

By: Madla

S.B. No. 1088

A BILL TO BE ENTITLED

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AN ACT

relating to the retirement system for firefighters and police officers in certain municipalities.

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

SECTION 1. Subsection (b), Section 2.01, Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) The board, through its secretary, shall administer the required elections of the active member and retiree representatives by mailing ballots to all eligible members, retirees, or beneficiaries. Only retirees and surviving spouses who are currently receiving benefits from the fund are eligible to vote for the retiree representatives. If no candidate receives a majority of the votes cast for any trustee position, the board shall hold a run-off election in which the only candidates are the candidates who received the highest and second-highest number of votes cast. If a candidate for trustee is unopposed in an election, the board shall certify the candidate as elected to the board on the executive director's certification that the candidate is eligible and is unopposed for election.

SECTION 2. Subsections (d) and (e), Sections 2.03, Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas Civil Statutes), are amended to read as follows:

1 (d) A removal election under this section must be held and  
2 completed within 90 [~~30~~] days after the date the board certifies  
3 that a proper petition for a removal election has been signed by at  
4 least 20 percent of the membership from which the trustee was  
5 elected. A trustee's term of service ends on the entry of an order  
6 by the board declaring that a majority of the votes cast in a  
7 removal election under this section favor removal.

8 (e) On the date the board enters an order under Subsection  
9 (d) of this section, the board shall call a special election [~~to be~~  
10 ~~held not less than 20 nor more than 30 days after that date~~] to fill  
11 the vacancy for the unexpired term of the trustee who was removed.  
12 The trustee who was removed is not eligible to run in the special  
13 election but is eligible to run in all subsequent board elections.

14 SECTION 3. Section 3.01, Chapter 824, Acts of the 73rd  
15 Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas  
16 Civil Statutes), is amended by adding Subsections (f) through (j)  
17 to read as follows:

18 (f) Attendance by any number of the trustees at a conference  
19 or gathering to research prospective investments or review current  
20 ones, to attend professional training, or to otherwise attend to  
21 their fiduciary responsibilities, during which no formal  
22 discussion of public business takes place and no formal action is  
23 taken, is not a deliberation or meeting within the meaning of  
24 Chapter 551, Government Code, and is not required to be open to the  
25 public.

26 (g) A trustee of the fund is immune from liability for an  
27 action or omission made by the trustee in the performance of the

1 trustee's official duties for the fund that is made in good faith.

2 (h) Records that are in the custody of the board concerning  
3 a member, former member, retiree, deceased retiree, beneficiary, or  
4 alternate payee are not public information under Chapter 552,  
5 Government Code, and may not be disclosed in a form identifiable to  
6 a specific individual unless:

7 (1) the information is disclosed to:

8 (A) the individual or the individual's attorney,  
9 guardian, executor, administrator, or conservator or another  
10 person whom the executive director determines from written  
11 documentation to be acting in the interest of the individual or the  
12 individual's estate;

13 (B) a spouse or former spouse of the individual,  
14 if the executive director determines that the information is  
15 relevant to the spouse's or former spouse's interest in a member's  
16 accounts or benefits or other amounts payable by the pension  
17 system;

18 (C) a government official or employee seeking  
19 the information in order to perform the duties of the official or  
20 employee; or

21 (D) a person authorized by the individual in  
22 writing to receive the information; or

23 (2) the information is disclosed under a subpoena and  
24 the executive director of the fund or the executive director's  
25 designee determines that the individual will have a reasonable  
26 opportunity to contest the subpoena.

27 (i) Subsection (h) of this section does not prevent the

1 disclosure of the status or identity of an individual as a member,  
2 former member, retiree, deceased member, deceased retiree,  
3 beneficiary, or alternate payee of the fund.

4 (j) A determination and disclosure under Subsection (h) of  
5 this section does not require notice to the individual member,  
6 retiree, beneficiary, or alternate payee.

7 SECTION 4. Section 3.03, Chapter 824, Acts of the 73rd  
8 Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas  
9 Civil Statutes), is amended by adding Subsection (e) to read as  
10 follows:

11 (e) The board may pay for the cost of counseling for members  
12 of the fund regarding retirement matters.

13 SECTION 5. Section 5.015, Chapter 824, Acts of the 73rd  
14 Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas  
15 Civil Statutes), is amended by amending Subsections (d) and (e) and  
16 adding Subsections (d-1) and (e-1) to read as follows:

17 (d) The amount of a lump-sum payment to which a member  
18 making a Back DROP election is entitled shall be computed in the  
19 manner provided by this subsection and Subsection (d-1) of this  
20 section. The member's retirement annuity shall be computed in the  
21 manner provided by Section 5.01 of this Act, except that the amount  
22 of service credit and average total salary [~~retirement date~~] used  
23 in making that computation shall be determined in accordance with  
24 [~~is the retirement date computed as provided by~~] this subsection.  
25 For [~~The member's retirement annuity as so computed shall be~~  
26 ~~divided by 12 to compute the member's monthly pension. The member's~~  
27 ~~monthly pension multiplied by the number of full months elected by~~

1 ~~the member under Subsection (b)(1) of this section is the amount of~~  
2 ~~the lump-sum payment to which the member is entitled. Solely for]~~  
3 purposes of this subsection, ~~[computing]~~ the member's average total  
4 salary shall be computed based on ~~[monthly pension under this~~  
5 ~~subsection, the member's retirement date is]~~ the member's Back DROP  
6 retirement date, which is the member's actual retirement date less  
7 the amount of time the member elects under Subsection (b)(1) of this  
8 section. For purposes of this subsection, the member's service  
9 credit shall be the member's service credit determined in  
10 accordance with Section 5.01(g) of this Act less the amount of time  
11 for:

12 (1) any service credit in excess of 34 years of  
13 service, other than service credit for sick leave unused on the date  
14 of actual retirement;

15 (2) any service credit given for sick leave unused on  
16 the date of actual retirement; and

17 (3) any service credit in excess of 20 years but not in  
18 excess of the amount permitted under Subsection (b)(1) of this  
19 section that the member elects for computing the amount of the  
20 lump-sum payment.

21 (d-1) The member's retirement annuity as computed under  
22 Subsection (d) of this section shall be divided by 12 to compute the  
23 member's monthly pension to be used to compute the lump-sum  
24 payment. The member's monthly pension multiplied by the number of  
25 full months elected by the member under Subsection (b)(1) of this  
26 section is the amount of the lump-sum payment to which the member is  
27 entitled.

1 (e) For purposes of computing the monthly pension of a  
2 member making a Back DROP election, the member's retirement annuity  
3 shall be computed in the manner provided by Section 5.01 of this  
4 Act, except that:

5 (1) the amount of service credit [~~retirement date~~]  
6 used in making that computation shall be [~~is~~] the member's service  
7 credit determined in accordance with Section 5.01(g) of this Act  
8 [~~actual retirement date~~] less:

9 (A) the amount of time the member elects under  
10 Subsection (b)(1) of this section; and

11 (B) any service credit in excess of 34 years of  
12 service excluding any service credit for sick leave unused on the  
13 date of actual retirement; and

14 (2) the member's average total salary shall be  
15 computed as if the member's retirement date were the member's actual  
16 retirement date less the amount of time the member elects under  
17 Subsection (b)(1) of this section.

18 (e-1) The annuity computed under Subsection (e) of this  
19 section may not exceed the applicable limitations provided by  
20 Section 5.01 of this Act. The member's retirement annuity shall be  
21 divided by 12 to compute the member's monthly pension.

22 SECTION 6. Subsection (a), Section 5.09, Chapter 824, Acts  
23 of the 73rd Legislature, Regular Session, 1993 (Article 6243o,  
24 Vernon's Texas Civil Statutes), is amended to read as follows:

25 (a) At or before its regular meeting in the month of March,  
26 the board annually shall review the Consumer's Price Index for All  
27 Urban Consumers (CPI-U), U.S. City Average or the nearest

1 equivalent published by the United States Bureau of Labor  
2 Statistics for the preceding calendar year. If that index shows an  
3 increase during the preceding calendar year in the cost of living as  
4 compared with that index at the close of the previous year, the  
5 board shall order an increase of all service, disability, and death  
6 benefit retirement annuities by a percentage that varies by the  
7 date of the member's service or disability retirement, or, in the  
8 case of a member who died before retirement, the date on which the  
9 member died. If the member's service retirement, disability  
10 retirement, or death before retirement occurred before August 30,  
11 1971, the annuity shall be increased by a percentage equal to the  
12 percentage increase in the cost of living index. If the member's  
13 service retirement, disability retirement, or death before  
14 retirement occurred on or after August 30, 1971, but before October  
15 1, 1993 [~~1991~~], the annuity shall be increased as follows: if the  
16 percentage increase in the cost of living index is eight percent or  
17 less, the annuity shall be increased by a percentage equal to the  
18 percentage increase, and if the percentage increase in the cost of  
19 living index is more than eight percent, the annuity shall be  
20 increased by eight percent plus a percentage equal to 75 percent of  
21 the percentage increase that is more than eight percent. If the  
22 member's service retirement, disability retirement, or death  
23 before retirement occurred on or after October 1, 1993 [~~1991~~], the  
24 annuity shall be increased by a percentage equal to 75 percent of  
25 the percentage increase in the cost of living index. A percentage  
26 increase in annuities shall be rounded to the nearest one-tenth  
27 percentage point for a cost of living increase.

1 SECTION 7. Section 6.02, Chapter 824, Acts of the 73rd  
2 Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas  
3 Civil Statutes), is amended by amending Subsection (g) and adding  
4 Subsections (m) and (n) to read as follows:

5 (g) A child who is born after the date of retirement of the  
6 member is not entitled to a death benefit annuity under this Act  
7 unless the retiree was married to the other parent of the child on  
8 the date of retirement. A surviving spouse of a retiree who was not  
9 married to the retiree until after the retiree's retirement is  
10 entitled to receive only the benefits [~~benefit~~], if any, provided  
11 under Subsection (m) of this section and Section 6.08 of this Act.

12 (m) Subject to Subsection (n) of this section, a service  
13 retiree who marries after the date of retirement may elect to  
14 receive a reduced annuity during the retiree's lifetime and provide  
15 for a death benefit annuity to the retiree's surviving spouse. The  
16 amount of the reduced annuity and spousal death benefit shall be  
17 determined by the fund's actuary and shall be actuarially  
18 equivalent to the annuity the retiree was receiving immediately  
19 before the election under this subsection. An election made under  
20 this subsection may be canceled by the retiree before the retiree's  
21 death on the divorce of the retiree or the death of the retiree's  
22 spouse. After the election is canceled, the retiree shall be  
23 entitled to receive the same annuity to which the retiree would have  
24 been entitled if the election had not been made. A retiree who  
25 cancels an election under this subsection is not entitled to any  
26 additional benefits for the period of time before the cancellation.  
27 The board shall adopt policies and procedures governing elections



1 and cancellation of elections under this subsection. An election  
2 or cancellation of an election made under this subsection must be  
3 made in accordance with the board's policies and procedures.

4 (n) A retiree may not make an election under Subsection (m)  
5 of this section at a time in which there are one or more dependent  
6 children of the retiree who would be entitled to a death benefit  
7 under this section on the death of the retiree.

8 SECTION 8. Section 6.08, Chapter 824, Acts of the 73rd  
9 Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas  
10 Civil Statutes), is amended by amending Subsection (b) and adding  
11 Subsection (c) to read as follows:

12 (b) A surviving spouse [~~under this section~~] is not entitled  
13 to a lump-sum death benefit under this section if a child is  
14 entitled to receive benefits under this Act.

15 (c) A surviving spouse is not entitled to a lump-sum death  
16 benefit under this section if the surviving spouse is entitled to an  
17 annuity under Section 6.02(m) of this Act.

18 SECTION 9. Section 6.11, Chapter 824, Acts of the 73rd  
19 Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas  
20 Civil Statutes), is amended to read as follows:

21 Sec. 6.11. DEATH BENEFIT FOR ACTIVE MEMBER'S ESTATE. If an  
22 active member dies and does not leave a beneficiary, the estate of  
23 the deceased member is entitled to a death benefit payment from the  
24 fund in an [~~the~~] amount equal to the greater of:

25 (1) five times the amount of an annuity computed in  
26 accordance with Section 5.01(f) of this Act using the deceased  
27 member's service credit and average total salary as of the date of

1 death; [~~of \$10,000~~] or

2           (2) the refund of the member's contributions that were  
3 picked up by the municipality[~~, whichever amount is greater~~].

4           SECTION 10. Section 6.115, Chapter 824, Acts of the 73rd  
5 Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas  
6 Civil Statutes), is amended to read as follows:

7           Sec. 6.115. DEATH BENEFIT FOR RETIREE'S ESTATE. If a  
8 retiree dies and does not leave a beneficiary, the estate of the  
9 retiree is entitled to a death benefit payment from the fund in an  
10 ~~[the]~~ amount equal to five times the amount of the annuity awarded  
11 by the board effective on [~~of~~] the retiree's date of retirement,  
12 ~~[contributions that were picked up by the municipality]~~ less any  
13 retirement or disability annuity and any lump sum under Section  
14 5.015 of this Act paid to the retiree.

15           SECTION 11. Subsections (h) and (l), Section 6.14, Chapter  
16 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article  
17 6243o, Vernon's Texas Civil Statutes), are amended to read as  
18 follows:

19           (h) In determining the annuity under Subsection (e) of this  
20 section for a surviving spouse whose death benefit annuity is  
21 limited by Section 6.02(b) of this Act, the deceased member's  
22 service credit is the lesser of:

23                   (1) the deceased member's service credit computed as  
24 provided by Section 5.01(g) of this Act [~~27 years~~], less the number  
25 of months elected by the surviving spouse under Subsection (f) of  
26 this section; or

27                   (2) 27 years.

1           (1) In determining the reduced annuity under Subsection (j)  
2 of this section for a surviving spouse whose death benefit annuity  
3 is limited by Section 6.02(b) of this Act, the deceased member's  
4 service credit is the lesser of:

5                 (1) the deceased member's service credit computed as  
6 provided by Section 5.01(g) of this Act [27 years], less the number  
7 of months elected by the surviving spouse under Subsection (f) of  
8 this section; or

9                 (2) 27 years.

10           SECTION 12. Section 7.06, Chapter 824, Acts of the 73rd  
11 Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas  
12 Civil Statutes), is amended to read as follows:

13           Sec. 7.06. INVESTMENT CONSULTANT [~~MANAGER~~] QUALIFICATIONS.  
14 In appointing investment consultants [~~managers~~], the board shall  
15 require that the investment consultant [~~manager~~] be:

16                 (1) registered under the Investment Advisors Act of  
17 1940 (15 U.S.C. Section 80b-1 et seq.) and its subsequent  
18 amendments;

19                 (2) a bank as defined by that Act; or

20                 (3) an insurance company qualified to perform  
21 investment services under the laws of more than one state.

22           SECTION 13. Subsection (b), Section 2.04, and Section 7.01,  
23 Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993  
24 (Article 6243o, Vernon's Texas Civil Statutes), are repealed.

25           SECTION 14. This Act takes effect October 1, 2005.