

By: West

H.B. No. 2289

A BILL TO BE ENTITLED

AN ACT

1
2 relating to retirement and health insurance benefits of school
3 district peace officers under the Teacher Retirement System of
4 Texas.

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

6 SECTION 1. Section 821.001, Government Code, is amended by
7 adding Subdivision (11-a) to read as follows:

8 (11-a) "Peace officer" means a member of the
9 retirement system who has been commissioned by a public school
10 district as a law enforcement officer under Section 37.081,
11 Education Code.

12 SECTION 2. Section 824.202, Government Code, is amended by
13 adding Subsection (d-2) to read as follows:

14 (d-2) A member who is at least 55 years old and who has at
15 least 10 years of service credit as a commissioned peace officer for
16 a public school district is eligible to retire and receive a service
17 retirement annuity.

18 SECTION 3. Subchapter C, Chapter 824, Government Code, is
19 amended by adding Section 824.207 to read as follows:

20 Sec. 824.207. SERVICE RETIREMENT BENEFITS FOR CERTAIN PEACE
21 OFFICERS. (a) A member who has at least 20 years of service credit
22 as a peace officer is eligible to retire regardless of age and
23 receive a standard service retirement annuity in an amount and to be
24 funded as provided by this section.

1 (b) The standard service retirement annuity payable for at
2 least 20 years of service credit as a peace officer is an amount
3 computed on the basis of the member's average monthly compensation
4 for the 36 highest months of compensation times the sum of the
5 percentage factor used in the computation of a standard service
6 retirement annuity under Section 824.203(a) plus .5 percent.

7 (c) The standard combined service retirement annuity that
8 is payable under this section is based on retirement on or after the
9 attainment of the normal retirement age, which for purposes of this
10 section is the earlier of either the age of 50 or the age at which
11 the sum of the member's age and amount of service credit equals the
12 number 80. A peace officer who retires before attaining the normal
13 retirement age is entitled to an annuity that is actuarially
14 reduced from the annuity available at the normal retirement age to
15 the peace officer service credit annuity amount available at the
16 sum of the member's age and amount of service credit. The annuity
17 is payable from the peace officer supplemental retirement fund.

18 (d) Benefits for service as a peace officer become payable
19 from the retired reserve account established by Section 825.309 at
20 the normal retirement age under the computation provided by Section
21 824.203. Optional retirement annuities provided by Section 824.204
22 are available to a member eligible to receive a service retirement
23 annuity under this section, but the same optional plan and designee
24 must be selected for the portion of the annuity payable from the
25 peace officer supplemental retirement fund and the portion payable
26 from the retired reserve account established by Section 825.309.

27 (e) The amount payable from the peace officer supplemental

1 retirement fund is reducible by the amount paid from the retired
2 reserve account established by Section 825.309 for service as a
3 peace officer. The total combined amount of an annuity under this
4 section may not be less than the authorized benefit under
5 Subsection (b) subtracted by any amount necessary because of
6 selection of an optional annuity, because of retirement before the
7 normal retirement age, or as provided by Subsection (f).

8 (f) The standard combined service retirement annuity
9 payable for at least 20 years of service credit as a peace officer
10 may not exceed 100 percent of the average compensation computed
11 under Subsection (b).

12 (g) For purposes of this section, service as a peace officer
13 is creditable as provided by rule of the board of trustees or on a
14 month-to-month basis, whichever is greater.

15 SECTION 4. Subchapter D, Chapter 824, Government Code, is
16 amended by adding Section 824.310 to read as follows:

17 Sec. 824.310. DISABILITY RETIREMENT BENEFITS FOR CERTAIN
18 PEACE OFFICERS. (a) An annuity payable for an occupational
19 disability resulting from a risk to which peace officers are
20 exposed because of the nature of peace officer duties is payable
21 under the same terms and conditions that apply to other
22 occupational disability retirement annuities under this subtitle,
23 except that the source and amount of the annuity are as provided by
24 this section.

25 (b) Except as provided by Subsection (c), an occupational
26 disability retirement annuity under this section is an amount, but
27 not more than 100 percent, computed on the basis of the officer's

1 average monthly compensation, times a percentage derived by
2 application of Section 824.207(b).

3 (c) A disability retirement annuity under this section is
4 not reducible because of age and may not be less than 50 percent of
5 the officer's average monthly compensation regardless of the amount
6 of service credited to the officer.

7 (d) The portions of the annuity under this section payable
8 from the peace officer supplemental retirement fund are the amount
9 remaining after deduction of any amount payable under Section
10 824.304, except the portion of an amount that exceeds the minimum
11 payments provided by Section 824.304(b) and that is made for
12 service other than as a peace officer and any amount by which an
13 annuity is increased under Subsection (e).

14 (e) If a retiring member or retiree under this section
15 presents evidence satisfactory to the retirement system that the
16 person's occupational disability makes the person incapable of
17 substantial gainful activity solely because of the disability and
18 is considered a total disability under federal social security law,
19 the retirement system shall increase the person's occupational
20 disability retirement annuity to 100 percent of the officer's
21 average monthly compensation.

22 (f) An annuity increase under Subsection (e) is not payable
23 before the first month following the month in which the
24 satisfactory evidence is received by the retirement system under
25 Subsection (e).

26 SECTION 5. Subchapter E, Chapter 824, Government Code, is
27 amended by adding Section 824.408 to read as follows:

1 Sec. 824.408. ANNUITY FOR SURVIVOR OF PEACE OFFICER. If a
2 member who has at least 20 years of service credit as a peace
3 officer dies, the amount of the death benefit annuity payable for
4 the member's service as a peace officer is an amount computed and
5 funded as provided by Section 824.207, including any applicable
6 reduction factors.

7 SECTION 6. Section 825.102, Government Code, is amended to
8 read as follows:

9 Sec. 825.102. RULEMAKING. Subject to the limitations of
10 this subtitle, the board of trustees may adopt rules for:

11 (1) eligibility for membership;

12 (2) the administration of the funds of the retirement
13 system; ~~and~~

14 (3) the program of supplemental benefits for peace
15 officers; and

16 (4) the transaction of business of the board.

17 SECTION 7. Section 825.103, Government Code, is amended by
18 adding Subsection (b-1) to read as follows:

19 (b-1) The board of trustees may authorize the executive
20 director to acquire, hold, manage, purchase, sell, assign, trade,
21 transfer, and dispose of any security, evidence of debt, or other
22 investment in which assets of the peace officer supplemental
23 retirement fund may be invested.

24 SECTION 8. Section 825.208, Government Code, is amended by
25 adding Subsection (d) to read as follows:

26 (d) The board of trustees shall make payments from the peace
27 officer supplemental retirement fund for services rendered by the

1 actuary for that fund and approved by the board.

2 SECTION 9. Section 825.301, Government Code, is amended by
3 adding Subsection (a-1) to read as follows:

4 (a-1) The board of trustees shall hold securities purchased
5 with the assets described by Subsection (a) collectively for the
6 proportionate benefit of:

7 (1) all accounts that are listed in Section 825.306;
8 and

9 (2) the peace officer supplemental retirement fund.

10 SECTION 10. Section 825.305, Government Code, is amended to
11 read as follows:

12 Sec. 825.305. AVAILABLE CASH. The board of trustees may
13 keep on deposit with the comptroller available cash not exceeding
14 10 percent of the total assets of the retirement system, excluding
15 the assets of the peace officer supplemental retirement fund, to
16 pay annuity and other disbursements.

17 SECTION 11. Section 825.306, Government Code, is amended to
18 read as follows:

19 Sec. 825.306. CREDITING SYSTEM ASSETS. The assets of the
20 retirement system, except assets of the peace officer supplemental
21 retirement fund, shall be credited, according to the purpose for
22 which they are held, to one of the following accounts:

- 23 (1) member savings account;
24 (2) state contribution account;
25 (3) retired reserve account;
26 (4) interest account;
27 (5) expense account; or

1 (6) deferred retirement option account.

2 SECTION 12. Subchapter D, Chapter 825, Government Code, is
3 amended by adding Section 825.3122 to read as follows:

4 Sec. 825.3122. PEACE OFFICER SUPPLEMENTAL RETIREMENT FUND.

5 (a) The retirement system shall deposit in the peace officer
6 supplemental retirement fund state contributions and other
7 appropriations made by the legislature to the fund and proceeds
8 from investment of the fund.

9 (b) The retirement system may use money from the fund only
10 to pay supplemental retirement and death benefits to peace officers
11 as provided by this subtitle and to pay for the administration of
12 the fund.

13 (c) Money appropriated to pay benefits from the fund as
14 provided by this subtitle may not be diverted or used to pay any
15 other benefits.

16 SECTION 13. Section 825.402, Government Code, is amended to
17 read as follows:

18 Sec. 825.402. RATE OF MEMBER CONTRIBUTIONS. The rate of
19 contributions for each member of the retirement system is:

20 (1) five percent of the member's annual compensation
21 or \$180, whichever is less, for service rendered after August 31,
22 1937, and before September 1, 1957;

23 (2) six percent of the first \$8,400 of the member's
24 annual compensation for service rendered after August 31, 1957, and
25 before September 1, 1969;

26 (3) six percent of the member's annual compensation
27 for service rendered after August 31, 1969, and before the first day

1 of the 1977-78 school year;

2 (4) 6.65 percent of the member's annual compensation
3 for service rendered after the last day of the period described by
4 Subdivision (3) and before September 1, 1985; ~~and~~

5 (5) 6.4 percent of the member's annual compensation
6 for service rendered after August 31, 1985, other than service
7 rendered as a peace officer; and

8 (6) seven percent of the member's annual compensation
9 for service rendered as a peace officer after August 31, 1985.

10 SECTION 14. Sections 825.404(a), (b), and (e), Government
11 Code, are amended to read as follows:

12 (a) During each fiscal year, the state shall contribute to
13 the retirement system:

14 (1) an amount equal to at least six and not more than
15 10 percent of the aggregate annual compensation of all members of
16 the retirement system during that fiscal year;

17 (2) an amount for the peace officer supplemental
18 retirement fund equal to 2.13 percent of the aggregate state
19 compensation of all peace officers for that year; and

20 (3) money necessary for the administration of the
21 peace officer supplemental retirement fund.

22 (b) Before November 2 of each even-numbered year, the board
23 of trustees shall certify to the comptroller of public accounts for
24 review and adoption:

25 (1) an estimate of the amount necessary to pay the
26 state's contributions to the retirement system for the following
27 biennium; and

1 (2) as a separate item, an estimate of the amount
2 required to administer the peace officer supplemental retirement
3 fund for the following biennium.

4 (e) All money appropriated by the state to the retirement
5 system shall be paid to the state contribution account in equal
6 monthly installments as provided by Section 403.093(c), Government
7 Code, except:

8 (1) money appropriated under Subsection (d), which
9 remains in the general revenue fund until expenses are approved
10 under Chapter 2103; and

11 (2) money for the payment of benefits from the peace
12 officer supplemental retirement fund.

13 SECTION 15. Subchapter F, Chapter 825, Government Code, is
14 amended by adding Section 825.521 to read as follows:

15 Sec. 825.521. CERTIFICATION OF NAMES OF PEACE OFFICERS.
16 Not later than the 12th day of the month following the month in
17 which a person begins or ceases employment as a peace officer, the
18 public school district that commissioned the officer shall certify
19 to the retirement system, in the manner prescribed by the system,
20 the name of the employee and such other information as the system
21 determines is necessary for the crediting of service and financing
22 of benefits under this subtitle.

23 SECTION 16. Subchapter A, Chapter 1575, Insurance Code, is
24 amended by adding Section 1575.009 to read as follows:

25 Sec. 1575.009. COVERAGE FOR RETIRED PEACE OFFICERS. (a)
26 The trustee shall implement for those retirees who qualify for a
27 benefit under Subtitle C, Title 8, Government Code, as a peace

1 officer, a program under this subtitle that provides health
2 benefits at least as comprehensive as the benefits provided by the
3 Employees Retirement System of Texas for basic coverage provided to
4 an annuitant eligible to participate under Section 1551.102.

5 (b) The trustee may require that a retiree eligible to
6 participate in the program implemented under Subsection (a) make an
7 additional contribution as determined by the trustee under Section
8 1575.212.

9 SECTION 17. (a) The change in law made by this Act applies
10 to a benefit payment made by the Teacher Retirement System of Texas
11 that becomes payable on or after the effective date of this Act.

12 (b) Not later than the 30th day after the effective date of
13 this Act, a school district shall provide the certified names of all
14 peace officers commissioned and employed by the district on the
15 effective date of this Act to the Teacher Retirement System of Texas
16 as required by Section 825.521, Government Code, as added by this
17 Act.

18 SECTION 18. (a) Except as provided by Subsection (b) of
19 this section, this Act takes effect September 1, 2007, and applies
20 beginning with the 2007-2008 school year.

21 (b) Section 1575.009, Insurance Code, as added by this Act,
22 takes effect September 1, 2008, and applies beginning with the
23 2008-2009 school year.