

By: Uresti

S.B. No. 475

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the computation and payment of certain benefits,
3 including supplemental payments of a retirement or death benefit,
4 by the Teacher Retirement System of Texas; making an appropriation.

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

6 SECTION 1. Section 824.203(a), Government Code, is amended
7 to read as follows:

8 (a) Except as provided by Subsections (c) and (d), the
9 standard service retirement annuity is an amount computed on the
10 basis of the member's average annual compensation for the three
11 [~~five~~] years of service, whether or not consecutive, in which the
12 member received the highest annual compensation, times 2.3 percent
13 for each year of service credit in the retirement system.

14 SECTION 2. (a) The Teacher Retirement System of Texas
15 shall make two supplemental payments of a retirement or death
16 benefit, as provided by this section.

17 (b) The supplemental payments are payable in January of 2008
18 and 2009 and, to the extent practicable, on a date or dates that
19 coincide with the regular annuity payment payable to each eligible
20 annuitant.

21 (c) The amount of each supplemental payment is equal to the
22 lesser of:

23 (1) \$1,600; or

24 (2) the gross amount of the regular annuity payment to

1 which the eligible annuitant is otherwise entitled for the month of
2 December 2007 or December 2008, as applicable.

3 (d) The supplemental payments are payable without regard to
4 any forfeiture of benefits under Section 824.601, Government Code.
5 The Teacher Retirement System of Texas shall make applicable tax
6 withholding and other legally required deductions before
7 disbursing the supplemental payments. A supplemental payment under
8 this section is in addition to and not in lieu of the regular
9 monthly annuity payment to which the eligible annuitant is
10 otherwise entitled.

11 (e) Subject to Subsection (f) of this section, to be
12 eligible for the supplemental payments, a person must be, for the
13 months of December 2007 and 2008, and disregarding any forfeiture
14 of benefits under Section 824.601, Government Code, an annuitant
15 eligible to receive:

- 16 (1) a standard retirement annuity payment;
- 17 (2) an optional retirement annuity payment as either a
18 retiree or beneficiary;
- 19 (3) a life annuity payment under Section
20 824.402(a)(4), Government Code;
- 21 (4) an annuity for a guaranteed period of 60 months
22 under Section 824.402(a)(3), Government Code; or
- 23 (5) an alternate payee annuity payment under Section
24 804.005, Government Code.

25 (f) If the annuitant is a retiree or a beneficiary under an
26 optional retirement payment plan, to be eligible for the
27 supplemental payments, the effective date of the retirement of the

1 member of the Teacher Retirement System of Texas must have been
2 before September 1, 2006. If the annuitant is a beneficiary under
3 Section 824.402(a)(3) or (4), Government Code, to be eligible for
4 the supplemental payments, the date of death of the member of the
5 retirement system must have been before September 1, 2006. The
6 supplemental payments shall be made to an alternate payee who is an
7 annuitant under Section 804.005, Government Code, only if the
8 annuity payments to the alternate payee commenced before September
9 1, 2006. The supplemental payments are in addition to the
10 guaranteed number of payments under Section 824.402(a)(3) or
11 824.204(c)(3) or (4), Government Code, and may not be counted as one
12 of the guaranteed monthly payments.

13 (g) The supplemental payments do not apply to payments
14 under:

15 (1) Section 824.304(a), Government Code, relating to
16 disability retirees with less than 10 years of service credit;

17 (2) Section 824.804(b), Government Code, relating to
18 participants in the deferred retirement option plan with regard to
19 payments from their deferred retirement option plan accounts;

20 (3) Section 824.501(a), Government Code, relating to
21 retiree survivor beneficiaries who receive a survivor annuity in an
22 amount fixed by statute; or

23 (4) Section 824.404(a), Government Code, relating to
24 active member survivor beneficiaries who receive a survivor annuity
25 in an amount fixed by statute.

26 (h) Except as provided by this section, the board of
27 trustees of the Teacher Retirement System of Texas shall determine

1 the eligibility for and the amount and timing of a supplemental
2 payment and the manner in which the payment is made.

3 (i) The Teacher Retirement System of Texas shall pay the
4 supplemental payments made under this section from the retired
5 reserve account and may transfer to that account from the state
6 contribution account any portion of the amount that exceeds the
7 amount in the retired reserve account available to finance the
8 supplemental payments and that is actuarially determined to be
9 necessary to finance the supplemental payments. The supplemental
10 payments under this section must comply with Section 821.006,
11 Government Code.

12 SECTION 3. The amount necessary to fund the supplemental
13 payments required by Section 2 of this Act (an estimated amount of
14 \$496 million) is appropriated out of the general revenue fund to the
15 Teacher Retirement System of Texas:

16 (1) for the fiscal year beginning September 1, 2007,
17 for the purpose of funding the January 2008 supplemental payment;
18 and

19 (2) for the fiscal year beginning September 1, 2008,
20 for the purpose of funding the January 2009 supplemental payment.

21 SECTION 4. (a) Section 824.203(a), Government Code, as
22 amended by this Act, applies only to an annuity payment under
23 Subtitle C, Title 8, Government Code, made on or after September 1,
24 2007.

25 (b) The Teacher Retirement System of Texas shall recompute
26 an annuity that first became payable before September 1, 2007, as
27 though Section 824.203, Government Code, as amended by this Act,

1 were in effect on the date the annuity first became payable.

2 (c) The first payment of the recomputed annuity is payable
3 on the first payment date occurring on or after September 1, 2007.

4 SECTION 5. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2007.