiguous to the City of Brea or the City of Fullerton may join
14 the joint powers authority described in paragraph (1) but not more
15 than three cities shall be permitted to join.

16 (3) The formation of a joint powers authority on or after January
17 1, 2013, shall not act in a manner as to exempt a new employee
18 or a new member, as defined by Section 7522.04, from the
19 requirements of this article. New members may only participate
20 in a defined benefit plan or formula that conforms to the
21 requirements of this article.

22 (g) (1) If, on or after January 1, 2013, the Belmont Fire
23 Protection District, the Estero Municipal Improvement District,
24 and the City of San Mateo form a joint powers authority pursuant
25 to the provisions of the Joint Exercise of Powers Act (Article 1
26 (commencing with Section 6500) of Chapter 5), that joint powers
27 authority may provide employees the defined benefit plan or
28 formula that those employees received from their respective
29 employers prior to the exercise of a common power, to which the
30 employee is associated, by the joint powers authority to any
31 employee of the Belmont Fire Protection District, the Estero
32 Municipal Improvement District, and the City of San Mateo who
33 is not a new member and subsequently is employed by the joint
34 powers authority within 180 days of the agency providing for the
35 exercise of a common power, to which the employee was
36 associated, by the joint powers authority.

37 (2) The formation of a joint powers authority on or after January
38 1, 2013, shall not act in a manner as to exempt a new employee
39 or a new member, as defined by Section 7522.04, from the
40 requirements of this article. New members may only participate

1 in a defined benefit plan or formula that conforms to the
 2 requirements of this article.

3 (h) (1) On or after January 1, 2026, the Pajaro Regional Flood
 4 Management Agency, a joint powers authority formed pursuant
 5 to the provisions of the Joint Exercise of Powers Act (Chapter 5
 6 (commencing with Section 6500)), may provide a defined benefit
 7 plan or formula pursuant to paragraph (2) to an employee of a
 8 member agency of the joint powers authority or of another public
 9 agency, as defined in Section 20056, who is not a new member
 10 and who is subsequently employed by the joint powers authority
 11 within 180 days of the effective date of the retirement plan contract
 12 amendment made pursuant to this section.

13 (2) On or before April 1, 2026, the Pajaro Regional Flood
 14 Management Agency may select a defined benefit plan or formula
 15 offered by one of its member agencies prior to the exercise of a
 16 common power which the member agency offered to its employees
 17 on December 31, 2012, and designate that formula for its
 18 employees as specified in paragraph (1).

19 (3) This subdivision does not exempt a new employee or a new
 20 member from the requirements of this article. New members may
 21 only participate in a defined benefit plan or formula that conforms
 22 to the requirements of this article.

23 (i) The Judges' Retirement System and the Judges' Retirement
 24 System II shall not be required to adopt the defined benefit formula
 25 required by Section ~~7522.20~~ or ~~7522.25~~ 7522.20, 7522.25, or
 26 7522.26, or the compensation limitations defined in Section
 27 7522.10.

28 (j) This article shall not be construed to provide membership in
 29 any public retirement system for an individual who would not
 30 otherwise be eligible for membership under that system's
 31 applicable rules or laws.

32 (k) On and after January 1, 2013, each public retirement system
 33 shall modify its plan or plans to comply with the requirements of
 34 this article and may adopt regulations or resolutions for this
 35 purpose.

36 (l) On and after January 1, 2024, a county and a trial court that
 37 separate their joint contract into individual contracts pursuant to
 38 Section 20471.2 may provide employees the defined benefit plan
 39 or formula that those employees received from their respective
 40 employers prior to the exercise of the option to separate, provided

1 that the employee subsequently does not otherwise meet the
2 definition of a new employee.

3 ~~SEC. 2.~~

4 SEC. 3. Section 7522.10 of the Government Code is amended
5 to read:

6 7522.10. (a) On and after January 1, 2013, each public
7 retirement system shall modify its plan or plans to comply with
8 the requirements of this section for each public employer that
9 participates in the system.

10 (b) Whenever pensionable compensation, as defined in Section
11 7522.34, is used in the calculation of a benefit, the pensionable
12 compensation shall be subject to the limitations set forth in
13 subdivision (c).

14 (c) (1) ~~The~~ *For service performed on January 1, 2013, to*
15 *December 31, 2026, inclusive, the* pensionable compensation used
16 to calculate the defined benefit paid to a new member who retires
17 from the system shall not exceed the following applicable
18 percentage of the contribution and benefit base specified in Section
19 430(b) of Title 42 of the United States Code on January 1, ~~2013:~~
20 *2013, as adjusted under paragraph (1) of subdivision (d):*

21 (A) One hundred percent for a member whose service is included
22 in the federal system.

23 (B) One hundred twenty percent for a member whose service
24 is not included in the federal system.

25 (2) ~~On~~ *For service performed on and after January 1, 2027, a*
26 ~~retirement system subject to this article shall adjust the~~ pensionable
27 ~~limits established by this subdivision to be consistent~~
28 ~~with~~ *used to calculate the defined benefit paid to a new member*
29 *who retires from the system shall not exceed the following*
30 *applicable percentage of the contribution and benefit base specified*
31 *in Section 430(b) of Title 42 of the United States Code on January*
32 *1, ~~2027:~~ 2027, as adjusted under paragraph (1) of subdivision (d):*

33 (A) One hundred percent for a member whose service is included
34 in the federal system.

35 (B) One hundred thirty-five percent for a member whose service
36 is not included in the federal system.

37 (3) A new member of the State Teachers' Retirement System
38 shall be subject to the limit established pursuant to subdivision (d)
39 of Section 22119.3 of, or subdivision (c) of Section 26139.5 of,
40 the Education Code.

1 (d) (1) The retirement system shall adjust the pensionable
2 compensation described in subdivision (c) based on the annual
3 changes to the Consumer Price Index for All Urban Consumers:
4 U.S. City Average, calculated by dividing the Consumer Price
5 Index for All Urban Consumers: U.S. City Average, for the month
6 of September in the calendar year preceding the adjustment by the
7 Consumer Price Index for All Urban Consumers: U.S. City
8 Average, for the month of September of the previous year rounded
9 to the nearest thousandth. The adjustment shall be effective
10 annually on January 1, beginning in ~~2014~~. *2014 for paragraph (1)*
11 *of subdivision (c) and 2028 for paragraph (2) of subdivision (c).*

12 (2) The Legislature reserves the right to modify the requirements
13 of this subdivision with regard to all public employees subject to
14 this section, except that the Legislature may not modify these
15 provisions in a manner that would result in a decrease in benefits
16 accrued prior to the effective date of the modification.

17 (e) A public employer shall not offer a defined benefit or any
18 combination of defined benefits, including a defined benefit offered
19 by a private provider, on compensation in excess of the limitation
20 in subdivision (c).

21 (f) (1) Subject to the limitation in subdivision (c) of Section
22 7522.42, a public employer may provide a contribution to a defined
23 contribution plan for compensation in excess of the limitation in
24 subdivision (c) provided the plan and the contribution meet the
25 requirements and limits of federal law.

26 (2) A public employee who receives an employer contribution
27 to a defined contribution plan shall not have a vested right to
28 continue receiving the employer contribution.

29 (g) Any employer contributions to any employee defined
30 contribution plan above the pensionable compensation limits in
31 subdivision (c) shall not exceed the employer's contribution rate,
32 as a percentage of pay, required to fund the defined benefit plan
33 for income subject to the limitation in subdivision (c) of Section
34 7522.42.

35 (h) The retirement system shall limit the pensionable
36 compensation used to calculate the contributions required of an
37 employer or a new member to the amount of compensation that
38 would be used for calculating a defined benefit as set forth in
39 subdivision (c) or (d).

1 SEC. 4. Section 7522.15 of the Government Code is amended
2 to read:

3 7522.15. Except as provided in subdivisions (d) and (e) of
4 Section 7522.02, each public employer and each public retirement
5 system that offers a defined benefit plan shall offer only the defined
6 benefit formulas established pursuant to Sections ~~7522.20 and~~
7 ~~7522.25~~ 7522.20, 7522.25, and 7522.26 to new members.

8 ~~SEC. 3.~~

9 SEC. 5. Section 7522.19 is added to the Government Code, to
10 read:

11 7522.19. (a) Notwithstanding any other law, provision of this
12 article, a public employer and a recognized employee organization
13 may negotiate a prospective increase to the retirement benefit
14 formulas for safety members and new safety members, consistent
15 with the formulas permitted under this article, including Section
16 7522.26.

17 (b) Benefit formula increases adopted pursuant to this section
18 shall be established in accordance with Section 7522.44.

19 ~~SEC. 4.~~

20 SEC. 6. Section 7522.25 of the Government Code is amended
21 to read:

22 7522.25. (a) Each retirement system that offers a defined
23 benefit plan for safety members of the system shall use one or
24 more of the defined benefit formulas prescribed by this section. A
25 member may retire for service under any of the formulas in this
26 section after five years of service and upon reaching 50 years of
27 age.

28 (b) The Basic Safety Plan shall provide a pension at retirement
29 for service equal to the percentage of the member's final
30 compensation set forth opposite the member's age at retirement,
31 taken to the preceding quarter year, in the following table,
32 multiplied by the number of years of service in the system as a
33 safety member.

Age at Retirement	Fraction
35 50	1.426
36 50 ¼	1.447
37 50 ½	1.467
38 50 ¾	1.488
39 51	1.508
40	

1	51 ¼.....	1.529
2	51 ½.....	1.549
3	51 ¾.....	1.570
4	52	1.590
5	52 ¼.....	1.611
6	52 ½.....	1.631
7	52 ¾.....	1.652
8	53	1.672
9	53 ¼.....	1.693
10	53 ½.....	1.713
11	53 ¾.....	1.734
12	54	1.754
13	54 ¼.....	1.775
14	54 ½.....	1.795
15	54 ¾.....	1.816
16	55	1.836
17	55 ¼.....	1.857
18	55 ½.....	1.877
19	55 ¾.....	1.898
20	56	1.918
21	56 ¼.....	1.939
22	56 ½.....	1.959
23	56 ¾.....	1.980
24	57 and over	2.000

25

26 (c) The Safety Option Plan One shall provide a pension at
 27 retirement for service equal to the percentage of the member's
 28 final compensation set forth opposite the member's age at
 29 retirement, taken to the preceding quarter year, in the following
 30 table, multiplied by the number of years of service in the system
 31 as a safety member.

32

33	Age at Retirement	Fraction
34	50	2.000
35	50 ¼.....	2.018
36	50 ½.....	2.036
37	50 ¾.....	2.054
38	51	2.071
39	51 ¼.....	2.089
40	51 ½.....	2.107

1	51 ³ / ₄	2.125
2	52	2.143
3	52 ¹ / ₄	2.161
4	52 ¹ / ₂	2.179
5	52 ³ / ₄	2.196
6	53	2.214
7	53 ¹ / ₄	2.232
8	53 ¹ / ₂	2.250
9	53 ³ / ₄	2.268
10	54	2.286
11	54 ¹ / ₄	2.304
12	54 ¹ / ₂	2.321
13	54 ³ / ₄	2.339
14	55.....	2.357
15	55 ¹ / ₄	2.375
16	55 ¹ / ₂	2.393
17	55 ³ / ₄	2.411
18	56.....	2.429
19	56 ¹ / ₄	2.446
20	56 ¹ / ₂	2.464
21	56 ³ / ₄	2.482
22	57 and over.....	2.500

23
 24 (d) The Safety Option Plan Two shall provide a pension at
 25 retirement for service equal to the percentage of the member's
 26 final compensation set forth opposite the member's age at
 27 retirement, taken to the preceding quarter year, in the following
 28 table, multiplied by the number of years of service in the system
 29 as a safety member.

30		
31	Age at Retirement	Fraction
32	50	2.000
33	50 ¹ / ₄	2.025
34	50 ¹ / ₂	2.050
35	50 ³ / ₄	2.075
36	51	2.100
37	51 ¹ / ₄	2.125
38	51 ¹ / ₂	2.150
39	51 ³ / ₄	2.175
40	52	2.200

1	52 ¼.....	2.225
2	52 ½.....	2.250
3	52 ¾.....	2.275
4	53	2.300
5	53 ¼.....	2.325
6	53 ½.....	2.350
7	53 ¾.....	2.375
8	54	2.400
9	54 ¼.....	2.425
10	54 ½.....	2.450
11	54 ¾.....	2.475
12	55	2.500
13	55 ¼.....	2.525
14	55 ½.....	2.550
15	55 ¾.....	2.575
16	56	2.600
17	56 ¼.....	2.625
18	56 ½.....	2.650
19	56 ¾.....	2.675
20	57 and over	2.700

21
22 (e) On and after January 1, 2013, an employer shall offer one
23 or more of the safety formulas prescribed by this section to new
24 members who are safety employees. The formula offered shall be
25 the formula that is closest to, and provides a lower benefit at 55
26 years of age than, the formula provided to members in the same
27 retirement classification offered by the employer on December
28 31, 2012.

29 (f) On and after January 1, 2013, an employer and its employees
30 subject to Safety Option Plan One or Safety Option Plan Two may
31 agree in a memorandum of understanding to be subject to Safety
32 Option Plan One or the Basic Safety Plan, subject to the following:

33 (1) The lower plan shall apply to members first employed on
34 or after the effective date of the lower ~~plan~~, *plan* and shall be
35 agreed to in a memorandum of understanding that has been
36 collectively bargained in accordance with applicable laws.

37 (2) A retirement plan contract amendment with a public
38 retirement system to alter a retirement formula pursuant to this
39 subdivision shall not be implemented by the employer in the

1 absence of a memorandum of understanding that has been
2 collectively bargained in accordance with applicable laws.

3 (3) An employer shall not use impasse procedures to impose
4 the lower plan.

5 (4) An employer shall not provide a different defined benefit
6 for nonrepresented, managerial, or supervisory employees than
7 the employer provides for other public employees, including
8 represented employees, of the same employer who are in the same
9 membership classifications.

10 (g) Pensionable compensation used to calculate the defined
11 benefit shall be limited as described in Section 7522.10.

12 (h) This section shall only apply to service performed between
13 January 1, 2013, and December 31, 2026.

14 ~~SEC. 5:~~

15 *SEC. 7.* Section 7522.26 is added to the Government Code, to
16 read:

17 7522.26. (a) On and after January 1, 2027, each retirement
18 system that offers a defined benefit plan for safety members of the
19 system shall use one or more of the defined benefit formulas
20 prescribed by this section. A member may retire for service under
21 any of the formulas in this section after five years of service and
22 upon reaching 50 years of age.

23 (b) The Basic Safety Plan shall provide a pension at retirement
24 for service equal to the percentage of the member’s final
25 compensation set forth opposite the member’s age at retirement,
26 taken to the preceding quarter year, in the following table,
27 multiplied by the number of years of service in the system as a
28 safety member.

29
30

31 Age at Retirement	31 Fraction
32 50	1.426
33 50 1/4.....	1.450
34 50 1/2.....	1.474
35 50 3/4.....	1.498
36 51	1.522
37 51 1/4.....	1.550
38 51 1/2.....	1.576
39 51 3/4.....	1.602
40 52	1.628

1		
2	Age at Retirement	Fraction
3	52 1/4.....	1.656
4	52 1/2.....	1.686
5	52 3/4.....	1.714
6	53	1.742
7	53 1/4.....	1.772
8	53 1/2.....	1.804
9	53 3/4.....	1.834
10	54	1.866
11	54 1/4.....	1.900
12	54 1/2.....	1.932
13	54 3/4.....	1.966
14	55 and over.....	2.000

15
 16 (c) The Safety Option Plan One shall provide a pension at
 17 retirement for service equal to the percentage of the member's
 18 final compensation set forth opposite the member's age at
 19 retirement, taken to the preceding quarter year, in the following
 20 table, multiplied by the number of years of service in the system
 21 as a safety member.

22		
23		
24	Age at Retirement	Fraction
25	50	2.000
26	50 1/4.....	2.025
27	50 1/2.....	2.050
28	50 3/4.....	2.075
29	51	2.100
30	51 1/4.....	2.125
31	51 1/2.....	2.150
32	51 3/4.....	2.175
33	52	2.200
34	52 1/4.....	2.225
35	52 1/2.....	2.250
36	52 3/4.....	2.275
37	53	2.300
38	53 1/4.....	2.325
39	53 1/2.....	2.350
40	53 3/4.....	2.375

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Age at Retirement	Fraction
54	2.400
54 ¹ / ₄	2.425
54 ¹ / ₂	2.450
54 ³ / ₄	2.475
55 and over.....	2.500

(d) The Safety Option Plan Two shall provide a pension at retirement for service equal to the percentage of the member's final compensation set forth opposite the member's age at retirement, taken to the preceding quarter year, in the following table, multiplied by the number of years of service in the system as a safety member.

Age at Retirement	Fraction
50	2.000
50 ¹ / ₄	2.035
50 ¹ / ₂	2.070
50 ³ / ₄	2.105
51	2.140
51 ¹ / ₄	2.175
51 ¹ / ₂	2.210
51 ³ / ₄	2.245
52	2.280
52 ¹ / ₄	2.315
52 ¹ / ₂	2.350
52 ³ / ₄	2.385
53	2.420
53 ¹ / ₄	2.455
53 ¹ / ₂	2.490
53 ³ / ₄	2.525
54	2.560
54 ¹ / ₄	2.595
54 ¹ / ₂	2.630
54 ³ / ₄	2.665
55 and over.....	2.700

1 (e) The Safety Option Plan Three shall provide a pension at
 2 retirement for service equal to the percentage of the member’s
 3 final compensation set forth opposite the member’s age at
 4 retirement, taken to the preceding quarter year, in the following
 5 table, multiplied by the number of years of service in the system
 6 as a safety member. For service subject to this subdivision, the
 7 benefit limit shall be 90 percent of final compensation.

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10 Age at Retirement	Fraction
11 50	2.400
12 50 ¼.....	2.430
13 50 ½.....	2.460
14 50 ¾.....	2.490
15 51	2.520
16 51 ¼.....	2.550
17 51 ½.....	2.580
18 51 ¾.....	2.610
19 52	2.640
20 52 ¼.....	2.670
21 52 ½.....	2.700
22 52 ¾.....	2.730
23 53	2.760
24 53 ¼.....	2.790
25 53 ½.....	2.820
26 53 ¾.....	2.850
27 54	2.880
28 54 ¼.....	2.910
29 54 ½.....	2.940
30 54 ¾.....	2.970
31 55 and over.....	3.000

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33 (f) For new members hired on or after January 1, 2027, who are
 34 safety members, an employer shall offer ~~one or more of the safety~~
 35 ~~formulas prescribed by this section to new members who are safety~~
 36 ~~employees. The formula offered shall maintain the percentage of~~
 37 ~~compensation factor offered as of December 31, 2026. the formula~~
 38 ~~in this section that has the same fraction at age 55 as the fraction~~
 39 ~~at age 57 in the formula the employer offered pursuant to Section~~
 40 ~~7522.25 as of December 31, 2026, unless the employer and~~

1 *employees have agreed to a higher or lower safety plan pursuant*
2 *to subdivisions (h) or (i).*

3 (g) For new members hired on or after January 1, 2013, who
4 are safety members, the employer shall adjust their formula as
5 follows:

6 (1) For service performed between January 1, 2013, and
7 December 31, 2026, the retirement age and formula shall be as
8 offered by the employer between January 1, 2013, and December
9 31, 2026, and subject to Section 7522.25.

10 (2) For service performed on or after January 1, 2027, the
11 employer shall offer the formula in this section that ~~is closest to~~
12 *has the same fraction at age 55 as the fraction at age 57 in the*
13 *formula the employer ~~provided~~ offered pursuant to Section 7522.25.*
14 *The formula offered shall maintain the percentage of compensation*
15 *factor offered as of December 31, ~~2026.~~ 2026, unless the employer*
16 *and employees have agreed to a higher or lower safety plan*
17 *pursuant to subdivisions (h) or (i).*

18 (3) This section shall not be construed to provide retroactive
19 benefits to employees. This section shall adjust the prospective
20 benefit for safety employees by adjusting the retirement age to 55.

21 (h) An employer and its employees may agree in a memorandum
22 of understanding to be subject to a higher safety plan, subject to
23 the following:

24 (1) The higher plan shall apply to members *on* or after the
25 effective date of the higher ~~plan,~~ *plan* and shall be agreed to in a
26 memorandum of understanding that has been collectively bargained
27 in accordance with applicable laws.

28 (2) The higher plan adopted pursuant to this subdivision shall
29 be subject to Section 7522.44.

30 (i) An employer and its employees may agree in a memorandum
31 of understanding to be subject to a lower safety plan, subject to
32 the following:

33 (1) The lower plan shall apply to members first employed on
34 or after the effective date of the lower ~~plan,~~ *plan* and shall be
35 agreed to in a memorandum of understanding that has been
36 collectively bargained in accordance with applicable laws.

37 (2) A retirement plan contract amendment with a public
38 retirement system to alter a retirement formula pursuant to this
39 subdivision shall not be implemented by the employer in the

1 absence of a memorandum of understanding that has been
 2 collectively bargained in accordance with applicable laws.

3 (3) An employer shall not use impasse procedures to impose
 4 the lower plan.

5 (4) An employer shall not provide a different defined benefit
 6 for nonrepresented, managerial, or supervisory employees than
 7 the employer provides for other public employees, including
 8 represented employees, of the same employer who are in the same
 9 membership classifications.

10 (j) Pensionable compensation used to calculate the defined
 11 benefit shall be limited as described in Section 7522.10.

12 (k) A safety member that is subject to a defined benefit formula
 13 prescribed by this section, who is not a new member, shall be
 14 subject to contribution rates established pursuant to Section
 15 7522.30.

16 *SEC. 8. Section 20516 of the Government Code is amended to*
 17 *read:*

18 20516. (a) Notwithstanding any other provision of this part,
 19 with or without a change in benefits, a contracting agency and its
 20 employees may agree, in writing, to share the costs of the employer
 21 contribution. The cost sharing pursuant to this section shall also
 22 apply for related nonrepresented employees as approved in a
 23 resolution passed by the contracting agency.

24 (b) The collective bargaining agreement or memorandum of
 25 understanding ratified by the employee bargaining unit and the
 26 governing body of the contracting agency shall specify the exact
 27 percentage of member compensation that shall be paid toward the
 28 current service cost of the benefits by members or the methodology
 29 for calculating that cost-sharing rate. The member contributions
 30 shall be contributions over and above normal contributions
 31 otherwise required by this part and shall be treated as normal
 32 contributions for all purposes of this part. The contributions shall
 33 be uniform, except as described in subdivision (c), with respect to
 34 all members within each of the following classifications: local
 35 miscellaneous members, local police officers, local firefighters,
 36 county peace officers, and all local safety members other than local
 37 police officers, local firefighters, and county peace officers. The
 38 balance of any costs shall be paid by the contracting agency and
 39 shall be credited to the employer's account. An employer shall not

1 use impasse procedures to impose member cost sharing on any
2 contribution amount above that which is authorized by law.

3 (c) Member cost sharing may differ by classification for groups
4 of employees subject to different levels of benefits pursuant to
5 Sections 7522.20, 7522.25, 7522.26, and 20475, or by a recognized
6 collective bargaining unit if agreed to in a memorandum of
7 understanding reached pursuant to the applicable collective
8 bargaining laws.

9 (d) This section shall not apply to any contracting agency nor
10 to the employees of a contracting agency until the agency elects
11 to be subject to this section by contract or by amendment to its
12 contract made in the manner prescribed for approval of contracts.
13 Contributions provided by this section shall be withheld from
14 member compensation or otherwise collected when the contract
15 amendment becomes effective. Once the contracting agency elects
16 to be subject to this section, contract amendments shall not be
17 required to effectuate cost sharing in subsequent collective
18 bargaining agreements or memoranda of understanding ratified
19 by the employee bargaining unit and the governing body of the
20 agency; provided, however, that if a collective bargaining
21 agreement or memorandum of understanding sets forth a
22 methodology for calculating the cost-sharing rate instead of an
23 exact percentage, the contracting agency shall provide the
24 retirement system with a signed side letter ratified by the employee
25 bargaining unit and the agency indicating the exact percentage at
26 least 90 days prior to the effective date of the cost-sharing rate as
27 set forth in the signed side letter.

28 (e) For the purposes of this section, all contributions, liabilities,
29 actuarial interest rates, and other valuation factors shall be
30 determined on the basis of actuarial assumptions and methods that,
31 in the aggregate, are reasonable and that, in combination, offer the
32 actuary's best estimate of anticipated experience under this system.

33 (f) Nothing in this section shall preclude a contracting agency
34 and its employees from independently agreeing in a memorandum
35 of understanding to share the costs of any benefit, in a manner
36 inconsistent with this section. However, any agreement in a
37 memorandum of understanding that is inconsistent with this section
38 shall not be part of the contract between this system and the
39 contracting agency.

1 (g) If, and to the extent that, the board determines that a
2 cost-sharing agreement under this section would conflict with Title
3 26 of the United States Code, the board may refuse to approve the
4 agreement.

5 (h) Nothing in this section shall require a contracting agency to
6 enter into a memorandum of understanding or collective bargaining
7 agreement with a bargaining representative in order to increase
8 the amount of member contributions when such a member
9 contribution increase is authorized by other provisions under this
10 part.

11 ~~SEC. 6.~~

12 *SEC. 9.* It is the intent of the Legislature that this act shall not
13 be construed to affect any retirement benefits or pension rights
14 accrued before its effective date.