

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 27, 2007

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions & Investments

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB1039 by Lucio (Relating to the payment of benefits to certain retirees of the Teacher Retirement System of Texas who return to work.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would allow a retired member of the Teacher Retirement System (TRS) who returns to work at a public school on or after September 1, 2007 to continue employment beyond May 31 but not later than June 15 without losing the monthly annuity payment paid in June. Professional development activities would not be considered work for purposes of the provisions of the bill.

Under current law, if a TRS retiree returns to work in a TRS-covered position full-time for more than six months in a school year, the retiree's annuity is discontinued after the sixth month. Any part of a month in which a retiree works beyond the sixth month results in the withholding of that month's annuity payment. Currently, most districts' school years end in May, which allows return-to-work retirees to cease employment in May and receive a June annuity payment. With later school year start dates resulting in more districts' school years extending into June, in future years, return-to-work retirees to whom the six-month limitation applies would be subject to withholding of the June payment. The withholding of the June payment is likely to result in a gain to TRS. The provisions of the bill would allow a return-to-work retiree subject to withholding to complete work during a school year by June 15th and receive a monthly annuity payment in June, which would reduce the anticipated gain; but the impact cannot be estimated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JOB, KJG, UP, JSc