

BILL ANALYSIS

S.B. 1777
By: Wentworth
Pensions & Investments
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The San Antonio Fire & Police Pension Fund was created to provide retirement and disability annuities to qualifying fire fighters, police officers and their surviving spouses or children. The changes proposed in this bill are the result of a two-year process of public input and financial analysis to provide additional benefits while maintaining actuarial stability.

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 creates and amends defined terms used throughout the Act and makes certain technical corrections.

This bill provides that the mayor of the municipality may appoint a designee to serve on the Board in the mayor's place and limits the term of a mayoral designee to the term of the mayor. This bill allows the mayor to remove or replace the mayoral designee at the mayor's discretion.

This bill eliminates the five year requirement for the refund of contributions to a member who terminates employment prior to vesting. This bill establishes a new formula calculation of the retirement annuity of members who retire after September 30, 2007 and provides a \$200 per month annuity increase to annuities awarded prior to October 1, 1989 and provides a minimum annuity of \$1,850 per month.

This bill increases the Back DROP lump-sum payment option from 3 years to 4 years.

This bill establishes a new catastrophic disability pension annuity and criteria to qualify for the annuity and provides the board authority to grant a catastrophic disability annuity to a current disability retiree.

This bill makes technical corrections to the existing formula for the determination of regular disability benefits (50% of average total salary) and establishes a new formula for the determination of catastrophic disability benefits (87.5% of average total salary).

This bill grants the board discretion to require medical examinations of any catastrophic disability retiree and mandates medical re-evaluations of all catastrophic disability retirees every 5 years. This bill allows the Board to alter the catastrophic disability retirement annuity based on its review of any medical evaluations, and establishes a minimum annuity based on length of service. This bill also makes technical corrections to formula for determining the minimum annuity for regular disability retirees.

This bill increases the cost-of-living adjustments to retirees who retired between October 1, 1993 and October 1, 1997.

This bill makes technical corrections to account for the new catastrophic disability annuity. This bill eliminates the reduced death benefit for surviving spouses that were married at least 5 consecutive years immediately preceding the retiree's death. This bill allows a retiree to cancel a "Marriage After Retirement" election previously made under Section 6.02(m), and eliminates the ability to make such an election prospectively.

This bill modifies the formula for calculating the spousal death benefit for surviving spouses who married post-retirement and less than 5 years prior to the retiree's death. This bill doubles the amount of the death benefit payment to an active member's estate and doubles the amount of the death benefit payment to a retiree's estate.

This bill increases the number of months a surviving spouse may elect for purposes of "spousal Back DROP" from 36 months to 48 months, and makes a technical correction to the formula.

SECTION 17. Sections 4.07(a), 5.04(c) and 6.08(c), Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article 6243o, Vernon's Texas Civil Statutes), are repealed.

EFFECTIVE DATE

October 1, 2007.