

AN ACT

relating to funding for, and benefits provided under, the Teacher Retirement System of Texas.

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

SECTION 1. Section 825.402, Government Code, is amended to read as follows:

Sec. 825.402. RATE OF MEMBER CONTRIBUTIONS. (a) The rate of contributions for each member of the retirement system is:

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

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

(3) six percent of the member's annual compensation for service rendered after August 31, 1969, and before the first day of the 1977-78 school year;

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

(5) 6.4 percent of the member's annual compensation for service rendered after August 31, 1985, subject to Subsection (b).

(b) Subject to Subsection (c), the board of trustees may by

1 order require that the rate of contributions for each member of the
2 retirement system under Subsection (a) is increased to not more
3 than 6.58 percent of the member's annual compensation for service
4 rendered after the date of the order if:

5 (1) the legislature by law requires or authorizes the
6 board of trustees to pay a supplemental payment to specified
7 annuitants; and

8 (2) the board of trustees finds, as of the time the
9 payment is to be made, that after the payment is made the
10 amortization period for the unfunded actuarial liabilities of the
11 retirement system would exceed 30 years by one or more years.

12 (c) Notwithstanding any other law, the board of trustees may
13 not make a supplemental payment required or authorized by the
14 legislature by law, and may not impose an increase in the rate of
15 contributions under Subsection (b), if the board of trustees finds
16 that after making the payment and imposing the increase the
17 amortization period for the unfunded actuarial liabilities of the
18 retirement system would exceed 30 years by one or more years.

19 (d) Notwithstanding any other law, the board of trustees may
20 delay making a supplemental payment required or authorized by the
21 legislature by law as necessary to make the determinations required
22 under Subsections (b) and (c).

23 SECTION 2. Section 825.404, Government Code, is amended by
24 amending Subsection (a) and adding Subsection (a-1) to read as
25 follows:

26 (a) During each fiscal year, the state shall contribute to
27 the retirement system an amount equal to at least six and not more

1 than 10 percent of the aggregate annual compensation of all members
2 of the retirement system during that fiscal year. The amount of the
3 state contribution made under this section may not be less than the
4 amount contributed by members during that fiscal year in accordance
5 with Section 825.402.

6 (a-1) During each fiscal year of the state fiscal biennium
7 beginning September 1, 2007, the state shall contribute to the
8 retirement system an amount equal to 6.58 of the aggregate annual
9 compensation of all members of the retirement system during that
10 fiscal year. This subsection expires September 1, 2009.

11 SECTION 3. Subsection (e), Section 825.4092, Government
12 Code, is amended to read as follows:

13 (e) The amounts required to be paid under Subsections (b)
14 and (c) are not required to be paid by a reporting employer for a
15 retiree who retired from [~~was reported under~~] the retirement system
16 [~~rules in effect for the report month of January 2005 by:~~

17 [~~(1) that reporting employer; or~~

18 [~~(2) another employer, if both employers are school~~
19 ~~districts that consolidated into a consolidated school district on~~
20 ~~or~~] before September 1, 2005.

21 SECTION 4. Subsection (b), Section 1575.204, Insurance
22 Code, is amended to read as follows:

23 (b) Each state fiscal year, each employer who reports to the
24 retirement system under Section 824.6022, Government Code, the
25 employment of a retiree who is enrolled in the group program shall
26 contribute to the fund the difference, if any, between the
27 contribution amount that the reported retiree is required to pay

1 for the retiree and any enrolled dependents to participate in the
2 group program and the full cost of the retiree's and enrolled
3 dependents' participation in the group program, as determined by
4 the trustee. The amounts required to be paid under this subsection
5 are not required to be paid by a reporting employer for a retiree
6 who retired from the [~~was reported by that employer under~~]
7 retirement system before September 1, [~~rules in effect for the~~
8 ~~report month of January~~] 2005.

9 SECTION 5. (a) The Teacher Retirement System of Texas
10 shall make a one-time supplemental payment of a retirement or death
11 benefit, as provided by this section.

12 (b) The supplemental payment is payable not later than
13 September 2007 and, to the extent practicable, on a date or dates
14 that coincide with the regular annuity payment payable to each
15 eligible annuitant.

16 (c) The amount of the supplemental payment is equal to the
17 lesser of:

18 (1) the gross amount of the regular annuity payment to
19 which the eligible annuitant is otherwise entitled for the month of
20 August 2007; or

21 (2) \$2,400.

22 (d) The supplemental payment is payable without regard to
23 any forfeiture of benefits under Section 824.601, Government Code.
24 The Teacher Retirement System of Texas shall make applicable tax
25 withholding and other legally required deductions before
26 disbursing the supplemental payment. A supplemental payment under
27 this section is in addition to and not in lieu of the regular

1 monthly annuity payment to which the eligible annuitant is
2 otherwise entitled.

3 (e) Subject to Subsection (f) of this section, to be
4 eligible for the supplemental payment, a person must be, for the
5 month of August 2007, and disregarding any forfeiture of benefits
6 under Section 824.601, Government Code, an annuitant eligible to
7 receive:

8 (1) a standard retirement annuity payment;

9 (2) an optional retirement annuity payment as either a
10 retiree or beneficiary;

11 (3) a life annuity payment under Subdivision (4),
12 Subsection (a), Section 824.402, Government Code;

13 (4) an annuity for a guaranteed period of 60 months
14 under Subdivision (3), Subsection (a), Section 824.402, Government
15 Code; or

16 (5) an alternate payee annuity payment under Section
17 804.005, Government Code.

18 (f) If the annuitant is a retiree or a beneficiary under an
19 optional retirement payment plan, to be eligible for the
20 supplemental payment, the effective date of the retirement of the
21 member of the Teacher Retirement System of Texas must have been on
22 or before December 31, 2006. If the annuitant is a beneficiary
23 under Subdivision (3) or (4), Subsection (a), Section 824.402,
24 Government Code, to be eligible for the supplemental payment, the
25 date of death of the member of the retirement system must have been
26 on or before December 31, 2006. The supplemental payment shall be
27 made to an alternate payee who is an annuitant under Section

1 804.005, Government Code, only if the annuity payment to the
2 alternate payee commenced on or before December 31, 2006. The
3 supplemental payment is in addition to the guaranteed number of
4 payments under Subdivision (3), Subsection (a), Section 824.402,
5 Government Code, Subdivision (3) or (4), Subsection (c), Section
6 824.204, Government Code, or Subdivision (3) or (4), Subsection
7 (c), Section 824.308, Government Code, and may not be counted as one
8 of the guaranteed monthly payments.

9 (g) The supplemental payment does not apply to payments
10 under:

11 (1) Subsection (a), Section 824.304, Government Code,
12 relating to disability retirees with less than 10 years of service
13 credit;

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

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

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

24 (h) Except as provided by this section, the board of
25 trustees of the Teacher Retirement System of Texas shall determine
26 the eligibility for and the amount and timing of a supplemental
27 payment and the manner in which the payment is made.

1 SECTION 6. Subsection (a), Section 825.404, Government
2 Code, as amended by this Act, applies beginning with the fiscal year
3 that begins September 1, 2007.

4 SECTION 7. Section 825.4092, Government Code, as amended by
5 this Act, applies only to an employer contribution required to be
6 made under that section on or after September 1, 2007. An employer
7 contribution required to be made before September 1, 2007, is
8 governed by the law as it existed at the time the contribution was
9 required to be made, and that law is continued in effect for that
10 purpose.

11 SECTION 8. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1846 passed the Senate on May 2, 2007, by the following vote: Yeas 22, Nays 8; May 24, 2007, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 26, 2007, House granted request of the Senate; May 27, 2007, Senate adopted Conference Committee Report by the following vote: Yeas 29, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1846 passed the House, with amendments, on May 23, 2007, by the following vote: Yeas 146, Nays 0, one present not voting; May 26, 2007, House granted request of the Senate for appointment of Conference Committee; May 27, 2007, House adopted Conference Committee Report by the following vote: Yeas 147, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor