

By: Williams

S.B. No. 681

A BILL TO BE ENTITLED

AN ACT

relating to contributions to, benefits from, and the administration of the Texas Municipal Retirement System.

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

SECTION 1. Section 851.006, Government Code, is amended to read as follows:

Sec. 851.006. EXEMPTION FROM EXECUTION. (a) Except as provided by Subsection (b), all ~~[All]~~ retirement annuity payments, other benefit payments, and a member's accumulated contributions are unassignable and are exempt from execution, garnishment, attachment, and state and local taxation.

(b) The board of trustees by rule may authorize the retirement system to make distributions to pay the qualified health insurance premiums of a public safety officer in accordance with the provisions of Section 845, Pension Protection Act of 2006, Pub. L. No. 109-280.

SECTION 2. Subchapter B, Chapter 852, Government Code, is amended by adding Section 852.1081 to read as follows:

Sec. 852.1081. RESUMPTION OF SERVICE BY RETIREE. (a) Except as provided by Subsection (b), a person who has retired from a participating municipality with a service retirement annuity based on a bona fide termination of employment resumes membership in the retirement system without suspension of the person's annuity if:

1 (1) the person becomes an employee of the
2 participating municipality by which the person was most recently
3 employed not sooner than one calendar month after the effective
4 date of the person's retirement; or

5 (2) the person becomes an employee of a participating
6 municipality by which the person was not most recently employed
7 after the effective date of the person's retirement.

8 (b) A person who, less than one calendar month after
9 retiring, resumes employment with the participating municipality
10 by which the person was most recently employed is considered to have
11 not retired with respect to that municipality. The person's
12 service retirement annuity will be discontinued, the person's
13 membership will be restored, and the person must return any
14 payments received. Appropriate adjustments will be made for any
15 amounts not returned.

16 (c) A membership established under Subsection (a) is
17 considered to be a new membership for the purposes of beneficiary
18 determinations and benefit selections.

19 (d) After terminating employment with a participating
20 municipality, a member who has previously retired with a service
21 retirement annuity under this subtitle and who meets the
22 requirements of Subsection (a) is eligible to apply for and receive
23 an additional standard or optional service retirement annuity or a
24 refund of the member's accumulated contributions for service with
25 the municipality, without regard to any age or credited service
26 requirement.

27 (e) If a member who meets the requirement of Subsection (d)

1 dies before a payment is made under that subsection, payment shall
2 be made in the manner provided by Section 854.105.

3 SECTION 3. Section 853.402, Government Code, is amended by
4 adding Subsection (a-1) to read as follows:

5 (a-1) The board of trustees by rule may limit the increase
6 in a member's average updated service compensation from year to
7 year.

8 SECTION 4. Effective January 1, 2009, Section 853.402(c),
9 Government Code, is amended to read as follows:

10 (c) The base updated service credit of a member is an amount
11 computed as the number 1.03, times the difference by which the
12 amount computed under Subdivision (1) exceeds the amount computed
13 under Subdivision (2), where:

14 (1) "(1)" is an amount equal to the accumulation at
15 three percent interest of a series of monthly amounts for the number
16 of months of credited service on the date prescribed by Subsection
17 (e), each amount of which equals the member's average updated
18 service compensation, times the sum of:

19 (A) the rate of contributions required of the
20 member for current service; plus

21 (B) the member's contribution rate, times the
22 municipal current service ratio in effect on the effective date of
23 the ordinance adopted under Section 853.401; and where

24 (2) "(2)" is an amount equal to the sum of:

25 (A) the amount credited to the member's
26 individual account in the employees saving fund on the date
27 prescribed by Subsection (e), subject to a 1 to 1 matching ratio,

1 times 2; plus

2 (B) the amount credited to the member's
3 individual account, subject to a 1.25 [~~1.5~~] to 1 matching ratio,
4 times 2.25 [~~2.5~~]; plus

5 (C) the amount credited to the member's
6 individual account, subject to a 1.5 [~~2~~] to 1 matching ratio, times
7 2.5; plus

8 (D) the amount credited to the member's
9 individual account subject to a 1.75 to 1 matching ratio, times
10 2.75; plus

11 (E) the amount credited to the member's
12 individual account subject to a 2 to 1 matching ratio, times 3.

13 SECTION 5. Effective January 1, 2009, Section 853.601(a),
14 Government Code, is amended to read as follows:

15 (a) The governing body of a participating municipality in
16 ordinances authorizing updated service credits under Section
17 853.401 [~~on or after January 1, 1984,~~] may provide that those
18 members who are eligible for the [~~such~~] credits on the basis of
19 service with the granting municipality, who have unforfeited credit
20 for prior service or current service with another participating
21 municipality or municipalities by reason of previous employment,
22 and who are contributing members on the date prescribed by Section
23 853.402(e), shall be credited in the retirement system with updated
24 service credit calculated in the manner prescribed by Sections
25 853.401 and 853.402, except that in determining the base updated
26 service credit of the member under Section 853.402(c)(1), all
27 unforfeited credited service performed by the member by reason of

1 previous employment in other participating municipalities prior to
2 the date prescribed by Section 853.402(e) shall be treated as if
3 performed in the service of the municipality adopting the
4 ordinance, and that amount shall be reduced by an amount equal to
5 the sum of:

6 (1) 2 times the amount credited to the member's
7 individual accounts in the employees saving fund on the date
8 prescribed in Section 853.402(e), which any participating
9 municipality has undertaken to match on a 1 to 1 ratio; plus

10 (2) 2.25 [~~2.5~~] times the amount credited to the
11 member's individual accounts, subject to a 1.25 [~~1.5~~] to 1 matching
12 ratio by any participating municipality; plus

13 (3) 2.5 [~~3~~] times the amount credited to the member's
14 individual accounts, subject to a 1.5 [~~2~~] to 1 matching ratio by any
15 participating municipality; [~~and~~] plus

16 (4) 2.75 times the amount credited to the member's
17 individual accounts, subject to a 1.75 to 1 matching ratio by any
18 participating municipality; plus

19 (5) 3 times the amount credited to the member's
20 individual accounts, subject to a 2 to 1 matching ratio by any
21 participating municipality; plus

22 (6) the sum of all updated service credits, prior
23 service credits, special prior service credits, and antecedent
24 service credits allowed to the member by any other participating
25 municipality by which the member was previously employed and to
26 which the member is entitled.

27 SECTION 6. Section 855.110, Government Code, is amended by

1 adding Subsection (c) to read as follows:

2 (c) The board of trustees, after consultation with the
3 actuary, by rule may set open or closed amortization periods not to
4 exceed 25 years.

5 SECTION 7. Subchapter E, Chapter 855, Government Code, is
6 amended by adding Section 855.4065 to read as follows:

7 Sec. 855.4065. ADDITIONAL EMPLOYER CONTRIBUTIONS. (a) In
8 addition to the contributions a participating municipality is
9 required to make under this subtitle, the board of trustees, after
10 consultation with the actuary, by rule may authorize a
11 participating municipality to make lump-sum or periodic employer
12 contributions to the retirement system to be deposited in the
13 municipality's account in the municipality accumulation fund.

14 (b) A contribution made under this section is not subject to
15 the maximum contribution rates under Sections 855.407 and 855.501.

16 SECTION 8. Effective January 1, 2009, Sections 855.501(b),
17 (e), (h), and (i), Government Code, are amended to read as follows:

18 (b) The governing body of a municipality electing to provide
19 for increased reserves by ordinance shall provide that for each
20 month of current service rendered by a participating employee of
21 the municipality after the date of its election the municipality
22 will provide a contribution as provided by Subsection (c) equal to
23 125, 150, 175, or 200 percent of the member's accumulated
24 contribution to the retirement system for that month.

25 (e) Except as provided by Subsection (i), a [A]
26 participating municipality electing to provide an increased
27 current service annuity reserve [~~and electing a contribution rate~~

1 ~~of 150 percent for a year]~~ is liable for total contributions at a
2 rate that may [~~does~~] not exceed [~~a rate equal to~~] the applicable
3 maximum rate prescribed [~~for the municipality~~] by this subsection.
4 If the contribution rate elected for a municipality's current
5 service annuity reserve is:

6 (1) 125 percent, the total contributions may not
7 exceed the maximum rate prescribed by Section 855.407 by more than
8 one percent a year;

9 (2) 150 percent, the total contributions may not
10 exceed the maximum rate prescribed by Section 855.407 by more than
11 two percent a year;

12 (3) 175 percent, the total contributions may not
13 exceed the maximum rate prescribed by Section 855.407 by more than
14 three percent a year; or

15 (4) 200 percent, the total contributions may not
16 exceed the maximum rate prescribed by Section 855.407 by more than
17 four percent a year [~~Section 855.407, plus two percent a year. A~~
18 ~~municipality electing a rate of 200 percent a year is liable for~~
19 ~~contributions at a rate that does not exceed a rate equal to the~~
20 ~~maximum rate prescribed for the municipality by Section 855.407,~~
21 ~~plus four percent a year].~~

22 (h) A municipality electing to provide for an increased
23 current service annuity reserve may reduce its rate of contribution
24 to 125, 150, or 175 percent of the member contributions or to a rate
25 equal to the member contributions. The reduction becomes effective
26 on January 1 of the calendar year following the date on which the
27 municipality's governing body adopts an ordinance reducing the rate

1 of contribution.

2 (i) If the contribution rate for a participating
3 municipality's employees is six or seven percent, a [A
4 participating] municipality electing to provide an increased
5 service annuity reserve [and electing a contribution rate of 150
6 percent for a year] may, by ordinance, agree to be liable for total
7 contributions at a rate that may [does] not exceed [a rate equal to]
8 the applicable maximum rate prescribed [for the municipality] by
9 this subsection. If the contribution rate elected for a
10 municipality's current service annuity reserve is:

11 (1) 125 percent, the municipality's total contribution
12 rate may not exceed [Section 855.407 plus two and one-half percent
13 if the contribution rate for its employees is six percent, or a rate
14 that does not exceed a rate equal to] the maximum rate prescribed
15 [for the municipality] by Section 855.407 by more than:

16 (A) 1.25 percent if the employee contribution
17 rate is six percent; or

18 (B) 1.50 percent if the employee contribution
19 rate is seven percent;

20 (2) 150 percent, the municipality's total contribution
21 rate may not exceed the maximum rate prescribed by Section 855.407
22 by more than:

23 (A) 2.5 percent if the employee contribution rate
24 is six percent; or

25 (B) three percent if the employee contribution
26 rate is seven percent;

27 (3) 175 percent, the municipality's total contribution

1 rate may not exceed the maximum rate prescribed by Section 855.407
2 by more than:

3 (A) 3.75 percent if the employee contribution
4 rate is six percent; or

5 (B) 4.5 percent if the employee contribution rate
6 is seven percent; and

7 (4) 200 percent, the municipality's total contribution
8 rate may not exceed the maximum rate prescribed by Section 855.407
9 by more than:

10 (A) five percent if the employee contribution
11 rate is six percent; or

12 (B) six percent [~~plus three percent~~] if the
13 employee contribution rate [~~for its employees~~] is seven percent.

14 SECTION 9. (a) Effective September 1, 2007, Section
15 853.402(g), Government Code, is repealed.

16 (b) Effective January 1, 2008, Sections 852.108 and
17 852.109, Government Code, are repealed.

18 (c) Effective January 1, 2009, Section 855.501(j),
19 Government Code, is repealed.

20 SECTION 10. (a) A person who resumed employment after
21 retirement and whose annuity was suspended under former Section
22 852.108, Government Code, repealed by this Act, is entitled to the
23 resumption of monthly annuity payments if the person meets the
24 requirements of Section 852.1081(a)(1), Government Code, as added
25 by this Act.

26 (b) The Texas Municipal Retirement System shall resume
27 making monthly annuity payments to a person described by Subsection

1 (a) of this section on the first payment date occurring on or after
2 January 1, 2008.

3 (c) A person who is entitled to the resumption of monthly
4 annuity payments under this section is not entitled to recover
5 payment for annuity payments not made during the period the
6 person's annuity was suspended under former Section 852.108,
7 Government Code, repealed by this Act.

8 SECTION 11. Sections 853.402(c) and 853.601(a), Government
9 Code, as amended by this Act, apply only to a person whose effective
10 date of retirement under the Texas Municipal Retirement System is
11 on or after January 1, 2009. The computations affecting the
12 retirement benefits of a person whose effective date of retirement
13 is before January 1, 2009, is governed by the law in effect on the
14 date of the person's retirement, and that law is continued in effect
15 for that purpose.

16 SECTION 12. The change in law made by the repeal of Section
17 853.402(g), Government Code, by this Act applies only to the
18 computation of the updated service compensation of a person whose
19 effective date of retirement under the Texas Municipal Retirement
20 System is on or after September 1, 2007. The updated service
21 compensation of a person whose effective date of retirement is
22 before September 1, 2007, is computed according to the law in effect
23 on the effective date of the person's retirement, and that law is
24 continued in effect for that purpose.

25 SECTION 13. Section 855.501, Government Code, as amended by
26 this Act, applies only to a municipality participating in the Texas
27 Municipal Retirement System that elects to provide an increased

1 current service annuity reserve on or after January 1, 2009. A
2 participating municipality that makes that election before January
3 1, 2009, is governed by the law in effect on the date of the
4 election, and that law is continued in effect for that purpose.

5 SECTION 14. (a) Except as provided by Subsection (b) of this
6 section, this Act takes effect September 1, 2007.

7 (b) The following sections take effect January 1, 2008:

8 (1) Section 851.006, Government Code, as amended by
9 this Act; and

10 (2) Sections 852.1081, 853.402(a-1), 855.110(c), and
11 855.4065, Government Code, as added by this Act.