

By: Van Arsdale

H.B. No. 235

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the computation of certain benefits under the Teacher
3 Retirement System of Texas.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 824.203, Government Code, is amended by
6 amending Subsection (a) and adding Subsections (a-1) and (c-1) to
7 read as follows:

8 (a) Except as provided by Subsections (a-1), (c), and (d),
9 [~~and (e)~~], the standard service retirement annuity is an amount
10 computed on the basis of the member's average annual compensation
11 for the three years of service, whether or not consecutive, in which
12 the member received the highest annual compensation, times 2.3
13 percent for each year of service credit in the retirement system.

14 (a-1) This subsection applies only to a member who, during
15 any month of the member's service, received compensation of \$5,000
16 or more. Except as provided by Subsections (c-1) and (d), the
17 standard service retirement annuity for a member subject to this
18 subsection is an amount computed as the member's median monthly
19 compensation for the 60 months of service, whether or not
20 consecutive, in which the member received the highest monthly
21 compensation, times 2.3 percent for each year of service credit in
22 the retirement system.

23 (c-1) Notwithstanding Subsection (a-1), and except as
24 provided by Subsection (d), for benefits payable because of the

1 death or retirement of a member otherwise subject to Subsection
2 (a-1) that occurred before September 1, 2005, the standard service
3 retirement annuity is computed in accordance with the law
4 applicable to the computation of those benefits immediately before
5 that date.

6 SECTION 2. Section 824.806, Government Code, is amended by
7 amending Subsection (b) and adding Subsection (c) to read as
8 follows:

9 (b) Except as provided by Subsection (c), at [~~A~~] the time a
10 member retires or dies, the retirement system shall compute the
11 value of the additional service credit at the rate provided under
12 Section 824.203, based on the lesser of the three years of service
13 after the member's termination of plan participation, or the
14 member's actual years of service after the termination, in which
15 the member received the highest annual compensation. The
16 retirement system shall add the amount computed under this
17 subsection to the amount determined on the effective date of plan
18 participation, and the sum is payable, subject to actuarial
19 reduction if applicable, as the monthly annuity payment.

20 (c) This subsection applies only to a member who is subject
21 to Section 824.203(a-1). At the time the member retires or dies,
22 the retirement system shall compute the value of the additional
23 service credit at the rate provided under Section 824.203(a-1),
24 based on the lesser of the 60 months of service after the member's
25 termination of plan participation, or the member's actual months of
26 service after the termination, in which the member received the
27 highest monthly compensation. The retirement system shall add the

1 amount computed under this subsection to the amount determined on
2 the effective date of plan participation, and the sum is payable,
3 subject to actuarial reduction if applicable, as the monthly
4 annuity payment.

5 SECTION 3. The change in law made by this Act applies only
6 to benefits payable because of the death or retirement of a member
7 of the Teacher Retirement System of Texas that occurs on or after
8 September 1, 2005. Benefits payable because of a death or
9 retirement that occurs before September 1, 2005, are governed by
10 the law as it existed immediately before that date, and that law is
11 continued in effect for that purpose.

12 SECTION 4. This Act takes effect September 1, 2005.