

By: Gonzales of Williamson, Huberty,
McClendon, Strama, Veasey, et al.

H.B. No. 3542

Substitute the following for H.B. No. 3542:

By: Anderson of McLennan

C.S.H.B. No. 3542

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a supplemental payment for retirees of the Teacher
3 Retirement System of Texas and the unfunded actuarial liabilities
4 allowed under that system.

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

6 SECTION 1. This Act is not intended to supplant the power or
7 discretion of the legislature to provide supplemental payments to
8 annuitants of the Teacher Retirement System of Texas. This Act
9 provides an additional tool by which the legislature, in enacting
10 this law, may provide those annuitants with a much-needed one-time
11 supplemental payment without requesting additional funds from
12 general revenue.

13 SECTION 2. Section 821.006, Government Code, is amended by
14 adding Subsections (c), (d), and (e) to read as follows:

15 (c) Notwithstanding Subsections (a) and (b), the retirement
16 system may provide a one-time supplemental payment to an annuitant
17 eligible to receive:

18 (1) a standard retirement annuity payment;

19 (2) an optional retirement annuity payment as either a
20 retiree or beneficiary;

21 (3) a life annuity payment under Section
22 824.402(a)(4);

23 (4) an annuity for a guaranteed period of 60 months
24 under Section 824.402(a)(3); or

1 (5) an alternate payee annuity payment under Section
2 804.005.

3 (d) A one-time supplemental payment under Subsection (c) is
4 authorized, even if the amortization period for the unfunded
5 actuarial liabilities of the retirement system exceeds 30 years by
6 one or more years, only if the board of trustees determines that at
7 the time of the supplemental payment the payment can be made while
8 preserving the ability of the retirement system to meet at least 80
9 percent of the system's pension obligations.

10 (e) The funding for a one-time supplemental payment under
11 Subsection (c) must come from the earnings the retirement system
12 makes on its investments as provided by this subsection. The
13 supplemental payment may be made at any time during the period
14 beginning September 1, 2011, and ending December 31, 2013, only if,
15 during the preceding fiscal year, the return on investments, as
16 provided by the actuarial valuation on August 31 of that year,
17 exceeds eight percent by an amount sufficient to pay for the
18 supplemental payment. Subsections (c) and (d) and this subsection
19 expire January 1, 2014.

20 SECTION 3. Section 825.402, Government Code, is amended by
21 adding Subsection (c-1) to read as follows:

22 (c-1) Subsection (c) does not apply to a supplemental
23 payment authorized by Sections 821.006(c), (d), and (e). This
24 subsection expires January 1, 2014.

25 SECTION 4. (a) The Teacher Retirement System of Texas shall
26 make a one-time supplemental payment of a retirement or death
27 benefit, as provided by Section 821.006, Government Code, as

1 amended by this Act, and this section.

2 (b) The supplemental payment is payable not later than
3 December 31, 2013, and, to the extent practicable, on a date or
4 dates that coincide with the regular annuity payment payable to
5 each eligible annuitant.

6 (c) The amount of the supplemental payment is equal to the
7 lesser of:

8 (1) the gross amount of the regular annuity payment to
9 which the eligible annuitant is otherwise entitled for the month of
10 August 2011; or

11 (2) \$2,400.

12 (d) The supplemental payment is payable without regard to
13 any forfeiture of benefits under Section 824.601, Government Code.
14 The Teacher Retirement System of Texas shall make applicable tax
15 withholding and other legally required deductions before
16 disbursing the supplemental payment. A supplemental payment under
17 this section is in addition to and not in lieu of the regular
18 monthly annuity payment to which the eligible annuitant is
19 otherwise entitled.

20 (e) Subject to Subsection (f) of this section, to be
21 eligible for the supplemental payment, a person must be, for the
22 month of August 2011, and disregarding any forfeiture of benefits
23 under Section 824.601, Government Code, an annuitant eligible to
24 receive:

25 (1) a standard retirement annuity payment;

26 (2) an optional retirement annuity payment as either a
27 retiree or beneficiary;

1 (3) a life annuity payment under Section
2 824.402(a)(4), Government Code;

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

5 (5) an alternate payee annuity payment under Section
6 804.005, Government Code.

7 (f) If the annuitant is a retiree or a beneficiary under an
8 optional retirement payment plan, to be eligible for the
9 supplemental payment, the effective date of the retirement of the
10 member of the Teacher Retirement System of Texas must have been on
11 or before December 31, 2008. If the annuitant is a beneficiary
12 under Section 824.402(a)(3) or (4), Government Code, to be eligible
13 for the supplemental payment, the date of death of the member of the
14 retirement system must have been on or before December 31, 2008.
15 The supplemental payment shall be made to an alternate payee who is
16 an annuitant under Section 804.005, Government Code, only if the
17 annuity payment to the alternate payee commenced on or before
18 December 31, 2008. The supplemental payment is in addition to the
19 guaranteed number of payments under Section 824.402(a)(3),
20 824.204(c)(3) or (4), or 824.308(c)(3) or (4), Government Code, and
21 may not be counted as one of the guaranteed monthly payments.

22 (g) The supplemental payment does not apply to payments
23 under:

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

26 (2) Section 824.804(b), Government Code, relating to
27 participants in the deferred retirement option plan with regard to

1 payments from their deferred retirement option plan accounts;

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

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

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

12 SECTION 5. This Act takes effect September 1, 2011.