



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 7

MEETING DATE: October 15, 2025

SUBJECT: State Association of County Retirement Systems (SACRS) Legislative Proposals for 2026

SUBMITTED FOR: X Action Information

RECOMMENDATION

Approve legislative proposals for 2026, as recommended by the SACRS Board of Directors.

PURPOSE

This item complies with the Strategic Management Plan goal of stakeholder communication and outreach by participating in the legislative process to monitor changes in state law affecting public pension plans.

DISCUSSION

The SACRS Board of Directors is seeking approval of the member systems at the November 14, 2025, business meeting to "sponsor" the attached bill proposal for the upcoming 2026 Legislative Session.

ATTACHMENTS

- Board Order
- SACRS Legislative Proposal Packet–August 25, 2025

Prepared by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
October 15, 2025**

AGENDA ITEM:

**State Association of County Retirement Systems (SACRS)
Legislative Proposals for 2026**

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to approve legislative proposals for 2026, as recommended by the SACRS Board of Directors.

I HEREBY CERTIFY that the above order was passed and adopted on October 15, 2025, by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Chris Giboney
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



August 25, 2025

RE: SACRS Legislative Proposals 2026

Dear SACRS Board of Directors,

The SACRS Legislative Committee has developed a legislative package for consideration in the upcoming 2026 legislative session. These proposals reflect the input of SACRS member systems and are intended to provide administrative clarity and consistency to various sections of the County Employees Retirement Law of 1937 (CERL), correct drafting errors, establish uniform practices across CERL systems, and align CERL provisions to similar CalPERS and CalSTRS laws.

We thank the Legislative Committee for reviewing these proposals and engaging in a collaborative, deliberative process to achieve consensus on issues. These amendments represent technical process improvements that will provide administrative efficiencies to retirement systems and members.

Respectfully,

/s/

Eric Stern
Chair, SACRS Legislative Committee, and
Chief Executive Officer, Sacramento County Employees' Retirement System

ATTACHMENTS

- SACRS 2026 Legislative Proposal – Summary Table
- SACRS 2026 Legislative Proposal – Draft Language

SACRS 2026 Legislative Proposal - Summary
as of 8/25/2025

Issue	Gov Code	Topic	Issue/Justification
1	31459 31459.1	Board of Investments cross references	Updates cross references to the LACERA Board of Investments provisions.
2	31520.1 31520.2	Trustee Elections	Clarifies that deferred members cannot vote in Miscellaneous Representative board elections. Government Code section 31520 identifies "active" members, but subsequent code sections regarding trustee elections do not. One CERL county has interpreted the statutes to include deferred members, even though they are not specifically identified as voting members in the statute. Most systems do not allow deferred members to serve or vote for active member seats on the retirement board. Clarity and consistency is important across the CERL systems. This clarification also conforms with CalSTRS (Education Code section 22200) and CalPERS (Government Code section 20090) that restrict the board representative and respective voters to active members.
3	31540.XX	Overpayments	Establishes a 10-year statute of limitation for recovery of overpayments due to fraudulent reports or overpaid death benefits. Conforms to current code sections for LACERA (GC 31540) and CalPERS (GC 20164).
4	31621.7 31622 31639.3 31641 31641.2 31641.6 31641.20 31641.21	Earnable Compensation vs Compensation Earnable	There are several CERL sections that refer to "earnable compensation" instead of what we all understand to be "compensation earnable." Non-substantive amendments correct the phrase to "compensation earnable."
5	31789.6	Burial Allowance	Clarifies practice of majority of CERL systems that only the last system pays the burial allowance for reciprocal members. Conforms to CalPERS practice under Government Code section 21621 and creates a better, uniform standard across pension systems.

SACRS 2026 Legislative Proposal - Summary
as of 8/25/2025

6	31835	Concurrent Retirement	Clarifies definition of "concurrent retirement" to match the CalSTRS definition in the Education Code section 22115.5. Provides administrative flexibility to concurrently retire reciprocal members on different dates within 30 days of each retirement date, as long as there is not overlapping service. Similar exception already provided in Government Code section 31835.1 to accomodate conflict in concurrent retirement problem due to age eligibility.
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SACRS 2026 Legislative Proposals

Issue 1: Board of Investments cross-references

Section 31459 of the Government Code is amended to read:

- (a) In a county in which a board of investments has been established pursuant to Section 31520.2:
 - (1) As used in Sections 31453, 31453.5, 31454, 31454.1, 31454.5, **31456**, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594, 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31611, **31612, 31615**, 31616, 31625, 31784, and 31872, “board” means a board of investments.
 - (2) As used in the first paragraph of Section 31592.2, “board” means a board of investments.
 - (3) Sections 31510.4, 31522, 31523, 31524, 31525, 31528, 31529, 31529.5, 31595, 31618, 31680, and 31680.1 apply to both the board of retirement and board of investments, and “board” means both “board of retirement” and “board of investments.”
- (b) In Article 17 (commencing with Section 31880), “board” means the Board of Administration of the Public Employees’ Retirement System.
- (c) In all other cases, “board” means the board of retirement.

Section 31459.1 is amended to read:

- (a) In a county in which a board of investments has been established pursuant to Section 31520.2:
 - (1) As used in Sections 31453, 31453.5, 31454, 31454.1, 31454.5, **31456**, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594, 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31610, 31611, 31612, 31613, **31615**, 31616, 31618, 31621.11, 31625, 31639.26, 31784, and 31872, “board” means board of investments.
 - (2) As used in the first paragraph of Section 31592.2 and the first paragraph and subdivision (c) of the second paragraph of Section 31595, “board” means a board of investments.
 - (3) Sections 31521, 31522, 31522.1, 31522.2, 31523, 31524, 31525, 31528, 31529, 31529.5, 31535.1, 31580.2, 31614, 31680, and 31680.1, apply to both the board of retirement and board of investments, and “board” means either or both the board of retirement and board of investments.

(4) Subdivision (a) of Section 31526 and subdivisions (a) and (b) of the second paragraph of Section 31595 apply to both the board of retirement and board of investments, and “board” means either or both the board of retirement and board of investments.

(b) In Article 17 (commencing with Section 31880) of this chapter, “board” means the Board of Administration of the Public Employees’ Retirement System.

(c) In all other cases, “board” means the board of retirement.

(d) This section shall apply only in a county of the first class, as defined in Section 28020, as amended by Chapter 1204 of the Statutes of 1971, and Section 28022, as amended by Chapter 43 of the Statutes of 1961.

Issue 2: Trustee Elections

Section 31520 for reference::

Except as otherwise delegated to the board of investment and except for the statutory duties of the county treasurer, the management of the retirement system is vested in the board of retirement, consisting of five members, one of whom shall be the county treasurer. The second and third members of the board shall be **active (emphasis added)** members of the association elected by it within 30 days after the retirement system becomes operative in a manner determined by the board of supervisors. The fourth and fifth members shall be qualified electors of the county who are not connected with county government in any capacity, except one may be a supervisor and one may be a retired member, and shall be chosen by the board of supervisors. The first persons chosen as the second and fourth members shall serve for two years from the date the system becomes operative and the third and fifth members shall serve for a term of three years from that date. Thereafter the terms of office of the four elected members are three years. As used in this section “active member” means a member in the active service of a county, district, or superior court and a “retired member” means a member, including a member under former Section 31555, retired for service or disability.

Section 31520.1 is amended to read:

(a) In any county subject to Articles 6.8 (commencing with Section 31639) and 7.5 (commencing with Section 31662.2), the board of retirement shall consist of nine members and one alternate, one of whom shall be the county treasurer. The second and third members of the board shall be active members of the association, other than active safety members, elected by those members within 30 days after the retirement system becomes operative in a manner determined by the board of supervisors. The fourth, fifth, sixth, and ninth members shall be qualified electors of the county who are not connected with the county government in any capacity, except one may be a supervisor, and shall be

appointed by the board of supervisors. A supervisor appointed as a member of the retirement board may not serve beyond his or her term of office as supervisor. The seventh member shall be an active safety member of the association elected by ~~the~~ those safety members. The eighth member shall be a retired member elected by the retired members of the association in a manner to be determined by the board of supervisors. The alternate member shall be that candidate, if any, for the seventh member from the group under Section 31470.2 or 31470.4, or any other eligible active safety member in a county if there is no eligible candidate from the groups under Sections 31470.2 and 31470.4, which is not represented by a board member who received the highest number of votes of all candidates in that group, and shall be referred to as the alternate seventh member. If there is no eligible candidate there may not be an alternate seventh member. The first person chosen as the second and fourth members shall serve for a term of two years beginning with the date the system becomes operative, the third and fifth members shall serve for a term of three years beginning with that date, and the sixth, seventh and alternate seventh members shall serve for a term of two years beginning on the date on which a retirement system established by this chapter becomes operative. The eighth and ninth members shall take office as soon as practicable for an initial term to expire concurrent with the expiration of the longest remaining term of an elected member. Thereafter, the terms of office of the elected, appointed, and alternate seventh members are three years, except as provided in Section 31523. As used in this section "active member" and "active safety member" mean a member in the active service of a county, district, or superior court and a "retired member" means a member retired for service or disability.

- (b) The alternate seventh member provided for by this section shall vote as a member of the board only if the second, third, seventh, or eighth member is absent from a board meeting for any cause, or if there is a vacancy with respect to the second, third, seventh, or eighth member, the alternate seventh member shall fill the vacancy until a successor qualifies. The alternate seventh member shall sit on the board in place of the seventh member if a member of the same service is before the board for determination of his or her retirement.
- (c) The alternate seventh member shall be entitled to both of the following:
 - (1) The alternate seventh member shall have the same rights, privileges, responsibilities, and access to closed sessions as the second, third, seventh, and eighth member.
 - (2) The alternate seventh member may hold positions on committees of the board independent of the second, third, seventh, or eighth member and may participate in the deliberations of the board or any of its committees to which the alternate seventh member has been appointed whether or not the second, third, seventh, or eighth member is present.

Section 31520.2 is amended to read:

(a) In any county in which the assets of the retirement system exceed eight hundred million dollars (\$800,000,000), the board of supervisors may, by resolution, establish a board of investments. The board shall consist of nine members, one of whom shall be the county treasurer. The second and third members shall be active general members of the association elected by the active general membership of the association for a three-year term. The fourth member shall be an active safety member elected by the active safety membership of the association for a three-year term. The eighth member shall be a retired member of the association elected by the retired membership of the association for a three-year term. The fifth, sixth, seventh, and ninth members shall be qualified electors of the county who are not connected with county government in any capacity, and shall be appointed by the board of supervisors. They shall also have had significant experience in institutional investing, either as investment officer of a bank, or trust company; or as investment officer of an insurance company, or in an active, or advisory, capacity as to investments of institutional or endowment funds. The first person chosen as a fifth, sixth, or seventh member shall serve for a three-year term, the second person chosen shall serve a four-year term, and the third person chosen shall serve a two-year term. The first person appointed as the ninth member shall serve a one-year term. Thereafter, all terms of all appointed members shall be three years. As used in this section "active general members" and "active safety members" mean members in the active service of a county, district, or superior court and a "retired member" means a member retired for service or disability.

(b) The board of investments shall be responsible for all investments of the retirement system.

Issue 3: Overpayments

Add Section 31540.XX of the Government Code:

- (a) The obligations of the retirement system to its members continue throughout their respective memberships, and the obligations of the retirement system to, and in respect to, retired members continue throughout the lives of the retired members, and thereafter until all obligations to the members' beneficiaries under optional settlements have been discharged. The obligations of the county or district to the retirement system with respect to members employed by them, respectively, continue throughout the memberships of the members, and the obligations of the county or district to the retirement system with respect to retired members formerly employed by them, respectively, continue until all of the obligations of the retirement system to those retired members have been discharged. The obligations of any member to the retirement system continue throughout his or her membership, and thereafter until all of the obligations of the retirement system to that member have been discharged.
- (b) In cases in which payment is erroneous because of the death of the retired member or beneficiary or because of the remarriage of the beneficiary, the period of limitation shall be 10 years and that period shall commence with the discovery of the erroneous payment.
- (c) If any payment has been made as a result of fraudulent reports for compensation made, or caused to be made, by a member for his or her own benefit, the period of limitation shall be 10 years and that period shall commence either from the date of payment or upon discovery of the fraudulent reporting, whichever date is later.
- (d) The board shall determine the applicability of the period of limitation in any case, and its determination with respect to the running of any period of limitation shall be conclusive and binding for purposes of correcting the error or omission.

Issue 4: Compensation Earnable vs Earnable Compensation

Amend Section 31621.7 of the Government Code:

The normal rates of contribution for members covered by Section 31751 shall be such as will provide an average annuity at age 55 equal to one-three hundredth of the member's final compensation, according to the tables adopted by the board of supervisors, for each year of service rendered after entering the system.

Until revised pursuant to Sections 31453 and 31454, the normal rate of contribution of each member is that percentage of the member's ~~earnable compensation~~compensation earnable, shown in the following table according to the member's age at the time of entry into the retirement system:

Amend Section 31621.22 of the Government Code:

Until revised pursuant to Sections 31453 and 31454, the rate of contribution of each member not covered by Article 6.8 is that percentage of his ~~earnable compensation~~compensation ~~earnable~~ shown in the following tables according to age and sex at the time of entry into the retirement system:

Amend Section 31639.3 of the Government Code:

Until revised pursuant to Sections 31453 and 31454, the rate of contribution of each safety member is that percentage of his or her ~~earnable compensation~~compensation ~~earnable~~ shown in the following tables according to age at the time of entry into the retirement system:

Amend Section 31641 of the Government Code:

“Service” means uninterrupted employment of any person appointed or elected for that period of time:

For which deductions are made from his ~~earnable compensation~~compensation ~~earnable~~ from the county or district for such service while he is a member of the retirement association.

(b) In military service for which the county or district or member is authorized by other provisions of this chapter to make, and does make, contributions.

(c) For which he receives credit for county service or for public service or for both pursuant to the provisions of this article.

(d) Allowed for prior service.

Amend Section 31641.2 of the Government Code:

Any member of the retirement system who elects pursuant to Section 31641.1 to make contributions and receive credit as service for time for which he or she claims credit because of public service shall contribute to the retirement fund, prior to the effective date of his or her retirement, by lump sum payment or by installment payments over a period not to exceed five years, an amount equal to the sum of:

- (a) Twice the contributions he or she would have made to the retirement fund if he or she had been a member during the same length of time as that for which he or she has elected to receive credit as service, computed by applying the rate of contribution first applicable to him or her upon commencement of his or her membership in this system to the monthly compensation first ~~earnable~~ by him or

her at the time as provided in Section 31641.3, multiplied by the number of months for which he or she has elected to receive credit for county service, including time, if any, prior to the establishment of the system, and which will constitute current service under this system.

- (b) The “regular interest” that would have accrued to the member contributions if they had been made on the date used to determine on what ~~earnable compensation~~compensation earnable contributions pursuant to this section shall be based, from that date until the completion of payment of those contributions, computed at the current interest rate.
- (c) Except as prohibited by Section 31640.7, the governing body by a four-fifths vote may provide that it shall make on behalf of officers and employees eligible to receive credit for prior service under this chapter, and who so elect prior to filing an application for retirement, part of the contributions specified in paragraphs (a) and (b) of this section. The contributions made by a governmental agency pursuant to this section shall be available only for purposes of retirement for service or for disability and a member resigning from county service shall be entitled to withdraw only that portion of his or her accumulated contributions made by him or her.

Amend Section 31641.6 of the Government Code:

An employee of a city who has become a county employee upon the assumption by the county of the functions of the city department in which he was employed, may, if he is not covered by the city under a contract with the Public Employees’ Retirement System, elect to receive credit in the county retirement system for service for the city prior to the cessation of his employment by the city. When such person elects to receive credit, membership in the retirement system shall commence with the first day of the month in which credit is granted.

Any such person shall be entitled to credit in the county retirement system for service performed for the city when and if (a) the board of retirement receives certification from the city of the city service and ~~earnable compensation~~compensation earnable of the employee; and (b) the employee deposits into the employees’ retirement system the amount of contributions he would have made had he been a county employee during his city employment; and (c) there is also deposited in the employees’ retirement system by the city, the employee, or both, the amount that the county would have been required to deposit to the employees’ retirement fund based on the city salary paid to such employee.

Upon deposit of such funds, the employee’s age at entry shall be considered to be his age at time of employment with the city or at the time this chapter was effective in the county whichever is later. Such money deposited under (b) above shall be considered as accumulated normal contributions of the employee and any such money deposited under (c) above shall be considered as contributions of the employer county.

If all of the money called for under (b) above is not paid within 90 days after employment by the county, only the part of city employment latest in date covered by such deposit shall be credited and the age at entry and the amount under (c) above shall be adjusted accordingly.

An employee shall receive credit for city employment prior to his employment by the county only for such service for which he is not entitled to receive a pension or retirement from such city.

This section shall become operative in any county on the first day of the calendar month after the board of supervisors adopts by four-fifths vote a resolution making it operative in the county.

Amend Section 31641.20 of the Government Code:

Any member of the retirement system who elects pursuant to Section 31641.1 to make contributions and receive credit as service for time for which he or she claims credit because of public service shall contribute to the retirement fund, prior to the effective date of his or her retirement, by lump-sum payment or by installment payments over a period not to exceed five years, an amount equal to the sum of:

(a) Twice the contributions he or she would have made to the retirement fund if he or she had been a member during the same length of time as that for which he or she has elected to receive credit as service, computed by applying the rate of contribution at the time of the election to the monthly compensation earnable by him or her at the time of the election pursuant to Section 31641.1, multiplied by the number of months for which he or she has elected to receive credit for county service, including time, if any, prior to the establishment of the system, and which will constitute current service under this system.

(b) The "regular interest" which would have accrued to the member contributions if they had been made on the date used to determine on what ~~earnable~~ compensation compensation earnable contributions pursuant to this section shall be based, from that date until the completion of payment of those contributions, computed at the current interest rate.

(c) The governing body by a four-fifths vote may provide that it shall make on behalf of officers and employees eligible to receive credit for prior service under this chapter, and who so elect prior to filing an application for retirement, part of the contributions specified in paragraphs (a) and (b) of this section. The contributions made by a governmental agency pursuant to this section shall be available only for purposes of retirement for service or for disability and a member resigning from county service shall be entitled to withdraw only that portion of his or her accumulated contributions made by him or her.

(d) This section shall only apply in counties of the third class, as established by Sections 28020 and 28024, as amended by Chapter 1204 of the Statutes of 1971, but it shall not apply in those counties unless and until it is adopted by a majority vote of the board of supervisors.

Amend Section 31641.21 of the Government Code:

Regular interest computed at the current interest rate as used in subdivision (b) of Section 31641.2 shall mean that amount of interest which would have been credited to the account of the member on the amount to be deposited at the interest rates established for the system if the contribution required by that section had been on deposit from the date used to determine the ~~earnable compensation~~compensation earnable on which such contributions are based until the amount required to be deposited has been paid.

Issue 5: Burial Allowances

Add Section 31789.6 to the Government Code:

If the beneficiary of a member retired under this chapter is entitled to receive a comparable lump-sum death benefit from any other retirement system supported, in whole or in part, by public funds in which he or she was a member in employment subsequent to his or her last employment in which he or she was a member of this system, no payment shall be made under Section 31789, 31789.01, 31789.1, 31789.2, 31789.3, 31789.5, 31789.12, 31789.13, or 31790 providing for payment of a lump-sum death benefit to a member's designated beneficiary.

Issue 6: Concurrent Retirement

Amend section 31835 of the Government Code:

The average compensation during any period of service as a member of the Public Employees' Retirement System, a member of the Judges' Retirement System or Judges' Retirement System II, a member of a retirement system established under this chapter in another county, a member of the State Teachers' Retirement System, or a member of a retirement system of any other public agency of the state that has established reciprocity with the Public Employees' Retirement System subject to the conditions of Section 31840.2, shall be considered compensation earnable or pensionable compensation pursuant to Section 7522.34, whichever is applicable, by a member for purposes of computing final compensation for that member provided:

- (a) The period intervening between active memberships in the respective systems does not exceed 90 days, or 6 months if Section 31840.4 applies. That period shall not include any time during which the member was prohibited by law from becoming a member of the system of another county.

Notwithstanding anything in this chapter to the contrary, the 90-day or 6-month restriction referred to in this section or any other provision of this chapter affecting deferred retirement shall not be applicable to any members who left county or district service prior to October 1, 1949, and subsequently redeposited.

- (b) He or she retires concurrently under both systems and is credited with the period of service under that other system at the time of retirement.
- (c) **For the purposes of this section and Section 31835.02, “concurrently” means retiring on the same date or on different dates, not to exceed a difference of 30 calendar days, provided that the member does not perform service subject to coverage under the other system between the two retirement dates.**

The provisions of this section shall be applicable to all members and beneficiaries of the system.

For reference: Education Code 22115.5.

- (a) “Concurrent retirement” entitles a member of the Defined Benefit Program to retire for service from the State Teachers’ Retirement System and from at least one of the retirement systems with which the member has concurrent membership, as defined in Section 22115.2, on the same date or on different dates provided that the member does not perform creditable service subject to coverage under the other system or the Defined Benefit Program between the two retirement dates.
- (b) A retired member who is subsequently employed in a position subject to membership in a public retirement system, specified in Section 22115.2, shall not be eligible for concurrent retirement.