

By: McClendon

H.B. No. 3239

A BILL TO BE ENTITLED

1 AN ACT

2 relating to an option to participate in the Teacher Retirement
3 System of Texas by a member of the optional retirement program.

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

5 SECTION 1. Subchapter A, Chapter 822, Government Code, is
6 amended by adding Section 822.0025 to read as follows:

7 Sec. 822.0025. OPTIONAL MEMBERSHIP. (a) Subject to
8 Subsection (d), a person actively participating in the optional
9 retirement program under Chapter 830 may make a one-time election
10 to cease active participation in the program and become a member of
11 the retirement system if the person is otherwise eligible to
12 participate in the retirement system at the time of the election.
13 The person must make the election on a date and in the manner
14 prescribed by the retirement system. A person who makes an election
15 under this section is entitled to receive service credit in the
16 retirement system for each year of service as a participant in the
17 optional retirement program.

18 (b) The retirement system shall prescribe the form and
19 details of an election under this section. The election must be
20 filed with the retirement system and the institution of higher
21 education that employs the person.

22 (c) The retirement system may adopt rules for the
23 implementation of the election, including rules to prevent the
24 receipt of credit under the retirement system and the optional

1 retirement program for the same service.

2 (d) This section may take effect only on receipt by the
3 retirement system of a favorable private letter ruling from the
4 Internal Revenue Service regarding the federal tax consequences of
5 the one-time election provided by this section, including the
6 effect of the election on:

7 (1) the qualified status of the retirement system
8 pension trust;

9 (2) the contribution limits applicable to
10 participants in the optional retirement program and participants in
11 the retirement system; and

12 (3) the employer pick-up of contributions to the
13 retirement system.

14 (e) If the retirement system does not receive the favorable
15 private letter ruling described by Subsection (d), this section has
16 no effect.

17 SECTION 2. If by December 31, 2010, the Teacher Retirement
18 System of Texas has not received a favorable private letter ruling
19 under Section 822.0025, Government Code, as added by this Act, the
20 Teacher Retirement System shall notify the standing committees of
21 the legislature with primary jurisdiction over public retirement
22 systems and public education that Section 822.0025, Government
23 Code, should be repealed.

24 SECTION 3. This Act takes effect immediately if it receives
25 a vote of two-thirds of all the members elected to each house, as
26 provided by Section 39, Article III, Texas Constitution. If this
27 Act does not receive the vote necessary for immediate effect, this

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1 Act takes effect September 1, 2007.