

BILL ANALYSIS

C.S.H.B. 2882
By: Hughes
Pensions & Investments
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, a judge may choose to make contributions to the Judicial Retirement System after he reaches the Rule of 70 (age plus years of service). Among other computations, the formula used to calculate this retirement annuity uses the product of two percent times the number of years of service after he reaches the Rule of 70.

This bill seeks to increase the percentage multiplier from two percent to three percent.

RULEMAKING AUTHORITY

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

ANALYSIS

This bill increases the percentage multiplier in computing the service retirement annuity of a member qualifying for retirement under sections 834.101(a), 839.101(a) and 839.101(a)(4), from 2 percent to 3 percent. The service retirement annuity may not be an amount that is greater than 90 percent of the applicable salary.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The original bill increased the percentage multiplier for retirees under section 839.101(a)(4). The Substitute increases the percentage multiplier in computing the service retirement annuity of a member qualifying for retirement under sections 834.101(a), 839.101(a) and 839.101(a)(4).

The substitute also changes the service retirement annuity cap to an amount not greater than 90 percent of the applicable salary under Subsection (a).

The substitute applies only to a member of the Judicial Retirement System of Texas Plan One or the Judicial Retirement System of Texas Plan Two.

The substitute also adds language to clarify that this bill applies only to a person who retires on or after the effective date of this Act.