

BILL ANALYSIS

H.B. 2918
By: Kuempel
Pensions & Investments
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Municipal Retirement System (TMRS) is a statewide, multi-employer system that provides retirement, disability retirement, and death benefits for most of the city employees in Texas.

Last session, the House Pensions and Investments Committee studied the "return to work" rules for the four major statewide retirement systems, including TMRS. The committee recommended that a consistent "return to work" provision be established for TMRS, as provided for in this bill.

Under the TMRS Act (Texas Government Code, Title 8, Subtitle G), the "return to work" issue is determined by whether retirees return to employment with the same city from which they retired. If a TMRS retiree returns to work for the same TMRS city from which they retired, in a position that requires TMRS membership, the person's monthly retirement benefit will be suspended. He will be required to rejoin TMRS as a member and make member contributions. When he later terminates this new period of employment, TMRS will resume payment of the original monthly retirement benefit. He will also receive a monthly retirement benefit based on member contributions, city matching funds, and other credits from the new period of employment.

Under current law, if a TMRS retiree goes to work for a TMRS city that was not his employer when he retired, his monthly retirement benefit is not suspended.

This bill provides for a consistent treatment of retirees in a "return to work" situation, as recommended by the House Pensions and Investments Committee Interim Report, 78th Legislature. The bill allows all TMRS retirees, if a city chooses to hire them, to "return to work" without a suspension of retirement benefits.

RULEMAKING AUTHORITY

It is the opinion of this office that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency or institution.

ANALYSIS

SECTION 1. Amends the heading to Section 852.108, Government Code.

SECTION 2. Amends Section 852.108(a) and (b), Government Code, to define the person's reemploying municipality as the municipality for which the person most recently performed creditable service before the person's retirement and to define that a person who becomes an employee of the person's reemploying municipality within one calendar month after retirement is not considered to have retired. In this event, the retirement system shall reinstate the person's membership in the system.

SECTION 3. Amends the heading to Section 852.109, Government Code.

SECTION 4. Amends Sections 852.109(a) and (e), Government Code, to provide if a person becomes an employee of a municipality that is not the person's reemploying municipality after the person's effective date of retirement or if a person becomes an employee of the person's reemploying municipality after at least one calendar month has passed since the effective retirement date, the person becomes a member of the retirement system again and the person's retirement annuity is not suspended.

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SECTION 5. Provides that the Texas Municipal Retirement System shall resume payments of each suspended annuity under former Section 852.108(c), Government Code, for a retiree employed by a reemploying municipality.

SECTION 6. Repeals Government Code Sections 852.108(c) - (i) and Sections 852.109(f).

SECTION 7. Effective date.

EFFECTIVE DATE

January 1, 2006.