

MEMO# 7945

June 10, 1996

CALIFORNIA BILL WOULD PERMIT PUBLIC EMPLOYERS TO ESTABLISH DEFINED CONTRIBUTION PLANS

June 10, 1996 TO: PENSION COMMITTEE No. 26-96 RE: CALIFORNIA BILL WOULD PERMIT PUBLIC EMPLOYERS TO ESTABLISH DEFINED CONTRIBUTION PLANS

A bill (AB 3252) has been introduced in the California legislature that would provide Californias public employers the option of offering their employees a self-directed defined contribution retirement plan as an alternative to the current defined benefit plan system administered by the California Public Employees Retirement System (CalPERS) and the State Teachers Retirement System (STRS). Under the bill, public employers in the state would design the details of their own defined contribution plans, including contribution rates and vesting schedules. Employers would administer the plans themselves, have CalPERS or STRS administer it, or hire a private vendor to do so. Employees participating in the current defined benefit plan system would be able to transfer the actuarial present value of their accrued benefit to the defined contribution plan. We will keep you informed of developments. Russell G. Galer Assistant Counsel - Pension Attachment

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