

By: Kuempel

H.B. No. 1587

Substitute the following for H.B. No. 1587:

By: Truitt

C.S.H.B. No. 1587

A BILL TO BE ENTITLED

1

AN ACT

2 relating to participation and credit in, contributions to, and  
3 benefits and administration of the Texas County and District  
4 Retirement System.

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

6 SECTION 1. Section 841.001, Government Code, is amended by  
7 amending Subdivisions (7) and (18) and adding Subdivision (7-a) to  
8 read as follows:

9 (7) "Credited service" means the number of months of  
10 prior, ~~and~~ current, and optional service ascribed to a member in  
11 the retirement system.

12 (7-a) "Director" means the person appointed as  
13 director under Section 845.202.

14 (18) "Optional group term life ~~[Supplemental death~~  
15 ~~benefit]~~ program" means the voluntary, employer-funded optional  
16 death benefit program established under Subchapter F, Chapter 844.

17 SECTION 2. Section 841.004, Government Code, is amended to  
18 read as follows:

19 Sec. 841.004. POWERS, ~~AND~~ PRIVILEGES, AND IMMUNITIES.

20 (a) The retirement system is a governmental entity and has the  
21 powers, privileges, and immunities of a corporation, as well as the  
22 powers, privileges, and immunities conferred by this subtitle.

23 (b) The board of trustees, director, investment officer,  
24 and employees of the retirement system are not liable for any action

1 taken or omission made or suffered by them in the good faith  
2 performance of any duty in connection with any program or benefit  
3 administered by the retirement system.

4 SECTION 3. Section 841.008, Government Code, is amended by  
5 amending Subsections (a) and (b) and by adding Subsection (c-1) to  
6 read as follows:

7 (a) The board of trustees may accept an application for any  
8 benefit under this subtitle that is signed on behalf of a person  
9 entitled to the benefit by:

10 (1) an appointed guardian of the person and estate of  
11 the person; or

12 (2) an attorney in fact authorized to act on behalf of  
13 the person by a written power of attorney that provides that the  
14 power is not revoked by disability of the person, except that an  
15 attorney in fact who is not the person's spouse may not select a  
16 benefit in which the attorney in fact or a direct ancestor or lineal  
17 descendant of the attorney in fact is a named beneficiary, unless  
18 the attorney in fact designates as the person's beneficiary:

19 (A) the same individuals, with the same share of  
20 the benefit that each would have received if the person had died  
21 immediately before the beneficiary designation by the attorney in  
22 fact; or

23 (B) all individuals who bear the same  
24 relationship to the attorney in fact, with the same share of the  
25 benefit that each would have received [~~each individual who would be~~  
26 ~~entitled to the entire benefit~~] if the person had died intestate.

27 (b) If it is made to appear to the director by affidavit of a

1 licensed physician that a person entitled to a benefit is not  
2 mentally capable of managing the person's own affairs, and if the  
3 director reasonably believes [~~it is further established to the~~  
4 ~~satisfaction of the director~~] that the estate of the person is  
5 insufficient to justify the expense of establishing a guardianship,  
6 or continuing a guardianship after letters of guardianship have  
7 expired, then until current letters of guardianship are filed with  
8 the retirement system, the director may make payment of any annuity  
9 or other benefit:

10 (1) to the spouse of the person, as trustee for the  
11 person; [~~or~~]

12 (2) to an individual or entity actually providing for  
13 the needs of and caring for the person, as trustee for the person;  
14 or

15 (3) to a public agency or private charitable  
16 organization providing assistance or services to the aged or  
17 incapacitated that agrees to accept and manage the payment for the  
18 benefit of the person as a trustee [~~until current letters of~~  
19 ~~guardianship are filed with the retirement system~~].

20 (c-1) If the director reasonably believes that the  
21 individual or entity accepting benefits for the person has breached  
22 a fiduciary duty owed to the person or is failing to act in the  
23 interest of or for the benefit of the person and the person may  
24 suffer personal or financial harm as a result, the retirement  
25 system, on giving notice to the individual or entity receiving  
26 payments on behalf of the person, may cease making payments to the  
27 individual or entity. Thereafter, the system may make payment of

1 any annuity or other benefit in a manner provided by Subsection (b).  
2 This subsection does not apply if a court of competent jurisdiction  
3 has appointed the individual or entity accepting benefits for the  
4 person.

5 SECTION 4. Section 842.001(d), Government Code, is amended  
6 to read as follows:

7 (d) Subject to the approval of the board of trustees, an  
8 electing subdivision under this section may begin participation in  
9 the retirement system on the date specified [~~first day of any month~~  
10 ~~designated~~] by the subdivision's governing body.

11 SECTION 5. Section 842.002, Government Code, is amended to  
12 read as follows:

13 Sec. 842.002. RULES FOR PARTICIPATING SUBDIVISIONS. The  
14 board of trustees may adopt rules concerning:

15 (1) notices, information, and reports the board of  
16 trustees requires from a subdivision that elects to participate in  
17 the retirement system;

18 (2) the time that a subdivision that elects to  
19 participate in the retirement system may begin participation and  
20 the actions that subdivision may take in anticipation of board  
21 approval under Section 842.001; and

22 (3) the powers and duties of a participating  
23 subdivision to adopt orders or resolutions, make elections, and  
24 otherwise exercise decision-making authority concerning the rights  
25 and benefits of the members and annuitants under a plan adopted or  
26 assumed by the subdivision.

27 SECTION 6. Section 842.004, Government Code, is amended to

1 read as follows:

2           Sec. 842.004. OPTIONAL GROUP TERM LIFE PROGRAM  
3 [~~SUPPLEMENTAL DEATH BENEFITS FUND~~].       (a)     A subdivision  
4 participating in the retirement system may elect to participate in  
5 the optional group term life program [~~supplemental death benefits~~  
6 ~~fund~~].

7           (b)    A subdivision that elects to participate in the program  
8 [~~fund~~] may elect coverage providing postretirement death benefits  
9 in addition to coverage providing in-service death benefits.

10          (c)    [~~Before a subdivision that has fewer than 10 employees~~  
11 ~~who are members of the retirement system is permitted to~~  
12 ~~participate in the fund, the board of trustees may require the~~  
13 ~~subdivision to provide evidence that is satisfactory to the board~~  
14 ~~that the members are in good health. The board of trustees may allow~~  
15 ~~participation in the fund by those subdivision employees who are in~~  
16 ~~good health on the effective date of participation and exclude~~  
17 ~~those subdivision employees who are not in good health at that time.~~

18          [~~(d)~~] A subdivision that elects to participate in the  
19 program [~~fund~~] may begin participation on the first day of any month  
20 after the month in which the subdivision gives notice of its  
21 election to the board of trustees.

22          (d) [~~(e)~~] If before November 1 of any year a subdivision  
23 gives written notice of its intention to the retirement system, the  
24 subdivision may terminate coverage under and discontinue  
25 participation in the program [~~supplemental death benefits fund~~]. A  
26 termination under this subsection is effective on January 1 of the  
27 year following the year in which notice is given.

1        (e) [~~(f)~~] If a subdivision has previously discontinued  
2 participation in the program [~~fund~~], the board of trustees in its  
3 discretion may restrict the right of the subdivision to participate  
4 again.

5        SECTION 7. Subchapter A, Chapter 842, Government Code, is  
6 amended by adding Section 842.008 to read as follows:

7        Sec. 842.008. PARTIAL ASSUMPTION BY TRANSFEREE  
8 SUBDIVISION. If a function or activity previously performed by  
9 employees of a participating subdivision is transferred to or  
10 otherwise taken over by another participating subdivision and any  
11 of the employees performing the function or activity transfer to  
12 and become employees of the subdivision taking over the function or  
13 activity, with the consent of and on terms approved by the board of  
14 trustees, the pension liabilities accrued by the transferring  
15 employees for service with the transferring subdivision, together  
16 with an appropriate portion of trust assets in the account of the  
17 transferring subdivision, may be treated as and considered to be a  
18 separate account and pension liabilities of the subdivision taking  
19 over the function or activity.

20        SECTION 8. Section 842.052(d), Government Code, is amended  
21 to read as follows:

22        (d) On full performance of the termination agreement, the  
23 subdivision is released from all liability for its accrued benefits  
24 and supplemental annuities. The retirement system shall make  
25 transfers from the subdivision's account to the appropriate funds  
26 within the system in amounts actuarially equivalent to the accrued  
27 benefits and supplemental annuities. The retirement system shall

1 pay any amounts remaining in the subdivision's account after  
2 satisfaction of all the subdivision's pension liabilities to the  
3 subdivision or its governmental successor in interest in accordance  
4 with Section 845.317(b).

5 SECTION 9. Sections 842.053(d) and (e), Government Code,  
6 are amended to read as follows:

7 (d) Beginning with a date specified by the board, the  
8 retirement system shall value the accrued benefits and supplemental  
9 annuities with respect to the subdivision's participation as  
10 immediately payable under this subchapter. If the assets in the  
11 subdivision's account exceed the actuarial equivalent value of  
12 pension benefits, the subdivision is released from all liability  
13 with respect to the accrued benefits and supplemental annuities.  
14 The retirement system shall make transfers from the subdivision's  
15 account to the appropriate funds within the system in amounts  
16 actuarially equivalent to all accrued benefits and supplemental  
17 annuities. The retirement system shall pay any amount remaining in  
18 the subdivision's account after satisfaction of all the  
19 subdivision's pension liabilities to the subdivision or its  
20 governmental successor in interest in accordance with Section  
21 845.317(b).

22 (e) If the actuarial equivalent value of pension benefits  
23 exceeds the assets in the subdivision's account, the subdivision or  
24 its governmental successor in interest may make a contribution in  
25 any amount to the subdivision's account. The retirement system  
26 shall transfer the assets of the subdivision's account in the  
27 subdivision accumulation fund to appropriate funds within the

1 system and allocate the assets as provided by Sections  
2 842.054-842.057.

3 SECTION 10. Section 842.101(b), Government Code, is amended  
4 to read as follows:

5 (b) Except as otherwise provided by this subtitle or by  
6 rules adopted by the board of trustees, the rights and benefits of a  
7 member are determined separately with respect to each subdivision  
8 with which the member has credited service.

9 SECTION 11. Section 842.106, Government Code, is amended to  
10 read as follows:

11 Sec. 842.106. MULTIPLE RETIREMENT SYSTEM MEMBERSHIP. [~~(a)~~]  
12 A person who is a member of [~~an employee eligible for membership and~~  
13 ~~eligible to receive credit in~~] this retirement system [~~for service~~  
14 ~~performed for a participating subdivision is not eligible for~~  
15 ~~credit for that service in another public retirement system~~  
16 ~~described by Section 801.001 that is at least partly supported by~~  
17 ~~the subdivision at public expense. It is the responsibility of the~~  
18 ~~subdivision to enforce this provision.~~

19 [~~(b) A person may simultaneously be a member of this~~  
20 ~~retirement system~~] and another state or local retirement system  
21 authorized under Section 67, Article XVI, Texas Constitution, [~~+~~  
22 ~~However, a person~~] may receive a benefit from this system only to  
23 the extent that the amount of the benefit is computed solely on the  
24 member's [~~compensation and~~] accumulated contributions and service  
25 credit in this [~~the~~] system. Service credited by another  
26 retirement system may not be used to determine eligibility for a  
27 benefit in this retirement system except as provided by Chapter



1 803.

2 SECTION 12. Sections 842.109(a) and (b), Government Code,  
3 are amended to read as follows:

4 (a) A person terminates membership in the retirement system  
5 by:

6 (1) ~~[death,~~  
7 ~~[-2-]~~ retirement from all participating subdivisions  
8 with which the person has service credit; or

9 (2) [-3-] withdrawal of all of the person's  
10 accumulated contributions.

11 (b) Unless terminated under Subsection (a), a [A] person's  
12 membership in the retirement system terminates on the earlier of  
13 the date of the person's death or the last day of the month ending  
14 before the person's [may not extend beyond the] required beginning  
15 date determined in accordance with Section 841.010.

16 SECTION 13. Section 842.112, Government Code, is amended by  
17 amending Subsections (e) and (f) and adding Subsections (f-1) and  
18 (f-2) to read as follows:

19 (e) If the act of a third person causes the retirement  
20 system to make a payment of a survivor benefit or death benefit to  
21 someone other than the person entitled to the payment, the system  
22 shall, after receiving credible evidence of an erroneous payment,  
23 determine the beneficiary ~~[person]~~ entitled to the benefit and, if  
24 necessary, adjust future payments to the extent practicable to  
25 ensure that the present value of the remainder of the benefit will  
26 be paid to the person entitled to it.

27 (f) The retirement system is not liable to any person for

1 any payments described by Subsection (e) made before the date the  
2 system receives credible evidence of an erroneous payment. Any  
3 payments made before that date are a complete discharge of the  
4 system's responsibility for those payments and benefits.

5 (f-1) If, pursuant to a valid application for a withdrawal  
6 or for retirement, the retirement system issues a check made  
7 payable to the applicant, properly addressed as directed on the  
8 application and sent by first-class mail, and the check is  
9 negotiated by any person, the system is not liable to any person  
10 with respect to the payment after the first anniversary of the date  
11 the check was mailed.

12 (f-2) If, pursuant to a valid application for a withdrawal  
13 or for retirement, the retirement system causes funds to be  
14 electronically transferred to the account specified on the  
15 application, the system is not liable to any person for that payment  
16 or any claim relating to the payment beginning on the date of the  
17 transfer.

18 SECTION 14. Subchapter B, Chapter 842, Government Code, is  
19 amended by adding Section 842.114 to read as follows:

20 Sec. 842.114. BURDEN OF PROOF. (a) A person disputing the  
21 validity of a form, application, or other document filed with the  
22 retirement system has the burden of proving the document to be  
23 false, fraudulent, or otherwise invalid.

24 (b) A person seeking a correction based on an error caused  
25 by an act or omission of the retirement system or a subdivision has  
26 the burden of proving the error and the act or omission causing the  
27 error.

1        (c) A person described by Subsection (a) or (b) has the  
2 burden of showing:

3            (1) reasonableness and diligence in discovering the  
4 invalidity or error; and

5            (2) timeliness in notifying the retirement system or  
6 the appropriate subdivision.

7        SECTION 15. Section 843.001, Government Code, is amended to  
8 read as follows:

9        Sec. 843.001. TYPES OF CREDITABLE SERVICE. The types of  
10 service creditable as credited service in the retirement system are  
11 prior service, ~~[and]~~ current service, and optional service.

12        SECTION 16. Sections 843.003 and 843.0031, Government Code,  
13 are amended to read as follows:

14        Sec. 843.003. AUTHORIZATION TO REESTABLISH ~~[REESTABLISHING~~  
15 ~~CREDITED SERVICE AND]~~ SERVICE CREDIT PREVIOUSLY FORFEITED. (a) An  
16 eligible member who has withdrawn contributions from the retirement  
17 system may reestablish the forfeited service credit in the system  
18 if the current service on which the credit was based was performed  
19 for a participating subdivision the governing body of which by  
20 order authorizes reestablishment of the credit by eligible employee  
21 members of the subdivision.

22        (b) A member eligible to reestablish service credit under  
23 this section is one who is a member as an employee of the  
24 subdivision on the effective date of an order authorized by the  
25 subdivision under Subsection (a).

26        (c) A member eligible under this section may reestablish  
27 service credit by depositing with the retirement system in a lump

1 sum the amount withdrawn from the system, plus a withdrawal charge  
2 computed at an annual rate of five percent from the date of  
3 withdrawal to the date of redeposit.

4 (d) Prior service credit forfeited because of a withdrawal  
5 of contributions may not be reestablished under this section [~~A~~  
6 ~~governing body may not make an order under Subsection (a) except on~~  
7 ~~the terms provided by Subchapter H, Chapter 844~~].

8 Sec. 843.0031. [~~ALTERNATIVE~~] REESTABLISHMENT OF CREDITED  
9 SERVICE [~~PREVIOUSLY FORFEITED~~]; OPTION TO PAY LUMP-SUM AMOUNT. (a)  
10 A member who has withdrawn contributions from the retirement system  
11 and who subsequently resumes employment with a subdivision may by  
12 application to the system at any time before retirement reestablish  
13 forfeited prior, ~~and~~ current, and optional credited service.

14 (b) A member who has withdrawn contributions from the  
15 retirement system and who subsequently resumes employment with a  
16 subdivision may at any time before retirement pay to the system a  
17 lump sum in any amount that does not exceed the actuarial present  
18 value of the additional benefits that would have been attributable  
19 to the withdrawn contributions. Any amount paid under this  
20 subsection and interest accrued on the amount may not be considered  
21 in the computation of service credits.

22 (c) With respect to the account with the subdivision for  
23 which contributions had been withdrawn, after the date an amount is  
24 deposited under Subsection (b), the member is ineligible to  
25 reestablish any service credit with the subdivision that had been  
26 forfeited before the date of redeposit [~~An amount paid under~~  
27 ~~Subsection (b) is not subject to employer matching contributions],~~

1 even if the member would otherwise be eligible under an order  
2 adopted under Section 843.003.

3 SECTION 17. Section 843.102, Government Code, is amended to  
4 read as follows:

5 Sec. 843.102. ELIGIBILITY FOR PRIOR SERVICE CREDIT. (a) A  
6 [~~Except as provided by Section 843.108, a~~] member is eligible to  
7 receive service credit in the retirement system for prior service  
8 if the member [~~+~~

9 [~~(1)~~] became a member as an employee of a subdivision:

10 (1) on the effective date of the subdivision's  
11 participation in the retirement system; or

12 (2) [~~became a member as an employee of a subdivision~~]  
13 before the second [~~fifth~~] anniversary of the effective date of its  
14 participation and continues as an employee of the subdivision for  
15 at least six months [~~five consecutive years~~] after reemployment.

16 (b) The board of trustees may adopt rules concerning  
17 eligibility for prior service credit under Subsection (a).

18 (c) A person who has withdrawn contributions from an account  
19 for service for a subdivision and who subsequently resumes  
20 employment with the subdivision is not eligible to receive service  
21 credit under this section for prior service for the subdivision  
22 [~~that was not established before the person withdrew the~~  
23 ~~contributions~~].

24 SECTION 18. Sections 843.104(a) and (d), Government Code,  
25 are amended to read as follows:

26 (a) A member eligible to receive prior service credit may  
27 claim the credit by filing a detailed statement of the service with

1 the subdivision for which the service was performed. After the  
2 statement is filed [~~As soon as practicable after a member files a~~  
3 ~~statement of prior service under Section 843.103~~], the subdivision  
4 shall [~~employing the officer receiving the statement shall verify~~  
5 ~~the prior service claimed and~~] certify [~~to the board of trustees~~]  
6 the amount of the member's prior service [~~approved~~] and the member's  
7 average prior service compensation.

8 (d) The board of trustees may adopt rules concerning  
9 [~~verification and~~] certification of service and the definition and  
10 computation of average prior service compensation under this  
11 section.

12 SECTION 19. Section 843.105, Government Code, is amended to  
13 read as follows:

14 Sec. 843.105. DETERMINATION OF MAXIMUM AND ALLOCATED PRIOR  
15 SERVICE CREDIT. (a) After receiving a certification of prior  
16 service and average prior service compensation under Section  
17 843.104, the retirement system shall credit to the member the prior  
18 service certified and [~~board of trustees shall~~] determine the  
19 member's maximum and allocated prior service credits.

20 (b) The maximum prior service credit is an amount equal to  
21 the accumulation at interest of a series of equal monthly amounts  
22 for the number of months of certified [~~approved~~] prior service.  
23 Each monthly amount equals twice the subdivision's initial deposit  
24 rate, times the member's average prior service compensation.  
25 Interest is allowed at the end of each 12-month period on an  
26 accumulated amount at the beginning of each period and is credited  
27 only for each whole 12-month period. The rate of interest allowed

1 on a maximum prior service credit [~~granted by a subdivision having~~  
2 ~~an effective date of participation in the retirement system after~~  
3 ~~December 31, 1981,~~] is three percent a year.

4 (c) Allocated prior service credit is a monetary credit  
5 granted by a subdivision to be computed at a member's retirement  
6 date and, together with any multiple matching credit, used in  
7 determining a member's supplemental annuity. The allocated prior  
8 service credit of a member is an amount equal to a percentage of the  
9 maximum prior service credit, increased from the subdivision's  
10 effective date of participation to the member's effective date of  
11 retirement at the applicable rate of interest provided under this  
12 subtitle or prior law for the period [~~The allocated prior service~~  
13 ~~credit is the percentage of the maximum prior service credit~~  
14 ~~granted by the subdivision to all members who performed prior~~  
15 ~~service for the subdivision].~~

16 (d) The governing body of a subdivision may adopt a  
17 percentage to be used to determine allocated prior service credits.  
18 The rate may be limited to zero or any multiple of five percent  
19 [~~Interest is earned on an allocated prior service credit from the~~  
20 ~~effective date of membership to the effective date of retirement at~~  
21 ~~the applicable rate for the period as provided by Section 845.314].~~

22 SECTION 20. Sections 843.201(a), (b), and (c), Government  
23 Code, are amended to read as follows:

24 (a) In accordance with rules adopted by the board of  
25 trustees, the [~~The~~] governing body of a participating subdivision  
26 by order may authorize the establishment of credited service and  
27 prior service credit in the retirement system for service performed

1 in a public hospital, utility, or other public facility or  
2 governmental function during a time the facility was operated or  
3 function was performed by a unit of government other than the  
4 subdivision and before:

5 (1) the effective date of the subdivision's  
6 participation in the retirement system, if the facility was  
7 acquired or the governmental function was taken over by the  
8 subdivision before that date; or

9 (2) the date of acquisition of the facility or the date  
10 the governmental function was taken over, if the facility was  
11 acquired or the governmental function was taken over after the  
12 effective date of the subdivision's participation in the retirement  
13 system.

14 (b) A member eligible to establish credited service and  
15 prior service credit under this section after an order under  
16 Subsection (a) is one who was employed by a public facility or by an  
17 entity performing the governmental function:

18 (1) on the effective date of subdivision  
19 participation, for service under Subsection (a)(1); or

20 (2) on the date of acquisition of the facility or the  
21 date the governmental function was taken over, for service under  
22 Subsection (a)(2).

23 (c) The allocated prior service credit percentage allowable  
24 under this section may be limited by the order of the governing body  
25 to zero or to any percentage that is a multiple of five percent [~~and~~  
26 ~~that does not exceed the percentage applicable to the computation~~  
27 ~~of allocated prior service credits for employees of other~~



1 ~~departments of the subdivision].~~

2 SECTION 21. Section 843.401, Government Code, is amended to  
3 read as follows:

4 Sec. 843.401. CURRENT SERVICE GENERALLY. Current service  
5 is service performed by an employee of a participating subdivision  
6 while a member of the retirement system and credited as provided  
7 under this section. The retirement system shall credit a member  
8 with ~~[grant]~~ one month of current service for each month for which  
9 the required contributions are made, reported, and certified by the  
10 employing subdivision.

11 SECTION 22. Subchapter E, Chapter 843, Government Code, is  
12 amended by adding Section 843.402 to read as follows:

13 Sec. 843.402. CURRENT SERVICE CREDIT AND MULTIPLE MATCHING  
14 CREDIT. (a) Current service credit is a monetary amount credited  
15 by a subdivision to be computed at a member's effective retirement  
16 date and used in determining the member's basic annuity. At the  
17 determination date, a member's current service credit is an amount  
18 equal to the sum of the employee contributions in the member's  
19 individual account and the interest accumulated on those  
20 contributions as provided by this subtitle.

21 (b) Multiple matching credit is a monetary amount credited  
22 by the governing body of a subdivision to be computed at a member's  
23 effective retirement date and, together with any prior service  
24 credit, used in determining a member's supplemental annuity.  
25 Multiple matching credit is an amount equal to a percentage of the  
26 sum of employee contributions in a member's individual account that  
27 were made for a particular calendar year and the interest

1 accumulated on those contributions as provided under this subtitle.  
2 At the determination date, the multiple matching credit of a member  
3 is equal to the sum of the multiple matching credit for all years of  
4 the person's membership.

5 (c) The percentage to be used in the computation of the  
6 multiple matching credit for a particular year is adopted by the  
7 governing body of a subdivision and applied in accordance with this  
8 subtitle.

9 SECTION 23. The heading to Subchapter F, Chapter 843,  
10 Government Code, is amended to read as follows:

11 SUBCHAPTER F. OPTIONAL CREDITED [~~CURRENT~~] SERVICE [~~FOR LEGISLATIVE~~  
12 ~~SERVICE~~]

13 SECTION 24. Section 843.501, Government Code, is amended to  
14 read as follows:

15 Sec. 843.501. CREDITED SERVICE FOR LEGISLATIVE SERVICE.

16 [~~(a)~~] A member may establish credited service in the retirement  
17 system for service performed as a member of the legislature. A  
18 member claiming credited service for previous legislative service  
19 shall file with the retirement system a detailed statement of the  
20 service [~~with the subdivision by which the member is currently~~  
21 ~~employed. As soon as practicable after the filing of a statement,~~  
22 ~~the employing subdivision shall verify the service claimed and~~  
23 ~~certify to the board of trustees the amount of service approved].~~

24 [~~(b) Credited service may not be established under this~~  
25 ~~section for service that is credited by another retirement system~~  
26 ~~or program established or governed by state law.]~~

27 SECTION 25. Section 843.601, Government Code, is

1 transferred to Subchapter F, Chapter 843, Government Code,  
2 renumbered as Section 843.502, and amended to read as follows:

3       Sec. 843.502 [~~843.601~~].    CREDITED [~~CURRENT~~] SERVICE FOR  
4 QUALIFIED MILITARY SERVICE.   (a) In this section, "qualified  
5 military service" means service in the uniformed services, as that  
6 term is defined in the Uniformed Services Employment and  
7 Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.),  
8 that meets the requirements of that Act as it now exists or is  
9 amended as to the character of service performed.

10       (b) All members of the retirement system are entitled to be  
11 credited with service [~~receive credit~~] for qualified military  
12 service that is subject to the Uniformed Services Employment and  
13 Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.).  
14 Notwithstanding any provision of this subtitle to the contrary,  
15 contributions, benefits, and service credit for qualified military  
16 service will be provided in accordance with Section 414(u) of the  
17 Internal Revenue Code of 1986. The board of trustees may adopt  
18 rules that modify the terms of this subtitle for the purpose of  
19 compliance with the provisions of that Act.

20       (c) The governing body of a participating subdivision also  
21 may, on the terms provided by Section 844.704, authorize the  
22 establishment of credited service in the retirement system for  
23 qualified active duty military service as provided by this  
24 subsection. Qualified military service includes military service  
25 before becoming an employee of the subdivision. A member eligible  
26 to establish credited service under this subsection is one who has  
27 credited service in the retirement system for at least the minimum

1 period required to receive a service retirement annuity at the age  
2 of 60 from the subdivision from which credit under this subsection  
3 is sought. An eligible member may establish credited service under  
4 this subsection by filing an application with the retirement  
5 system.

6 (d) A subdivision whose governing body authorized "current  
7 service for military duty" before December 31, 1999, has authorized  
8 credited service [~~credit~~] for qualified military [~~current~~] service  
9 under Subsection (c).

10 (e) Except for credited service established with the  
11 retirement system before December 31, 1999, the maximum amount of  
12 credited service that a person may receive under this section is  
13 five years. If a person would receive more than five years of  
14 credited service as a result of having received credit under  
15 Subsection (c) before receiving credit under Subsection (b), the  
16 retirement system shall cancel credited service under Subsection  
17 (c) to the extent necessary to reduce the total to five years of  
18 credit.

19 [~~(f) Credited service may not be established under this  
20 section for any month of service that is credited under another  
21 section of this subtitle or by another retirement system or program  
22 established or governed by state law.~~]

23 SECTION 26. Subchapter F, Chapter 843, Government Code, is  
24 amended by adding Sections 843.503 and 843.504 to read as follows:

25 Sec. 843.503. CREDITED SERVICE FOR SERVICE WITH SUBDIVISION  
26 PREDECESSOR. The governing body of a participating subdivision  
27 may, with the consent of and on terms approved by the board of

1 trustees, authorize the establishment of credited service in the  
2 retirement system for service performed as an employee of the  
3 immediate predecessor entity of the subdivision.

4 Sec. 843.504. NO DOUBLE CREDITING OF SERVICE. Except as  
5 provided by Chapter 803, credited service may not be established  
6 under this subchapter for any month of service that is credited  
7 under another section of this subtitle or by another retirement  
8 system or program established or governed by state law.

9 SECTION 27. Section 844.001, Government Code, is amended to  
10 read as follows:

11 Sec. 844.001. TYPES OF BENEFITS. (a) Pension [~~The types~~  
12 ~~of~~] benefits payable from the retirement plan and trust [~~by the~~  
13 ~~retirement system~~] are:

14 (1) [~~service~~] retirement annuities payable on service  
15 retirements;

16 (2) [~~disability~~] retirement annuities payable on  
17 disability retirements;

18 (3) survivor annuities payable on the deaths of  
19 members [~~annuity death benefits~~]; and

20 (4) [~~supplemental death benefits, and~~  
21 [~~5~~] refunds of accumulated contributions.

22 (b) Nonpension group term life coverage may be provided by  
23 an electing subdivision for its employees and retirees under the  
24 optional group term life program. The board of trustees shall  
25 administer the program, and insurance proceeds are payable from the  
26 optional group term life fund.

27 SECTION 28. Sections 844.002(b), (c), (d), and (e),

1 Government Code, are amended to read as follows:

2 (b) A basic annuity is an amount payable from the current  
3 service annuity reserve fund and is actuarially determined from the  
4 sum of a member's:

5 (1) accumulated contributions; and

6 (2) current service credit [~~accumulated at interest~~  
7 ~~as provided by Section 843.403(d)~~].

8 (c) A supplemental annuity is an amount payable from the  
9 subdivision accumulation fund, subject to limitation under Section  
10 844.008 [~~reduction under Section 842.054, 842.055, 842.056,~~  
11 ~~842.057, or 845.307(c)~~], and is actuarially determined from the sum  
12 of:

13 (1) a member's allocated prior service credit [~~accumulated at interest as provided by Section 843.105(d)~~]; and

14 (2) a member's multiple matching credit [~~accumulated~~  
15 ~~at interest as provided by Section 843.403(d)~~].

16 (d) Any increase in the annuity granted by a participating  
17 subdivision [~~after December 31, 1978,~~] is payable from the  
18 subdivision accumulation fund as part of the supplemental annuity.

19 (e) A separate retirement annuity is payable with respect to  
20 [~~for~~] each [~~participating~~] subdivision from which a person retires  
21 under this subtitle or is considered to have retired.

22 SECTION 29. Section 844.003, Government Code, is amended to  
23 read as follows:

24 Sec. 844.003. EFFECTIVE DATE OF RETIREMENT. (a) Except as  
25 otherwise provided by this section [~~Subsections (b) and (d)~~], the  
26 effective date of a member's service retirement is the date the  
27

1 member designates at the time the member applies for retirement  
2 under Section 844.101, but the date must be the last day of a  
3 calendar month and may not precede the date the member terminates  
4 employment with the subdivision from which the member seeks to  
5 retire.

6 (b) If a member who is an eligible member under Section  
7 844.407 [~~to select an optional retirement annuity~~] dies before  
8 retirement, the member is considered to have retired on the last day  
9 of the month before the month in which death occurred.

10 (b-1) A vested member who has not retired before the  
11 member's required beginning date determined under Section 841.010  
12 is considered to have retired on the last day of the month preceding  
13 the member's required beginning date.

14 (c) The [~~Except as provided by Subsection (b), the~~]  
15 effective date of a member's disability retirement is the date the  
16 member designates at the time the member applies for retirement  
17 under [~~designated on the application for retirement filed by or for~~  
18 ~~the member as provided by~~] Section 844.301, but the date must be the  
19 last day of a calendar month and may not precede the date the member  
20 terminates employment with all participating subdivisions.

21 (d) A member who is eligible for service retirement and who  
22 terminates employment with a participating subdivision may apply  
23 for and receive a service retirement annuity based on service for  
24 that subdivision despite the fact that the member is or becomes an  
25 employee of another participating subdivision. [~~Credited service~~  
26 ~~with the member's new employer may be used in determining~~  
27 ~~eligibility for service retirement. A member who is eligible for~~

1 ~~service retirement using combined credited service for two or more~~  
2 ~~subdivisions may simultaneously apply for and receive a service~~  
3 ~~retirement annuity for service to one subdivision and a refund of~~  
4 ~~accumulated contributions for service to another subdivision. A~~  
5 ~~person who retires under this subsection is considered for all~~  
6 ~~purposes to be a retiree who resumes service with a different~~  
7 ~~employer under Section 842.110.]~~

8 (e) Notwithstanding Subsections (a), (b), (b-1), and (c),  
9 the effective retirement date of a member may not precede the first  
10 anniversary of [~~the earlier of the effective date of the person's~~  
11 ~~membership in the retirement system or~~] the effective date of  
12 participation of the subdivision [~~from which the member had most~~  
13 ~~recently earned credited service~~].

14 SECTION 30. Subchapter A, Chapter 844, Government Code, is  
15 amended by adding Sections 844.004, 844.0041, and 844.0042 to read  
16 as follows:

17 Sec. 844.004. STANDARD RETIREMENT ANNUITY. (a) The  
18 standard retirement annuity payable under this subtitle is computed  
19 with an allowance for the possible payment of a benefit under  
20 Section 844.402 and is the actuarial equivalent of the sum of a  
21 member's:

- 22 (1) accumulated contributions;
- 23 (2) current service credit;
- 24 (3) allocated prior service credit; and
- 25 (4) multiple matching credit.

26 (b) A standard retirement annuity is payable throughout the  
27 life of a retiree.



1       Sec. 844.0041. OPTIONAL RETIREMENT ANNUITIES. (a) Instead  
2 of the standard retirement annuity payable under Section 844.004, a  
3 retiring member may receive an optional retirement annuity under  
4 this section or an optional retirement annuity in another form  
5 authorized by the board of trustees.

6       (b) At a member's effective retirement date, an optional  
7 retirement annuity is actuarially equivalent to the standard  
8 retirement annuity to which the member is entitled.

9       (c) An optional retirement annuity under this section is:

10       (1) a retirement annuity that is payable monthly  
11 throughout the life of a retiree, and after the retiree's death,  
12 throughout the life of an individual designated by the retiree; or

13       (2) a monthly retirement annuity that is payable  
14 throughout the life of a retiree and, if the retiree dies before 180  
15 monthly payments have been made, the remainder of the 180 monthly  
16 payments are payable to the retiree's beneficiary or, if a  
17 beneficiary does not exist, to the retiree's spouse or, if no  
18 surviving spouse exists, to the retiree's estate.

19       (d) The board of trustees by rule may authorize additional  
20 forms of optional retirement annuities, each of which must be  
21 actuarially equivalent to the standard retirement annuity to which  
22 the retiree is entitled as of the effective retirement date.

23       Sec. 844.0042. AUTHORITY TO PAY BENEFITS UNDER ALTERNATE  
24 FORMS. (a) The board of trustees may authorize the payment of the  
25 benefit that is due a recipient to be made as a lump sum or in  
26 another alternate form that is actuarially equivalent to the  
27 benefit that would otherwise be payable to the recipient at the time

1 payments to the recipient would begin. An authorization under this  
2 subsection may be made as a policy of general application or may be  
3 made on a case-by-case basis considering the particular facts and  
4 circumstances.

5 (b) Payment to a retiree in a lump sum or other alternate  
6 form may not be made without the retiree's consent if the payment is  
7 to be sent to an address in the United States and the present value  
8 of the retiree's benefit exceeds a minimum amount set by the board  
9 of trustees. A retiree who receives payment in a lump sum or other  
10 alternate form under this section continues as a retiree for  
11 purposes of a benefit provided by the subdivision under the  
12 optional group term life program.

13 (c) Except as otherwise limited under Subsection (b),  
14 payment under this section is within the exclusive discretion of  
15 the board of trustees, and payment in a lump sum or other alternate  
16 form constitutes full satisfaction of the retirement benefit  
17 otherwise owed to the recipient.

18 (d) The board of trustees may adopt rules for the  
19 administration of this section, including rules for the payment of  
20 benefits internationally and for the verification of a continuing  
21 right to receive payments.

22 SECTION 31. Section 844.005, Government Code, is amended by  
23 amending Subsections (a) and (b) and adding Subsection (b-1) to  
24 read as follows:

25 (a) A retiree may revoke an application for retirement,  
26 change the retiree's choice of retirement annuity payment plans, or  
27 change the designation of beneficiary after the retiree's effective

1 date of retirement by filing written notice with the retirement  
2 system not later than the last day of the month a benefit payment is  
3 first made [~~following the month that includes the effective date of~~  
4 ~~retirement~~]. After that day, a retiree may not revoke the  
5 application for retirement, change the annuity payment plan  
6 selected, or change the designated beneficiary except under Section  
7 844.006.

8 (b) If an applicant for retirement dies on or before the  
9 last day that the application for retirement could have been  
10 revoked under Subsection (a), the decedent's application for  
11 retirement is considered canceled, except that the valid  
12 beneficiary designations made in connection with the retirement  
13 application remain in effect. The beneficiary of a decedent who had  
14 been an eligible member under Section 844.407 may receive an  
15 annuity in accordance with that section [~~A retiree who dies before~~  
16 ~~the first day of the second month following the month that includes~~  
17 ~~the effective date of retirement and who did not select an optional~~  
18 ~~retirement annuity is considered to have selected an optional~~  
19 ~~annuity under Section 844.104(c)(7) or Section 844.305(c)(7), as~~  
20 ~~applicable. Alternatively, the decedent's beneficiary may elect to~~  
21 ~~receive a refund of the decedent's accumulated contributions under~~  
22 ~~Section 844.401]~~.

23 (b-1) Under rules established by the board of trustees, the  
24 retirement system may cancel an application for retirement if the  
25 applicant fails to timely provide all information and forms  
26 necessary to put the retirement into effect.

27 SECTION 32. Sections 844.006(a), (b), (c), and (d),

1 Government Code, are amended to read as follows:

2 (a) A retiree who is receiving payments under a [~~of a~~  
3 ~~standard service or disability~~] retirement annuity computed on the  
4 life of the retiree only [~~or of an annuity for the retiree's life~~  
5 ~~but with payments to continue after the retiree's death until a~~  
6 ~~determined number of payments have been made~~] may revoke any  
7 existing selection and designation of beneficiary nominated to  
8 receive any payments that may become due under the annuity after the  
9 retiree's death and may select a new beneficiary to whom payments  
10 may be made.

11 (b) A person who, as beneficiary of a deceased retiree, is  
12 receiving monthly payments of any fixed-term annuity described by  
13 Subsection (a) may select and designate a person to whom shall be  
14 paid any monthly payments that may become due under the annuity  
15 after the death of the beneficiary making the designation. If a  
16 valid beneficiary designation is not on file with the retirement  
17 system, any monthly payments that become due after the death of the  
18 beneficiary are payable to the beneficiary's spouse or, if no  
19 surviving spouse exists, to the beneficiary's estate.

20 (c) A retiree who is receiving payments under a retirement  
21 annuity computed on the joint lives of the retiree and the retiree's  
22 designated beneficiary [~~selected an optional annuity under Section~~  
23 ~~844.104(c)(1), (c)(2), (c)(5), or (c)(6) or Section 844.305(c)(1),~~  
24 ~~(c)(2), (c)(5), or (c)(6)~~] may revoke the designation of the  
25 beneficiary to receive the annuity on the death of the retiree, if a  
26 court of competent jurisdiction in a divorce proceeding involving  
27 the retiree and beneficiary awards to the retiree the entire

1 retirement benefit earned by the retiree. The order awarding the  
2 retirement benefit may be set forth in the divorce decree or in an  
3 order approving the terms of a property settlement agreement  
4 incident to the divorce of the retiree and beneficiary but must be  
5 dated on or after December 31, 1999. The revocation takes effect  
6 when the retirement system receives it and cancels the optional  
7 annuity selection made by the retiree. Beginning with the month  
8 following the month in which the retirement system receives the  
9 notice of revocation, the retiree is entitled to receive a standard  
10 [~~service or disability~~] retirement annuity[~~, as applicable,~~] in the  
11 same amount that the retiree would receive for the same month if the  
12 retiree had originally retired with a standard [~~service or~~  
13 ~~disability~~] retirement annuity.

14 (d) If a qualified domestic relations order, as that term is  
15 defined by Section 804.001, so provides, the benefit payable to a  
16 retiree who is receiving payments of a retirement [~~an~~] annuity  
17 computed on the joint lives of the retiree and the person designated  
18 as beneficiary by the retiree [~~for the retiree's life with payments~~  
19 ~~to continue after the retiree's death until the death of another~~  
20 ~~person~~] may be divided by the retirement system into two annuities  
21 if:

22 (1) the person who was designated as beneficiary by  
23 the retiree [~~to receive the continued payment after the retiree's~~  
24 ~~death~~] is the same person as the alternate payee;

25 (2) the order specifies that one of the two annuities  
26 is payable over the remaining life of the retiree, with no payments  
27 to be made under that annuity after the death of the retiree; and

1 (3) the order specifies that the annuity payable to  
2 the alternate payee is payable over the remaining life of that  
3 person, with no payments to be made under that annuity after the  
4 death of the alternate payee named in the order ~~[, and~~

5 ~~[(4) the annuity that would be payable to the person as~~  
6 ~~the alternate payee under the order would not exceed the annuity~~  
7 ~~that would be payable to that person as the retiree's surviving~~  
8 ~~beneficiary under the option selected if the retiree were~~  
9 ~~deceased].~~

10 SECTION 33. Section 844.007, Government Code, is amended to  
11 read as follows:

12 Sec. 844.007. INTEREST CREDIT FOR OTHER THAN DECEMBER  
13 ~~[ADJUSTMENTS APPLICABLE TO MIDYEAR]~~ RETIREMENTS. A member who  
14 retires with an effective retirement date other than December 31  
15 ~~[(a) The adjustments prescribed in this section shall be made in~~  
16 ~~computing the benefits of and to the accounts of any member who~~  
17 ~~retires effective at the end of any month other than December.~~

18 ~~[(b) Interest]~~ will be credited interest on the beginning  
19 balance in the member's individual account from ~~[in the employees~~  
20 ~~saving fund on]~~ January 1 of the year of retirement ~~[from that date]~~  
21 to the effective date of retirement.

22 ~~[(c) An amount equal to the interest computed under~~  
23 ~~Subsection (b) will be credited to the account in the subdivision~~  
24 ~~accumulation fund for the subdivision that employed the member.]~~

25 SECTION 34. Sections 844.009(a), (c), and (h), Government  
26 Code, are amended to read as follows:

27 (a) With the consent of the board of trustees, the governing

1 body of a subdivision may authorize partial lump-sum distributions  
2 under this section. [~~The governing body of a contributing~~  
3 ~~subdivision with a member contribution rate of at least four~~  
4 ~~percent that has not elected to discontinue enrolling employees may~~  
5 ~~adopt the provisions of this section:~~

6 [~~(1) on the terms provided by Subchapter H; or~~

7 [~~(2) if the board of trustees determines that, based~~  
8 ~~on computations by the retirement system's actuary, the adoption~~  
9 ~~would not impair the ability of the subdivision to fund all~~  
10 ~~obligations against its account in the subdivision accumulation~~  
11 ~~fund before the 20th anniversary of the subdivision's most recent~~  
12 ~~actuarial valuation date.]~~

13 (c) The amount of a lump-sum distribution under this section  
14 may not exceed 100 percent of the total accumulated contributions  
15 in the member's individual account in the employees saving fund  
16 attributable to [~~the credited~~] service with the subdivision for  
17 [~~on~~] which the member has applied for retirement.

18 (h) No portion of a benefit awarded to an alternate payee  
19 under a qualified domestic relations order may be distributed in  
20 the form of a lump sum under this section, unless [~~except that if~~]  
21 the member and the alternate payee agree in writing that the  
22 alternate payee will receive all or a portion of the lump-sum  
23 distribution payable under this section instead of or as part of the  
24 benefits awarded under the qualified domestic relations order [~~the~~  
25 ~~amount of the lump-sum distribution described in the agreement may~~  
26 ~~be paid directly to the alternate payee in complete satisfaction of~~  
27 ~~the alternate payee's marital property rights and interest in the~~

1 ~~member's benefit~~].

2 SECTION 35. Section 844.010, Government Code, is amended by  
3 adding Subsection (d) to read as follows:

4 (d) The board of trustees may adopt rules concerning the  
5 designation, validity, cancellation, revocation, and eligibility  
6 of beneficiaries under this subtitle.

7 SECTION 36. Section 844.101, Government Code, is amended to  
8 read as follows:

9 Sec. 844.101. APPLICATION FOR SERVICE RETIREMENT ANNUITY.  
10 To receive a retirement annuity for service, an eligible [A] member  
11 must [may] apply [for a service retirement annuity] by filing a  
12 valid [an] application [for retirement] with the retirement system  
13 on or before the member's effective retirement date designated on  
14 the application.

15 SECTION 37. Section 844.102, Government Code, is amended to  
16 read as follows:

17 Sec. 844.102. SYSTEMWIDE ELIGIBILITY FOR SERVICE  
18 RETIREMENT ANNUITY. (a) A member is eligible to apply for and  
19 receive a service retirement annuity if the member:

20 (1) is at least 60 years old and has at least 10 [~~12~~]  
21 years of credited service in the retirement system;

22 (2) has at least 30 years of credited service in the  
23 retirement system; or

24 (3) has at least 10 years of credited service in the  
25 retirement system and the sum of the member's credited service and  
26 attained age equals or exceeds the number 80 [~~met the eligibility~~  
27 ~~requirements for service retirement under Section 844.207,~~



1 ~~844.210, 844.211, or 844.212~~].

2 (b) A person who has retired under this section with a  
3 service retirement annuity is eligible, without regard to any age  
4 or credited service requirement, to apply for and receive a service  
5 retirement annuity based on the member's accumulated contributions  
6 and service credit with any [~~for another~~] participating subdivision  
7 from which the person has terminated employment.

8 SECTION 38. Subchapter B, Chapter 844, Government Code, is  
9 amended by adding Sections 844.1021 and 844.1022 to read as  
10 follows:

11 Sec. 844.1021. OPTIONAL ELIGIBILITY PROVISIONS FOR SERVICE  
12 RETIREMENT. (a) In accordance with this subtitle, a subdivision  
13 may adopt any optional service retirement eligibility provision  
14 described by this section or authorized by the board of trustees.

15 (b) A subdivision may not revoke its adoption of an optional  
16 service retirement eligibility provision described by this  
17 section. A subdivision may adopt an optional service retirement  
18 eligibility provision providing less restrictive eligibility  
19 requirements.

20 (c) An optional service retirement eligibility provision  
21 may provide that a member who has at least 10 years of credited  
22 service is eligible to apply for retirement if the member has  
23 attained age 60 or an age at which the sum of the member's credited  
24 service and attained age equals or exceeds the number 75.

25 (d) An optional service retirement eligibility provision  
26 may provide that a member who has at least eight years of credited  
27 service is eligible to apply for retirement if the member has

1 attained age 60.

2 (e) An optional service retirement eligibility provision  
3 may provide that a member who has at least five years of credited  
4 service is eligible to apply for retirement if the member has  
5 attained age 60.

6 (f) An optional service retirement eligibility provision  
7 may provide that a member who has at least 20 years of credited  
8 service is eligible to apply for retirement.

9 (g) The board of trustees may authorize additional optional  
10 service retirement eligibility provisions for adoption by  
11 participating subdivisions.

12 (h) The board of trustees shall establish rules for  
13 recognizing and combining a member's service credited under  
14 dissimilar retirement eligibility provisions for purposes of  
15 meeting the retirement eligibility provisions of the respective  
16 subdivisions.

17 Sec. 844.1022. SPECIAL ELIGIBILITY PROVISIONS FOR SERVICE  
18 RETIREMENT. (a) Subject to the consent of the board of trustees  
19 and effective for the period and on terms that the board approves, a  
20 subdivision may adopt a special service retirement eligibility  
21 provision that relates to a singular, identifiable event or action  
22 particular to the subdivision and that applies only to its members  
23 who satisfy the specific terms of the special eligibility  
24 provision.

25 (b) A special service retirement eligibility provision must  
26 bear a rational relationship to the operation, management, and  
27 function of the subdivision.

1        (c) A special service retirement eligibility provision may  
2 not be adopted or implemented under this section in a manner that  
3 has the effect of establishing a separate, ongoing retirement  
4 program for a branch, department, division, employee occupational  
5 group, or other separately identifiable component of the  
6 subdivision.

7        SECTION 39. Sections 844.208(b), (c), and (d), Government  
8 Code, are amended to read as follows:

9        (b) The amount of annuity increase under this section is  
10 computed as the sum of the basic and supplemental annuities on the  
11 effective date of retirement of the person on whose service the  
12 annuities are based and ~~[or, if the person's current annuity has~~  
13 ~~been increased under Section 844.006(c) or (d), 844.104(c)(5), or~~  
14 ~~844.305(c)(5), the sum of the basic and supplemental annuities]~~ is  
15 computed as if the person had selected a standard [~~service or~~  
16 ~~disability~~] retirement annuity on the person's effective date of  
17 retirement, multiplied by:

18            (1) the percentage change in the Consumer Price Index  
19 for All Urban Consumers, published by the Bureau of Labor  
20 Statistics of the United States Department of Labor, from December  
21 of the year immediately preceding the effective date of the  
22 person's retirement to the December that is 13 months before the  
23 month in which the effective date of the order or resolution  
24 providing the increase occurs; and

25            (2) a fraction, specified by the governing body in the  
26 order or resolution, that is not less than 10 ~~[30]~~ percent nor more  
27 than 100 percent and is a multiple of 10 percent.

1 (c) The [~~Except as provided by Subsection (g), the~~]  
2 effective date of an order or resolution under this section is  
3 January 1 of the year that begins after the year in which the  
4 governing body adopts and notifies the retirement system of the  
5 order or resolution.

6 (d) An increase in an annuity that was reduced because of an  
7 option selection or partial lump-sum distribution is reducible in  
8 the same proportion and in the same manner that the original annuity  
9 was reduced.

10 SECTION 40. Section 844.209(e), Government Code, is amended  
11 to read as follows:

12 (e) An increase in an annuity that was reduced because of an  
13 option selection or partial lump-sum distribution is reducible in  
14 the same proportion and in the same manner that the original annuity  
15 was reduced.

16 SECTION 41. Section 844.301, Government Code, is amended to  
17 read as follows:

18 Sec. 844.301. APPLICATION FOR DISABILITY RETIREMENT  
19 [~~ANNUITY~~]. (a) A member may apply for [~~a~~] disability retirement  
20 [~~annuity~~] by[~~+~~

21 [~~(1)~~] filing a valid [~~an~~] application for retirement  
22 with the retirement system[~~, or~~

23 [~~(2)~~] ~~having an application filed with the system by~~  
24 ~~the member's employer or legal representative.~~

25 [~~(b)~~ ~~An application for a disability retirement annuity~~  
26 ~~must be filed~~] on or before the member's effective retirement date  
27 designated on the application.

1           **(b)** ~~[(c)]~~ An applicant must provide medical and other  
2 pertinent information for evaluation by the medical board and  
3 submit to medical examination as required by the medical board.

4           SECTION 42. Subchapter D, Chapter 844, Government Code, is  
5 amended by adding Section 844.3011 to read as follows:

6           Sec. 844.3011. ANNUITY PAYABLE ON DISABILITY RETIREMENT.  
7 Except for eligibility requirements and as otherwise provided by  
8 this subtitle, a retirement annuity payable on the disability  
9 retirement of a member is equal in amount and equivalent in all  
10 respects under this subtitle to a retirement annuity payable on the  
11 service retirement of the member at the same age.

12           SECTION 43. Section 844.302, Government Code, is amended to  
13 read as follows:

14           Sec. 844.302. ELIGIBILITY FOR DISABILITY RETIREMENT  
15 ANNUITY. (a) A ~~[(c)]~~ ~~member~~ who is not ~~[(a)]~~ vested for service retirement beginning on or before  
16 the member attains age 60 and who has applied for disability  
17 retirement ~~[member under Section 844.202]~~ is eligible to ~~[apply for~~  
18 ~~and]~~ receive a disability retirement annuity if the member is the  
19 subject of a certification issued as provided by Section  
20 844.303(b)(1).

22           (b) A ~~[(c)]~~ ~~member~~ who  
23 is ~~[(a)]~~ vested for service retirement based on service in this system  
24 alone beginning on or before the member attains age 60 and who has  
25 applied for disability retirement ~~[member under Section 844.202]~~ is  
26 eligible to ~~[apply for and]~~ receive a ~~[disability]~~ retirement  
27 annuity if the member is the subject of a certification issued as

1 provided by Section 844.303(b)(2). [~~A member eligible to receive a~~  
2 ~~disability retirement annuity under this subsection may, if the~~  
3 ~~member is eligible for service retirement, elect to receive a~~  
4 ~~service retirement annuity but may not receive both annuities.]~~

5 (c) If a member who has filed an application for disability  
6 retirement under this subchapter is eligible for service  
7 retirement, an evaluation by the medical board under Section  
8 844.303 will not be made and the retirement system shall consider  
9 the retirement application as an application filed for service  
10 retirement. [~~A member is not eligible to retire for disability~~  
11 ~~before the first anniversary of the earlier of the effective date of~~  
12 ~~the person's membership or the effective date of participation of~~  
13 ~~the subdivision from which the member had most recently earned~~  
14 ~~credited service.]~~

15 SECTION 44. Section 844.303, Government Code, is amended to  
16 read as follows:

17 Sec. 844.303. CERTIFICATION OF DISABILITY. (a) Except as  
18 provided by Section 844.302(c) and Subsection (c) of this section,  
19 as [~~As~~] soon as practicable after an application for disability  
20 retirement is filed, the medical board shall evaluate the medical  
21 and other pertinent information concerning the member's  
22 application.

23 (b) The medical board shall issue a certification of  
24 disability and submit it to the board of trustees, if the medical  
25 board finds:

26 (1) in the case of a member described by Section  
27 844.302(a) [~~who is not a vested member under Section 844.202],~~

1 that:

2 (A) the member is mentally or physically  
3 incapacitated for any gainful occupation;

4 (B) the incapacity is the direct result of  
5 injuries sustained during membership by external and violent means  
6 as a direct and proximate result of the performance of duty; and

7 (C) the incapacity is likely to be permanent;  
8 ~~and~~

9 ~~[(D) the member should be retired;] or~~

10 (2) in the case of a member described by Section  
11 844.302(b) ~~[who is a vested member under Section 844.202]~~, that:

12 (A) the member is mentally or physically  
13 incapacitated for any gainful occupation; and

14 (B) the incapacity is likely to be permanent~~+~~  
15 ~~and~~

16 ~~[(C) the member should be retired].~~

17 (c) The board of trustees may establish a procedure for  
18 summary disposition of disability retirement applications without  
19 medical board review under facts and circumstances that the board  
20 has determined cause a review by the medical board to be  
21 unnecessary. The board may delegate to the director the authority  
22 and discretion to make determinations under the summary disposition  
23 procedure and, if appropriate, to issue a certification of  
24 disability described by Subsection (b) or refer the matter to the  
25 medical board. The director is not authorized under this section to  
26 make a finding that an applicant is not permanently incapacitated.

27 (d) The board of trustees may define terms and standards to

1 be applied by the medical board in making its determinations and  
2 shall establish such other rules as the board considers necessary  
3 to administer this subchapter.

4 SECTION 45. Section 844.3051, Government Code, is amended  
5 to read as follows:

6 Sec. 844.3051. DISABILITY RETIREMENT CONSIDERED SERVICE  
7 RETIREMENT [~~ANNUITIES NOT SUBJECT TO DISCONTINUANCE~~]. (a) The  
8 retirement annuity of a disability retiree may not be terminated  
9 under this subchapter after [~~After~~] the earlier of:

10 (1) the date a disability retiree attains age 60; or

11 (2) the date the disability retiree would otherwise be  
12 [~~have become~~] eligible for service retirement under this subtitle [~~7~~  
13 ~~the retiree's disability retirement annuity may not be revoked or~~  
14 ~~discontinued under this subtitle, and the retiree is not subject to~~  
15 ~~further medical examinations or required to submit annual earnings~~  
16 ~~reports~~].

17 (b) The [~~A~~] disability retirement of a disability retiree  
18 described by Subsection (a) [~~annuity that is not subject to~~  
19 ~~revocation or discontinuance~~] is considered for all purposes under  
20 this subtitle as a service retirement [~~annuity if the retiree~~  
21 ~~returns to employment with a participating subdivision~~].

22 SECTION 46. Sections 844.306(a) and (c), Government Code,  
23 are amended to read as follows:

24 (a) Until the date a disability retirement is considered a  
25 service retirement under Section 844.3051, once [~~Once~~] each year  
26 during the first five years after a person retires for disability,  
27 and once in each three-year period after that, the board of trustees



1 may, in accordance with rules and procedures established by the  
2 board, require a disability retiree to undergo a medical  
3 examination and provide current medical and other information  
4 reaffirming the status of the retiree as disabled within the  
5 meaning of this subchapter.

6 (c) If a disability retiree refuses to submit to [~~a~~] medical  
7 examination or fails to provide current medical or other  
8 information confirming the status of the retiree as disabled [~~as~~  
9 ~~provided by this section~~], the board of trustees may cancel the  
10 disability retirement and terminate the retirement annuity [~~shall~~  
11 ~~suspend the retiree's annuity payments until the retiree submits to~~  
12 ~~an examination. If a retiree has not submitted to an examination as~~  
13 ~~provided by this section before the first anniversary of the date of~~  
14 ~~first refusal, the board shall revoke all rights of the retiree to~~  
15 ~~an annuity~~].

16 SECTION 47. Section 844.307, Government Code, is amended to  
17 read as follows:

18 Sec. 844.307. CANCELLATION [~~CERTIFICATION~~] OF [~~END OF~~]  
19 DISABILITY RETIREMENT. (a) If the medical board finds that a  
20 disability retiree has experienced medical improvement to the  
21 extent that the retiree is no longer mentally or physically  
22 incapacitated [~~for the performance of duty or is engaged in or able~~  
23 ~~to engage in gainful occupation~~], it shall certify its findings and  
24 submit them to the board of trustees.

25 (b) In accordance with rules and procedures adopted by the  
26 board, [~~If~~] the board of trustees may adopt the findings of the  
27 medical board and cancel the disability retirement and terminate

1 ~~[concurrs in a certification under this section, it shall~~  
2 ~~discontinue]~~ annuity payments to the retiree.

3 SECTION 48. Section 844.309, Government Code, is amended to  
4 read as follows:

5 Sec. 844.309. ADJUSTMENTS AT ANNUITY TERMINATION  
6 ~~[DISCONTINUANCE]~~. (a) If a disability retirement is canceled and  
7 the retirement annuity terminated under this subchapter, the person  
8 automatically resumes membership in the retirement system and  
9 ~~[person's membership resumes under Section 844.308,]~~ the  
10 retirement system shall transfer:

11 (1) from the current service annuity reserve fund and  
12 credit to the person's individual account in the employees saving  
13 fund an amount equal to the amount of accumulated contributions  
14 transferred to the current service annuity reserve fund at the time  
15 of retirement reduced by one percent for each year or part of a year  
16 during which disability annuity payments were made; and

17 (2) from the current service annuity reserve fund to  
18 the subdivision accumulation fund an amount equal to the amount  
19 transferred from the subdivision accumulation fund to the current  
20 service annuity reserve fund at the time of retirement reduced by  
21 one percent for each year or part of a year during which disability  
22 annuity payments were made.

23 (b) If a person whose membership resumes under this section  
24 ~~[Section 844.308]~~ was receiving a supplemental annuity based in  
25 whole or in part on prior service credit, the retirement system  
26 shall restore to effect as the person's maximum prior service  
27 credit an amount equal to the person's maximum prior service credit

1 at the time of disability retirement reduced by one percent for each  
2 year or part of a year during which disability annuity payments were  
3 made.

4 (c) A person who resumes membership under this section  
5 [~~Section 844.308~~] is entitled to restoration of credited service in  
6 the number of months accumulated and allowed before disability  
7 retirement.

8 (d) The board of trustees may adopt rules for the  
9 computation and transfer of amounts and credits for a membership  
10 resumed under this subchapter.

11 SECTION 49. Section 844.405, Government Code, is amended to  
12 read as follows:

13 Sec. 844.405. TRUST AS BENEFICIARY. (a) Except as limited  
14 [~~provided~~] by Subsection (b), a member or retiree may designate a  
15 trust as beneficiary for the payment of benefits from the  
16 retirement system or may designate multiple trusts as beneficiaries  
17 for the payment of benefits from the system in the same manner and  
18 with the same limitations that apply to the designation of multiple  
19 beneficiaries. If a trust is designated beneficiary, the  
20 beneficiary of the trust is considered the designated beneficiary  
21 for the purpose of determining eligibility for and the amount and  
22 duration of benefits. The trustee is entitled to exercise any  
23 rights granted a designated beneficiary to elect benefit options  
24 and name subsequent beneficiaries.

25 (b) Multiple trusts or a single [A] trust having multiple  
26 beneficiaries [~~more than one beneficiary~~] may not receive benefits  
27 to which multiple designated beneficiaries are not eligible under

1 this chapter.

2 SECTION 50. The heading to Section 844.407, Government  
3 Code, is amended to read as follows:

4 Sec. 844.407. SURVIVOR ANNUITY [~~DEATH BENEFIT~~].

5 SECTION 51. Sections 844.407(a) through (e), Government  
6 Code, are amended to read as follows:

7 (a) In this section "eligible member" means[+]

8 [~~(1)~~] a member who has four or more years of credited  
9 service with one or more subdivisions that are participating in the  
10 retirement system [~~and that are not exempted from the application~~  
11 ~~of this subdivision;~~

12 [~~(2)~~] ~~a vested member described by Section 844.202 who~~  
13 ~~is at least 60 years of age or has 20 or more years of credited~~  
14 ~~service in the retirement system; or~~

15 [~~(3)~~] ~~a member who is receiving a service retirement~~  
16 ~~annuity].~~

17 (b) Instead of any other benefit allowed under this subtitle  
18 other than an optional group term life benefit, an [An] annuity  
19 described by this section may be [selected and] paid on the death of  
20 an eligible member who had not filed an application for retirement  
21 or whose application for retirement had been revoked or canceled  
22 under Section 844.005 [before the effective date of the member's  
23 retirement instead of any other benefit allowed under this  
24 subtitle, except that a supplemental death benefit under Subchapter  
25 F may also be paid].

26 (c) An annuity under this section is payable to the valid  
27 beneficiary designated on the unrevoked form most recently executed

1 by the member and filed with the system naming a beneficiary. If no  
2 valid beneficiary exists or if the member died without having  
3 designated a valid beneficiary, the annuity is payable to the  
4 deceased member's surviving spouse or, if no surviving spouse  
5 exists, to the deceased member's estate. [~~An eligible member may,~~  
6 ~~before the effective date of the member's retirement, file with the~~  
7 ~~board of trustees on a form prescribed by the board a selection of~~  
8 ~~an optional service retirement annuity available under Section~~  
9 ~~844.104 and a designation of beneficiary.]~~

10 (d) Any annuity payable under this section must be  
11 actuarially equivalent to the deceased member's benefit accrued  
12 under this subtitle determined as of the last day of the month  
13 preceding the month of the member's death. The annuity is payable  
14 in the form and manner authorized by the board of trustees. [A  
15 ~~member who is entitled under this section to select one of the~~  
16 ~~optional service retirement annuities authorized by Section~~  
17 ~~844.104 may elect instead to name a beneficiary who, on the death of~~  
18 ~~the member before retirement, will be allowed to choose any benefit~~  
19 ~~that the member could have chosen to be paid to the beneficiary,~~  
20 ~~with like effect as if the selection had been made by the member.]~~

21 (e) An annuity under this section is payable from the same  
22 accounts and is subject to the same conditions that are applicable  
23 to a service retirement benefit for the same member. [~~If no~~  
24 ~~application for deferred service retirement was on file with the~~  
25 ~~retirement system on December 31, 1999, an unrevoked form executed~~  
26 ~~by the member and filed with the system naming a beneficiary to whom~~  
27 ~~the member's accumulated contributions are to be paid in the event~~

1 ~~of death before retirement is considered a selection of a~~  
2 ~~beneficiary under Subsection (d).]~~

3 SECTION 52. Section 844.408(b), Government Code, is amended  
4 to read as follows:

5 (b) If the [~~a surviving spouse or the executor or~~  
6 administrator of a deceased member's estate would be entitled to a  
7 refund or an annuity [~~make an election under Section 842.110, or if~~  
8 ~~a beneficiary or the executor or administrator of a deceased~~  
9 ~~member's estate would be entitled to make an election under Section~~  
10 ~~844.407]~~ because of the death of the member, the heirs of the  
11 deceased member may apply for and receive the benefit [~~make that~~  
12 ~~election]~~ if:

13 (1) [~~no surviving spouse exists, or, if Section~~  
14 ~~844.407 is applicable, no surviving beneficiary exists,~~

15 [~~(2)~~] no petition for the appointment of a personal  
16 representative of the member is pending or has been granted;

17 (2) [~~(3)~~] 30 days have elapsed since the date of death  
18 of the member;

19 (3) [~~(4)~~] the value of the entire assets of the  
20 member's probate estate, excluding homestead and exempt property,  
21 does not exceed \$50,000; and

22 (4) [~~(5)~~] on file with the retirement system is a  
23 certified copy of a small estates affidavit that has been approved  
24 and filed in accordance with Section 137, Texas Probate Code, or an  
25 original affidavit described by Subsection (c).

26 SECTION 53. The heading to Subchapter F, Chapter 844,  
27 Government Code, is amended to read as follows:

1 SUBCHAPTER F. OPTIONAL GROUP TERM LIFE PROGRAM [~~DEATH BENEFITS~~]

2 SECTION 54. Section 844.501, Government Code, is amended to  
3 read as follows:

4 Sec. 844.501. COVERAGE IN OPTIONAL GROUP TERM LIFE  
5 [~~SUPPLEMENTAL DEATH BENEFIT~~] PROGRAM. (a) An employee of a  
6 participating subdivision is included within the coverage of the  
7 optional group term life [~~supplemental death benefit~~] program on  
8 that day in the first month in which:

9 (1) the employing subdivision is participating in the  
10 program [~~supplemental death benefits fund~~] for coverage of all  
11 members it employs;

12 (2) the employee is a member of the retirement system;  
13 and

14 (3) the employee is required to make a contribution to  
15 the retirement system.

16 (b) Once established, coverage of a person in the  
17 [~~supplemental death benefit~~] program continues until the last day  
18 of a month in which a requirement of Subsection (a) is not met.

19 (c) The optional group term life [~~supplemental death~~  
20 ~~benefit~~] program constitutes "group term life insurance purchased  
21 for employees" as described by Section 79, Internal Revenue Code of  
22 1986.

23 SECTION 55. The heading to Section 844.502, Government  
24 Code, is amended to read as follows:

25 Sec. 844.502. EXTENDED OPTIONAL GROUP TERM LIFE  
26 [~~SUPPLEMENTAL DEATH BENEFIT~~] COVERAGE.

27 SECTION 56. Section 844.502(a), Government Code, is amended

1 to read as follows:

2 (a) A member included in the coverage of the optional group  
3 term life [~~supplemental death benefit~~] program who fails to earn  
4 compensation in a month for service to a subdivision participating  
5 in the program [~~supplemental death benefits fund~~] may be eligible  
6 to receive extended coverage in the program under this section.

7 SECTION 57. The heading to Section 844.503, Government  
8 Code, is amended to read as follows:

9 Sec. 844.503. MEMBER OPTIONAL GROUP TERM LIFE [~~SUPPLEMENTAL~~  
10 ~~DEATH BENEFIT~~].

11 SECTION 58. Sections 844.503(b) and (d), Government Code,  
12 are amended to read as follows:

13 (b) If a person included in the coverage or extended  
14 coverage of the optional group term life [~~supplemental death~~  
15 ~~benefit~~] program dies, a lump-sum supplemental death benefit is  
16 payable from the optional group term life [~~supplemental death~~  
17 ~~benefits~~] fund in an amount equal to the current annual  
18 compensation of the member at the time of death.

19 (d) If a member, because of a change in employment, makes  
20 contributions to the retirement system during the same month as an  
21 employee of more than one subdivision participating in the optional  
22 group term life program [~~supplemental death benefits fund~~], a death  
23 benefit is payable only on the basis of the member's most recent  
24 employment. If a member, because of simultaneous employment by  
25 more than one subdivision, makes contributions to the retirement  
26 system during the same month as an employee of more than one  
27 subdivision participating in the program [~~supplemental death~~



1 ~~benefits fund~~], a death benefit is payable on the basis of the  
2 member's employment by each subdivision participating in the  
3 program ~~[fund]~~.

4 SECTION 59. Sections 844.504 and 844.505, Government Code,  
5 are amended to read as follows:

6 Sec. 844.504. RETIREE OPTIONAL GROUP TERM LIFE  
7 ~~[SUPPLEMENTAL DEATH]~~ BENEFIT. If a retiree dies who was receiving a  
8 retirement annuity based on service for a subdivision that has  
9 elected to provide, and continues to provide, postretirement  
10 optional group term life coverage ~~[supplemental death benefits]~~, a  
11 lump-sum ~~[supplemental]~~ death benefit is payable from the optional  
12 group term life fund in the amount of \$5,000.

13 Sec. 844.505. BENEFICIARY OF OPTIONAL GROUP TERM LIFE  
14 BENEFIT ~~[SUPPLEMENTAL DEATH BENEFIT]~~. (a) Unless a member has  
15 directed otherwise on a form prescribed by the board of trustees and  
16 filed with the retirement system:

17 (1) an optional group term life ~~[a supplemental death]~~  
18 benefit under Section 844.503 is payable to the person entitled to  
19 receive the decedent's accumulated contributions, unless the  
20 decedent was an eligible member under Section 844.407 ~~[to select an~~  
21 ~~optional service retirement annuity]~~, in which case the benefit is  
22 payable to the beneficiary designated by the decedent or, if no  
23 designation was made, to the person entitled under that section to  
24 receive a survivor ~~[an optional]~~ annuity; and

25 (2) an optional group term life ~~[a supplemental death]~~  
26 benefit under Section 844.504 is payable to a person entitled to  
27 receive any remaining payments of the decedent's annuity.

1 (b) If a person entitled under this section to receive an  
2 optional group term life [~~a supplemental death~~] benefit does not  
3 survive the member or retiree covered by the optional group term  
4 life [~~supplemental death benefit~~] program, the benefit is payable  
5 to the person to whom a benefit under Subchapter B or D is payable,  
6 or if no benefit is payable under those subchapters, to the person  
7 to whom a benefit under Subchapter E is or would be payable.

8 SECTION 60. The heading to Subchapter G, Chapter 844,  
9 Government Code, is amended to read as follows:

10 SUBCHAPTER G. FIXED CONTRIBUTION RATE PLAN [~~OPTIONAL ADDITIONAL~~  
11 ~~SUBDIVISION CONTRIBUTIONS OR DECREASE IN CREDITS~~]

12 SECTION 61. Section 844.606(f), Government Code, is amended  
13 to read as follows:

14 (f) The lower percentage to be used in determining multiple  
15 matching credits provided for by Subsection (b) must be a multiple  
16 of five [~~10~~] percent of the amount of member contributions.

17 SECTION 62. Subchapter G, Chapter 844, Government Code, is  
18 amended by adding Section 844.609 to read as follows:

19 Sec. 844.609. INCREASE IN SERVICE CREDITS AND ADOPTION OF  
20 BENEFIT OPTIONS. (a) A subdivision, other than a county, not  
21 otherwise subject to the provisions of Subchapter H may by order or  
22 resolution increase the percentages used to determine multiple  
23 matching credits and allocated prior service credits in the same  
24 manner and to the same extent as if it were a subdivision subject to  
25 the provisions of Subchapter H.

26 (b) A subdivision, other than a county, not otherwise  
27 subject to the provisions of Subchapter H may by order adopt or

1 authorize any option described by Section 844.704(d) in the same  
2 manner and to the same extent as if it were a subdivision subject to  
3 the provisions of Subchapter H.

4 (c) A subdivision, other than a county, may not adopt an  
5 increase in service credits or an additional benefit option under  
6 this section, or adopt an increase in the rate of member  
7 contributions under Section 845.402, unless the actuary determines  
8 that the amortization period for all obligations of the  
9 subdivision, inclusive of any increase or additional benefit  
10 option, does not exceed 20 years.

11 (d) Notwithstanding Section 844.605(c), a subdivision,  
12 other than a county, may adopt a supplemental contribution rate  
13 under this subchapter of any percentage that the actuary determines  
14 will not cause the amortization period for all obligations of the  
15 subdivision to exceed 20 years.

16 SECTION 63. Section 844.703(e), Government Code, is amended  
17 to read as follows:

18 (e) In addition to the normal contributions and prior  
19 service contributions under this subchapter, the subdivision shall  
20 make the picked-up employee contributions provided by Section  
21 845.403(i), and those contributions, along with optional group term  
22 life [~~supplemental death benefit fund~~] contributions, are not  
23 subject to the maximum subdivision contribution rates prescribed by  
24 Subsection (c).

25 SECTION 64. Sections 844.704(a) and (d), Government Code,  
26 are amended to read as follows:

27 (a) On the adoption of the plan provisions of this

1 subchapter, the governing body of the subdivision shall select a  
2 percentage for determining multiple matching credits under Section  
3 843.402 [~~843.403~~]. The governing body shall select a percentage of  
4 zero or any percentage that is a multiple of five percent and that  
5 does not exceed 150 percent, or it may select the multiple matching  
6 percentage that the subdivision has in effect on the date of its  
7 adoption of the plan provisions of this subchapter. The governing  
8 body may later increase the percentage used in determining multiple  
9 matching credits under Section 843.402 [~~843.403~~] to any percentage  
10 that is a multiple of five percent to take effect on the next  
11 January 1 after the date the increase is adopted, except that the  
12 sum of the percentage for current service credits under Section  
13 843.402 [~~843.403~~] and the percentage for multiple matching credits  
14 may not exceed 250 percent. In its order or resolution, the  
15 governing body may provide that the increased percentage will be  
16 used in determining multiple matching credits under Section 843.402  
17 [~~843.403~~] only for employee contributions made after the effective  
18 date of the increase or that the increased percentage will be used  
19 both prospectively and retroactively in determining the multiple  
20 matching credits for all employee contributions not otherwise  
21 matched at a higher percentage. The governing body may thereafter  
22 reduce the percentage used in determining multiple matching credits  
23 under Section 843.402 [~~843.403~~] for contributions made after the  
24 effective date of the reduction to zero or any percentage that is a  
25 multiple of five percent, to take effect on the next January 1 after  
26 the date of the reduction.

27 (d) The governing body of a subdivision [~~that has adopted or~~

1 ~~is adopting the plan provisions of this subchapter]~~ may adopt or  
2 authorize:

3 (1) an increase in retirement annuities under Section  
4 844.209;

5 (2) an increase in retirement annuities under Section  
6 844.208;

7 (3) the reestablishment of service credit previously  
8 forfeited under Section 843.003;

9 (4) the establishment of credited service for military  
10 service under Section 843.502(c) [~~843.601(c)~~];

11 (5) an optional service retirement [~~the benefit~~]  
12 eligibility provision [~~plan~~] described by Section 844.1021  
13 [~~844.210, 844.211, or 844.212~~]; or

14 (6) the partial lump-sum distribution on service  
15 retirement under Section 844.009.

16 SECTION 65. Section 845.003(b), Government Code, is amended  
17 to read as follows:

18 (b) If a person serving as a trustee ceases to meet an  
19 eligibility requirement under Subsection (a), the person [~~may not~~  
20 ~~act as a trustee and~~] shall vacate the office of trustee.

21 SECTION 66. Section 845.007, Government Code, is amended by  
22 amending Subsection (c) and adding Subsections (e) and (f) to read  
23 as follows:

24 (c) Except as otherwise permitted by Section 845.301(a-1),  
25 Chapter 551, or other law, all [~~All~~] meetings of the board must be  
26 open to the public.

27 (e) Notwithstanding Chapter 551 or any other law, the board

1 of trustees may hold an open or closed meeting by telephone  
2 conference call, videoconference, or other similar  
3 telecommunication method. The board may use a telephone conference  
4 call, videoconference, or other similar telecommunication method  
5 for purposes of establishing a quorum or voting or for any other  
6 meeting purpose in accordance with Subsection (f) and this  
7 subsection. This subsection applies without regard to the subject  
8 matter discussed or considered by the board at the meeting.

9 (f) A meeting held by telephone conference call,  
10 videoconference, or other similar telecommunication method:

11 (1) is subject to the notice requirements applicable  
12 to other board meetings;

13 (2) may not be held unless notice of the meeting  
14 specifies the location of the meeting at which at least one trustee  
15 of the board will be physically present; and

16 (3) must be open and audible to the public at the  
17 location specified in the notice under Subdivision (2) during the  
18 open portions of the meeting.

19 SECTION 67. Section 845.102, Government Code, is amended to  
20 read as follows:

21 Sec. 845.102. RULES AND STANDARDS [~~RULEMAKING~~]. (a) The  
22 board of trustees shall adopt rules and perform reasonable  
23 activities necessary or desirable for efficient administration of  
24 the system.

25 (b) Subject to the provisions of this subtitle, the board of  
26 trustees may establish systemwide standards to which all  
27 subdivisions are subject and that apply to all members of the

1 retirement system or to all members similarly situated in a class.  
2 The board may establish or modify a systemwide standard at a time  
3 and in a manner the board determines to be appropriate and in the  
4 best interests of the system, the members, or their beneficiaries.

5 SECTION 68. Subchapter B, Chapter 845, Government Code, is  
6 amended by adding Section 845.111 to read as follows:

7 Sec. 845.111. INSURANCE. Notwithstanding any other law,  
8 the board of trustees may self-insure or purchase any insurance the  
9 board considers reasonable and prudent for the performance of board  
10 duties and prerogatives.

11 SECTION 69. Section 845.114, Government Code, is amended to  
12 read as follows:

13 Sec. 845.114. DEFINITION OF PARTICIPANT; OBTAINING  
14 INFORMATION. (a) In this section, "participant" means a member,  
15 former member, retiree, annuitant, beneficiary, or alternate payee  
16 of the retirement system.

17 (b) The retirement system [board of trustees] shall obtain  
18 from participants and subdivisions [a member or a participating  
19 subdivision] information necessary for the proper operation and  
20 administration of the [retirement] system.

21 (c) Each participant and subdivision shall timely provide  
22 to the retirement system in the form and manner specified by the  
23 system information the board of trustees determines to be necessary  
24 for the proper operation and administration of the system.

25 ~~[(b) The board may require reports from the participating~~  
26 ~~subdivisions for the efficient handling of members' deposits. A~~  
27 ~~participating subdivision shall:~~

1           ~~[(1) prepare the reports in the form specified by the~~  
2 ~~board, and~~  
3           ~~[(2) file the reports at the time specified by the~~  
4 ~~board.]~~

5           SECTION 70. The heading to Section 845.115, Government  
6 Code, is amended to read as follows:

7           Sec. 845.115. CONFIDENTIALITY OF PARTICIPANT INFORMATION  
8 ~~[ABOUT MEMBERS, RETIREES, ANNUITANTS, OR BENEFICIARIES].~~

9           SECTION 71. Section 845.115, Government Code, is amended by  
10 amending Subsections (a) and (d) and adding Subsections (b-1), (e),  
11 and (f) to read as follows:

12           (a) Information contained in records in the custody of the  
13 retirement system or maintained in the custody of another  
14 governmental entity or an administrator or carrier acting in  
15 cooperation with or on behalf of the retirement system concerning a  
16 participant ~~[an individual member, retiree, annuitant, or~~  
17 ~~beneficiary]~~ is confidential. Except as otherwise provided by this  
18 section, the retirement system is not required to accept or comply  
19 with a request for a record or information about a record of a  
20 participant or to seek an opinion from the attorney general because  
21 the records of a participant are exempt from the public information  
22 provisions of ~~[and is not subject to public disclosure under]~~  
23 Chapter 552. The information may not be disclosed in a form  
24 identifiable with a specific individual unless:

25           (1) the information is disclosed to:  
26               (A) the participant ~~[individual]~~ or the  
27 participant's ~~[individual's]~~ attorney, guardian, executor,



1 administrator, conservator, or other person who the director  
2 determines is acting in the interest of the participant  
3 ~~[individual]~~ or the participant's ~~[individual's]~~ estate;

4 (B) a spouse or former spouse of the participant  
5 ~~[individual]~~ and the director determines that the information is  
6 relevant to the spouse's or former spouse's interest in member  
7 accounts, benefits, or other amounts payable by the retirement  
8 system;

9 (C) a governmental official or employee and the  
10 director determines that disclosure of the information requested is  
11 reasonably necessary to the performance of the duties of the  
12 official or employee; or

13 (D) a person authorized by the participant  
14 ~~[individual]~~ in writing to receive the information; or

15 (2) the information is disclosed pursuant to a  
16 subpoena and the director determines that the participant  
17 ~~[individual]~~ will have a reasonable opportunity to contest the  
18 subpoena.

19 (b-1) This section does not require the retirement system to  
20 compile or disclose a list of participants' names, addresses,  
21 social security numbers, or other descriptive or demographic  
22 information.

23 (d) A determination and disclosure under Subsection (a) may  
24 be made without notice to the participant ~~[individual member,~~  
25 ~~retiree, annuitant, or beneficiary]~~.

26 (e) The records of a participant remain confidential after  
27 release to a person as authorized by this section. The records of

1 the participant may become part of a public record of an  
2 administrative or judicial proceeding, and the participant waives  
3 the confidentiality of the records, including medical records,  
4 unless the records are closed to public access by a protective order  
5 issued under applicable law.

6 (f) In this section, "participant" has the meaning assigned  
7 by Section 845.114(a).

8 SECTION 72. Subchapter B, Chapter 845, Government Code, is  
9 amended by adding Section 845.1151 to read as follows:

10 Sec. 845.1151. ELECTRONIC INFORMATION. (a) In this  
11 section, "participant" has the meaning assigned by Section  
12 845.114(a).

13 (b) The retirement system may provide confidential  
14 information electronically to a participant and to a subdivision  
15 and receive information electronically from those persons,  
16 including by use of an electronic signature or certification in a  
17 form acceptable to the retirement system. An unintentional  
18 disclosure to, or unauthorized access by, a third party related to  
19 the transmission or receipt of information under this section is  
20 not a violation by the retirement system of any law, including a  
21 rule relating to the protection of confidential information.

22 SECTION 73. Section 845.203(b), Government Code, is amended  
23 to read as follows:

24 (b) The attorney shall act as the legal adviser to the board  
25 [~~and shall represent the system in all litigation~~].

26 SECTION 74. Section 845.301, Government Code, is amended by  
27 amending Subsection (a) and adding Subsection (a-1) to read as

1 follows:

2 (a) The assets of the retirement system shall be invested  
3 and reinvested without distinction as to their source in accordance  
4 with Section 67, Article XVI, Texas Constitution. For purposes of  
5 the investment authority of the board of trustees under Section 67,  
6 Article XVI, Texas Constitution, "securities" means any investment  
7 instrument within the meaning of the term as defined by Section 4,  
8 The Securities Act (Article 581-4, Vernon's Texas Civil Statutes),  
9 15 U.S.C. Section 77b(a)(1), or 15 U.S.C. Section 78c(a)(10). An  
10 interest in a limited partnership or investment contract is  
11 considered a security without regard to the number of investors or  
12 the control, access to information, or rights granted to or  
13 retained by the retirement system. Any instrument or contract  
14 intended to manage transaction, currency exchange, or interest rate  
15 risk in purchasing, selling, or holding securities, or that derives  
16 all or substantially all of its value from the value or performance  
17 of one or more securities, including an index or group of  
18 securities, is considered to be a security. Investment decisions  
19 are subject to the standard provided in the Texas Trust Code by  
20 Section 117.004(b), Property Code.

21 (a-1) Notwithstanding any provision of Chapter 551 or any  
22 other law, the board of trustees may discuss an investment or  
23 potential investment with one or more employees of the retirement  
24 system or with a third party to the extent permitted to the board of  
25 trustees of the Texas growth fund under Section 551.075.

26 SECTION 75. Section 845.303(b), Government Code, is amended  
27 to read as follows:

1 (b) To be eligible to lend securities under this section, a  
2 bank or brokerage firm must:

3 (1) be experienced in the operations of a fully  
4 secured securities lending program;

5 (2) maintain capital adequate in the prudent judgment  
6 of the retirement system to assure the safety of the securities;

7 (3) execute an indemnification agreement satisfactory  
8 in form and content to the retirement system [~~fully indemnifying~~  
9 ~~the retirement system against loss resulting from its operation of~~  
10 ~~a securities lending program for the system's securities~~]; and

11 (4) require any securities broker or dealer to whom it  
12 lends securities belonging to the retirement system to deliver to  
13 and maintain with the custodian collateral in the form of cash or  
14 United States government securities, the market value of which must  
15 equal not less than 100 percent of the market value, from time to  
16 time, of the loaned securities.

17 SECTION 76. Section 845.305(c), Government Code, is amended  
18 to read as follows:

19 (c) Amounts contributed by a subdivision to provide  
20 benefits under the optional group term life program [~~insurance~~] for  
21 its participating employees and retirees shall be deposited to the  
22 optional group term life fund and maintained by the board of  
23 trustees as the optional group term life [~~fund of the supplemental~~  
24 ~~death benefits~~] trust.

25 SECTION 77. The heading to Section 845.312, Government  
26 Code, is amended to read as follows:

27 Sec. 845.312. OPTIONAL GROUP TERM LIFE [~~SUPPLEMENTAL DEATH~~

1 ~~BENEFITS~~] FUND.

2 SECTION 78. Sections 845.312(a) and (b), Government Code,  
3 are amended to read as follows:

4 (a) The retirement system shall deposit in the optional  
5 group term life [~~supplemental death benefits~~] fund contributions  
6 paid by subdivisions to the retirement system to provide optional  
7 group term life [~~supplemental death~~] benefits in accordance with  
8 Section 845.406. The retirement system may not establish separate  
9 accounts in the fund for subdivisions participating in the optional  
10 group term life program [~~fund~~] but shall credit contributions to a  
11 single account.

12 (b) The retirement system shall pay benefits under the  
13 optional group term life program [~~supplemental death benefits~~] only  
14 from money in the optional group term life [~~supplemental death~~  
15 ~~benefits~~] fund, and the benefits are not an obligation of other  
16 funds of the system.

17 SECTION 79. Section 845.313, Government Code, is amended by  
18 adding Subsection (d) to read as follows:

19 (d) If payment by check to an individual would be, or has  
20 become, impractical, insecure, or proportionally more costly for  
21 the retirement system than payment by check to other persons, the  
22 system may hold or suspend any payment and require the individual to  
23 accept payment by another means or method that is practical,  
24 secure, and cost-effective.

25 SECTION 80. Section 845.314, Government Code, is amended to  
26 read as follows:

27 Sec. 845.314. INTEREST RATES. [~~(a)~~] Unless this subtitle

1 expressly states [~~that interest is computed using the current~~  
2 ~~interest rate or~~] another specified rate of interest, for periods  
3 beginning after December 31, 1996, the annual rate of interest is  
4 seven percent [~~computed using the rate of:~~

5 [~~(1) three percent a year compounded annually for~~  
6 ~~periods before January 1, 1977;~~

7 [~~(2) four percent a year compounded annually for~~  
8 ~~periods after December 31, 1976, but before January 1, 1982;~~

9 [~~(3) four and one-half percent a year compounded~~  
10 ~~annually for periods after December 31, 1981, but before January 1,~~  
11 ~~1985; and~~

12 [~~(4) seven percent a year compounded annually for~~  
13 ~~periods after December 31, 1984].~~

14 [(b) ~~Subsection (a) does not change the amount of an annuity~~  
15 ~~on which a monthly benefit payment was made before October 1, 1985,~~  
16 ~~and does not require recomputation of that amount; but, the board~~  
17 ~~of trustees may increase by as much as 12-1/2 percent the amount~~  
18 ~~payable each month after October 1, 1985, by reason of basic and~~  
19 ~~supplement annuities that were in effect during and for which a~~  
20 ~~monthly benefit was paid by the system for the month of September,~~  
21 ~~1985.~~

22 [(c) ~~The current interest rate is seven percent for calendar~~  
23 ~~years after December 31, 1996.~~]

24 SECTION 81. The heading to Section 845.316, Government  
25 Code, is amended to read as follows:

26 Sec. 845.316. TRANSFER OF ASSETS ON RETIREMENT [~~OR~~  
27 ~~RESTORATION TO ACTIVE DUTY~~].

1 SECTION 82. Section 845.316(a), Government Code, is amended  
2 to read as follows:

3 (a) When a member retires, the retirement system shall  
4 transfer:

5 (1) from the employees saving fund to the current  
6 service annuity reserve fund, the member's accumulated  
7 contributions; and

8 (2) from the subdivision accumulation fund to the  
9 current service annuity reserve fund, an amount equal to the  
10 member's [~~accumulated~~] current service credit.

11 SECTION 83. Section 845.317, Government Code, is amended by  
12 amending Subsection (b) and adding Subsection (d) to read as  
13 follows:

14 (b) If the participation of a subdivision has terminated  
15 under Section 842.052 or 842.053 and the subdivision has no present  
16 or potential liabilities resulting from the participation of  
17 current or former employees, the retirement system, after  
18 application by the subdivision or its governmental successor in  
19 interest, shall pay to the subdivision or its governmental  
20 successor any remaining credit to the account of the subdivision in  
21 the subdivision accumulation fund.

22 (d) If a participating subdivision has ceased to exist and  
23 diligent efforts by the retirement system to identify a  
24 governmental entity as the successor in interest to the subdivision  
25 have been unsuccessful, the board of trustees may close the  
26 subdivision's account and transfer the remaining credit to the  
27 endowment fund.

1 SECTION 84. The heading to Section 845.318, Government  
2 Code, is amended to read as follows:

3 Sec. 845.318. CONSOLIDATION OF COUNTY'S ACCOUNTS IN  
4 SUBDIVISION ACCUMULATION FUND; RETURN OF EXCESS FUNDS.

5 SECTION 85. Section 845.318, Government Code, is amended by  
6 adding Subsection (c) to read as follows:

7 (c) If the participation of a county hospital as a  
8 subdivision separate from other county employees is terminated  
9 under this subtitle, the retirement system shall pay to the county  
10 any excess funds remaining in the subdivision accumulation fund to  
11 the credit of the account of the county hospital.

12 SECTION 86. Subchapter E, Chapter 845, Government Code, is  
13 amended by adding Section 845.4031 to read as follows:

14 Sec. 845.4031. CONTRIBUTIONS IN ANTICIPATION OF  
15 PARTICIPATION. (a) After a subdivision has officially elected to  
16 join the retirement system and has specified the date for its  
17 participation to begin, and before the board of trustees has  
18 approved its participation, the subdivision may, with the consent  
19 of the director, begin deducting from an employee's compensation  
20 for each payroll period beginning on or after the specified  
21 participation date the contribution that would be deducted if the  
22 subdivision were then participating.

23 (b) The subdivision shall collect and segregate the amounts  
24 deducted from its employees' compensation and the contributions  
25 that the subdivision would be required to make under this subtitle  
26 if it were then participating.

27 (c) The period during which contributions may be deducted



1 from an employee's compensation in anticipation of board approval  
2 of participation may not exceed six months and may not extend into a  
3 subsequent calendar year without consent of the board of trustees.  
4 During the period that board approval is pending, the subdivision  
5 may not participate in, and the subdivision's employees may not be  
6 covered by, the optional group term life program.

7 (d) On approval of participation, the subdivision shall  
8 immediately transfer to the retirement system, for credit to the  
9 appropriate funds within the system, the amounts collected and  
10 segregated under Subsection (b). If the subdivision previously  
11 elected to participate in the optional group term life program,  
12 participation in that program begins on the first day of the month  
13 following the month in which the board of trustees approves  
14 participation in the system.

15 (e) If the board of trustees disapproves the subdivision's  
16 participation in the retirement system, the subdivision shall pay  
17 all employee contributions collected and segregated in  
18 anticipation of board approval to the employees from whom the  
19 contributions were withheld.

20 SECTION 87. Section 845.406, Government Code, is amended to  
21 read as follows:

22 Sec. 845.406. OPTIONAL GROUP TERM LIFE [~~SUPPLEMENTAL DEATH~~  
23 ~~BENEFITS~~] PROGRAM. (a) In addition to other contributions to the  
24 retirement system required by this subtitle, each subdivision  
25 participating in the optional group term life program [~~supplemental~~  
26 ~~death benefits fund~~] monthly shall pay to the optional group term  
27 life fund an amount equal to the rate of contribution computed in

1 accordance with this section, multiplied by the total compensation  
2 for the month of the members employed by the subdivision.

3 (b) A limitation on subdivision contribution rates provided  
4 by this subtitle does not apply to the rate of the contribution to  
5 the optional group term life [~~supplemental death benefits~~] fund.

6 (c) At the time of each investigation of members' mortality  
7 and service experience required by Section 845.110, the actuary  
8 shall investigate the mortality experience of the members and  
9 eligible annuitants participating in the [~~supplemental death~~  
10 ~~benefits~~] program. On the basis of the result of that  
11 investigation, the actuary shall recommend to the board of trustees  
12 rates and tables necessary to determine optional group term life  
13 program [~~supplemental death benefits~~] contribution rates. The  
14 rates and tables may provide for the anticipated mortality  
15 experience of the persons covered under the program [~~supplemental~~  
16 ~~death benefits fund~~] and for a contingency reserve.

17 (d) Before a subdivision's participation date in the  
18 program [~~supplemental death benefits fund~~] and before January 1 of  
19 each subsequent year, the actuary shall compute, on the basis of  
20 rates and tables adopted by the board of trustees, the  
21 [~~supplemental death benefits~~] contribution rate of a subdivision  
22 participating in the program [~~supplemental death benefits~~  
23 ~~contribution fund~~]. The rate must be expressed as a percentage of  
24 the compensation of members employed by the subdivision. When the  
25 rate is approved by the board of trustees, the rate is effective for  
26 the calendar year for which it was approved.

27 (e) The board of trustees, in the exercise of its discretion

1 to manage the assets of the retirement system, may lend money to the  
 2 optional group term life [~~supplemental death benefits~~] fund if the  
 3 amount in the fund is insufficient to pay the [~~supplemental death~~]  
 4 benefits due. Any loan is an investment of the retirement system  
 5 and must be repaid solely from future contributions to the  
 6 [~~supplemental death benefits~~] fund and its share of trust earnings.  
 7 The terms of the loan shall be set by the board of trustees, but the  
 8 loan must bear a commercially reasonable interest rate. The board  
 9 may adjust future contributions to the [~~supplemental death~~  
 10 ~~benefits~~] fund for purposes of repayment of the loan.

11 (f) To protect against adverse claim experience, the board  
 12 of trustees may secure reinsurance from one or more stock insurance  
 13 companies doing business in this state if the board determines that  
 14 reinsurance is necessary. The retirement system shall pay the  
 15 premiums for reinsurance from the optional group term life  
 16 [~~supplemental death benefits~~] fund.

17 SECTION 88. Section 845.503, Government Code, is amended to  
 18 read as follows:

19 Sec. 845.503. AUTHORITY TO RECOUP OR MAKE ADJUSTMENTS FOR  
 20 PAYMENTS MADE IN ERROR. (a) The retirement system may reduce  
 21 future payments of benefits based on the account of a member, a  
 22 retiree, or other former member to recoup an amount overpaid or  
 23 otherwise paid in error to or on the behalf of the member, former  
 24 member, retiree, annuitant, or beneficiary [~~or other former~~  
 25 ~~member~~]. If no future payments are due, the retirement system may  
 26 recover the overpayment in any manner that is permitted for the  
 27 collection of any other debt.

1 (b) The retirement system may not recover from a member,  
2 former member, retiree, annuitant, or beneficiary [~~or other former~~  
3 ~~member~~] any overpayment made more than three years before the date  
4 the overpayment is discovered. This subsection does not apply to an  
5 overpayment a reasonable person should know the person is not  
6 entitled to receive.

7 (c) The retirement system may adjust amounts in a  
8 subdivision's account in the subdivision accumulation fund to  
9 correct an error caused by an act or omission of the subdivision  
10 [~~related to the account~~].

11 SECTION 89. The heading to Section 845.505, Government  
12 Code, is amended to read as follows:

13 Sec. 845.505. UNDISTRIBUTED [~~UNCLAIMED~~] BENEFITS.

14 SECTION 90. Section 845.505, Government Code, is amended by  
15 amending Subsections (b), (c), (d), (e), (f), and (i), and adding  
16 Subsection (f-1) to read as follows:

17 (b) A notice under this section must include the name of the  
18 former member, the name of each subdivision with which the former  
19 member has an individual account, a statement that no additional  
20 interest is credited after a membership has terminated, a statement  
21 that a benefit is [~~currently~~] payable, and a statement of the  
22 procedure for obtaining payment of that benefit[, ~~and a statement~~  
23 ~~that a failure to file a valid application for benefits may cause~~  
24 ~~unclaimed benefits to be forfeited to the retirement system~~].

25 (c) If a person files with the retirement system a valid  
26 application for an annuity based on a membership that terminated  
27 under Section 842.109(b), the retirement system shall pay an

1 annuity computed as of the former member's effective retirement  
2 date as determined under that section [~~date on which the annuity~~  
3 ~~would have been required to begin under this subtitle~~].

4 (d) An applicant who is a [the] former member may select the  
5 standard [~~service~~] retirement annuity or an optional [~~service~~]  
6 retirement annuity under Section 844.0041(c) or (d) [~~844.104~~]. An  
7 applicant who is the surviving beneficiary or the personal  
8 representative [~~spouse~~] of a deceased [~~the~~] former member may  
9 select an [~~optional service retirement~~] annuity payable in a form  
10 authorized by the board of trustees under Section 844.407 [~~under~~  
11 ~~Section 844.104. If the applicant is not the former member or~~  
12 ~~surviving spouse, the annuity will be computed as an annuity under~~  
13 ~~Section 844.104(c)(7)~~]. All annuity payments that previously would  
14 have been paid if the annuity had begun on the effective retirement  
15 date [~~required under this subtitle~~] will be paid to the applicant.

16 (e) If a person files with the retirement system a valid  
17 application for a refund of a former member's accumulated  
18 contributions or a valid application for a benefit payable under  
19 the optional group term life program, the retirement system shall  
20 pay to the applicant the portion [~~amount~~] of the former member's  
21 accumulated contributions or the portion of the optional group term  
22 life benefits to which the applicant is entitled.

23 (f) If a person eligible to receive a benefit fails to  
24 provide accurate and verifiable information regarding the  
25 identity, age, taxpayer identification number, or residential  
26 address of the person or the person's beneficiary, the retirement  
27 system may hold or delay payment of any benefit until the

1 information is provided. If a person receiving an annuity fails to  
2 negotiate two or more annuity payments, fails to respond to a  
3 written request for information relevant to the annuitant's  
4 continuing right to receive benefits or relevant to the  
5 responsibility of the system to report accurately the distribution  
6 under federal or state law, fails to provide the system with an  
7 address for the delivery of a benefit that is safe and secure from  
8 loss, theft, or misdelivery, or fails in any other manner that  
9 interferes with or impedes the efficient administration of the  
10 system, the system may suspend and hold all benefit payments until  
11 the failure is corrected [~~more than five consecutive annuity~~  
12 ~~payments, the retirement system may send a notice to that person,~~  
13 ~~stating that unless the previous payments are negotiated not later~~  
14 ~~than the 30th day after the date of the notice, payment of benefits~~  
15 ~~will be suspended. After receipt of a valid application, the~~  
16 ~~retirement system shall resume making monthly payments. All~~  
17 ~~annuity payments that would have otherwise been paid if the annuity~~  
18 ~~had not been suspended will be paid to the person or, if the person~~  
19 ~~has died, to the decedent's beneficiary or, if no beneficiary~~  
20 ~~exists, to the annuitant's estate].~~

21 (f-1) If there is a continuation of an optional annuity, the  
22 retirement system shall pay to the person receiving the continuing  
23 annuity any amount held by the system to which the deceased person  
24 was entitled. If the annuity terminates with the death of the  
25 person, any amount held by the retirement system to which a deceased  
26 person was entitled is payable under rules and procedures adopted  
27 by the board of trustees.

1 (i) The board of trustees may adopt rules concerning the  
2 notice, distribution, management, transfer, and administration of  
3 unclaimed, held, delayed, and suspended benefits, ~~and~~ the  
4 authority of an applicant to act as trustee of an absent beneficiary  
5 in the selection of a payment option or receipt of an absent  
6 beneficiary's benefit under this section, and the distribution of  
7 benefits to an alternate payee under a qualified domestic relations  
8 order with respect to a terminated membership.

9 SECTION 91. Section 845.506, Government Code, is amended to  
10 read as follows:

11 Sec. 845.506. APPEAL OF ADMINISTRATIVE DECISION. (a) A  
12 decision of the retirement system is final and conclusive unless an  
13 appeal is filed in writing with the system by regular mail or  
14 electronic filing, as that term is defined by Section  
15 845.116(a)(1), not later than the 90th day after the earlier of the  
16 date the person subject to the decision receives notice of the  
17 decision by any means or the date the system files notice of its  
18 decision with the person by regular mail or electronic means.

19 (b) A person may appeal a decision to the board of trustees  
20 if the person is aggrieved by a decision of the retirement system  
21 relating to the system or any program administered by the system  
22 under this subtitle:

23 (1) denying or limiting membership, service credit, or  
24 eligibility for or the amount of benefits payable by the system; or

25 (2) regarding to whom benefits should be paid under  
26 the system or program.

27 (c) The director or the director's designee may refer an

1 appeal made under Subsection (a) to the State Office of  
2 Administrative Hearings for a hearing or employ, select, or  
3 contract for the services of an administrative law judge or hearing  
4 examiner not affiliated with the State Office of Administrative  
5 Hearings to conduct a hearing. This subsection prevails over any  
6 other law to the extent of any conflict.

7 (d) An appeal under this section is considered to be a  
8 contested case under Chapter 2001. The appellant in a contested  
9 case under this section has the burden of proof on all issues,  
10 including issues in the nature of an affirmative defense.

11 (e) The board of trustees may in its sole discretion make a  
12 final decision on a contested case under this section.  
13 Notwithstanding any other law, the board may in its sole discretion  
14 modify, refuse to accept, or delete any proposed finding of fact or  
15 conclusion of law contained in a proposal for decision submitted by  
16 an administrative law judge or other hearing examiner, or make  
17 alternative findings of fact and conclusions of law, in a  
18 proceeding considered to be a contested case under Chapter 2001.  
19 The board shall state in writing the specific reason for its  
20 determination and may adopt rules for the implementation of this  
21 subsection. The board may delegate its authority under this  
22 subsection to the director.

23 (f) Notwithstanding Subsections (d) and (e), the retirement  
24 system and a person aggrieved by a decision of the system may at any  
25 time informally negotiate an award of benefits. Negotiated  
26 benefits may not exceed the maximum benefits otherwise available or  
27 required by law.



1        (g) A final decision of the board of trustees in a contested  
2 case under this section is subject to judicial review under Chapter  
3 2001. The standard of review is by substantial evidence. Venue of  
4 the appeal is only in a district court in Travis County. [A  
5 ~~decision of the board of trustees denying or limiting membership,~~  
6 ~~service credit, eligibility for or the amount of benefits payable~~  
7 ~~by the retirement system, or regarding to whom benefits should be~~  
8 ~~paid is a decision in a contested case as defined by the~~  
9 ~~administrative procedure law, Chapter 2001, and is subject to~~  
10 ~~judicial review under the substantial evidence rule in accordance~~  
11 ~~with Sections 2001.174-2001.177.]~~

12        SECTION 92. The following provisions of the Government Code  
13 are repealed:

- 14            (1) Section 842.001(b);
- 15            (2) Section 842.006;
- 16            (3) Sections 842.108(a) and (a-1);
- 17            (4) Section 842.109(d);
- 18            (5) Section 843.103;
- 19            (6) Sections 843.104(b) and (c);
- 20            (7) Section 843.108;
- 21            (8) Section 843.201(d);
- 22            (9) Section 843.403;
- 23            (10) the heading to Subchapter G, Chapter 843;
- 24            (11) Subchapter H, Chapter 843;
- 25            (12) Sections 844.009(d) and (g);
- 26            (13) Section 844.103;
- 27            (14) Section 844.104;

- 1           (15) Section 844.202;
- 2           (16) Section 844.207;
- 3           (17) Section 844.208(g);
- 4           (18) Section 844.209(g);
- 5           (19) Section 844.210;
- 6           (20) Section 844.211;
- 7           (21) Section 844.212;
- 8           (22) Section 844.304;
- 9           (23) Section 844.305;
- 10          (24) Section 844.306(b);
- 11          (25) Section 844.308;
- 12          (26) Section 844.310;
- 13          (27) Sections 844.407(f) through (j);
- 14          (28) Section 844.704(c);
- 15          (29) Section 845.304; and
- 16          (30) Sections 845.316(b) and (c).

17           SECTION 93. Section 841.001, Government Code, as amended by  
18 this Act, applies to Sections 94 through 97 of this Act.

19           SECTION 94. The accumulated contributions attributable to a  
20 membership in the Texas County and District Retirement System that  
21 was terminated before January 1, 2005, under prior law because of  
22 absence from service are held by the retirement system in a  
23 noninterest-bearing account and may not be considered deposits  
24 under Section 843.003 or 843.0031, Government Code, as amended by  
25 this Act, until the person:

- 26           (1) again becomes a member of the retirement system;
- 27           (2) is eligible under Section 843.003 or 843.0031,

1 Government Code, as amended by this Act; and

2 (3) submits an application to the retirement system.

3 SECTION 95. Sections 844.102(a)(1) and (3), Government  
4 Code, as amended by this Act, do not apply to a participating  
5 subdivision in the Texas County and District Retirement System that  
6 on December 31, 2007, required 12 years of credited service before  
7 service retirement from the system at age 60 or older. The 12-year  
8 credited service requirement to meet the minimum eligibility for  
9 service retirement at age 60 or older remains in effect for a  
10 subdivision described by this section. A subdivision described by  
11 this section subsequently may elect to be subject to Section  
12 844.102, Government Code, as amended by this Act, effective on the  
13 date the election is made.

14 SECTION 96. A member of the Texas County and District  
15 Retirement System who on December 31, 1999, had any eligible  
16 credited service with a subdivision that as of that date authorized  
17 a service retirement annuity for a member when the sum of the  
18 member's age and credited service equaled or exceeded a specified  
19 number, whose membership in the retirement system continued after  
20 that date without interruption, who has accumulated at least four  
21 years of eligible credited service, and whose membership is  
22 terminated under Section 842.108(b), Government Code, because of  
23 the requirements of Section 841.010, Government Code, is  
24 immediately eligible to retire and receive a service retirement  
25 annuity computed without actuarial reduction because of the failure  
26 to satisfy a required service eligibility provision in effect for  
27 the subdivision on the date the annuity is computed.

1           SECTION 97. Effective September 1, 2007, a participating  
2 subdivision in the Texas County and District Retirement System that  
3 elected before January 1, 1978, to provide a ratio of current  
4 service credits to member contributions that is greater than  
5 one-to-one, resulting in the larger portion of a member's total  
6 service credits consisting of current service credits, may by order  
7 of its governing body adopted before January 1, 2008, continue the  
8 ratio of current service credits in effect on December 31, 2007, and  
9 be exempt from the change in law made to Section 843.003, Government  
10 Code, by this Act. The total service credits accumulated by a  
11 member may not be reduced as the result of an action or lack of an  
12 action taken under this section.

13           SECTION 98. (a) Except as provided by Subsection (b) of  
14 this section, this Act takes effect January 1, 2008.

15           (b) Sections 844.609 and 845.4031, Government Code, as  
16 added by this Act, and Section 97 of this Act take effect September  
17 1, 2007.