

By: Zaffirini

S.B. No. 812

A BILL TO BE ENTITLED

AN ACT

relating to the service retirement benefits of certain retirees who resume employment within the Texas Municipal Retirement System.

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

SECTION 1. Section 852.108, Government Code, is amended by amending Subsections (b), (d), (e), (f), (h), and (i) and adding Subsections (a-1), (b-1), (b-2), and (f-1) to read as follows:

(a-1) Except as provided by Subsection (a), this section applies only to a person who:

(1) has retired with a service retirement benefit under this subtitle;

(2) has been separated from service with the person's reemploying municipality for at least 12 months; and

(3) returns to service with the reemploying municipality after the separation described by Subdivision (2).

(b) Except as provided by Section 852.1085, a person to whom this section applies [~~who has retired with a service retirement benefit under this subtitle and later becomes an employee of the person's reemploying municipality~~] also resumes the person's most recent membership in [~~becomes a member of~~] the system on the date of employment, but credits and benefits allowable to the person under this subtitle are limited as provided by this section.

(b-1) The retirement system shall reactivate the same individual member account in the employees saving fund that the

1 person contributed to before the person retired.

2 (b-2) On the date of a person's reemployment, the person
3 must choose whether to resume making member contributions to the
4 person's individual member account. A person who resumes making
5 contributions shall earn additional service credit.

6 (d) Member contributions under Section 855.402 shall be
7 made on all compensation paid to the employee by the reemploying
8 municipality at the same rate as is required of other employees of
9 the department. The retirement system shall deposit the
10 contributions on receipt in the member's reactivated ~~[an]~~
11 individual account ~~[for the member]~~ in the employees saving fund
12 and shall credit the account with interest annually at the same rate
13 and manner as the accounts of other members are credited. The
14 compensation paid to the employee by the reemploying municipality
15 shall be included in computing the monthly contributions the
16 municipality makes to the municipality accumulation fund.

17 (e) After termination of employment with the reemploying
18 municipality and after filing of an application for resumption of
19 retirement with the board of trustees, a person described by
20 Subsection (a-1) ~~[(b)]~~ is entitled to receive future payments of
21 the suspended annuity, as provided by Subsections (f) and (f-1) or
22 Subsection (h) ~~[(f)]~~, and to the additional benefits as provided by
23 Subsections (g) ~~[(h)]~~ and (i).

24 (f) Monthly payments of a suspended annuity shall be
25 recomputed to reflect:

26 (1) the amount of the original service retirement
27 annuity;

1 (2) any additional service credit earned by the person
2 during the period of reemployment;

3 (3) the sum of any contributions made by the person
4 during the period of reemployment to the person's individual
5 account in the employees saving fund and interest accrued on the
6 accumulated contributions allowed by the retirement system;

7 (4) one of the following amounts from the municipality
8 accumulation fund, as applicable:

9 (A) an amount equal to the amount under
10 Subdivision (3) if the person elected to resume making
11 contributions under Subsection (b-2);

12 (B) an amount equal to the amount under
13 Subdivision (3) based on the contributions that would have been
14 made by the person if the person had elected to resume making
15 contributions under Subsection (b-2); or

16 (C) a greater amount than the amount under
17 Paragraph (A) or (B) if authorized by the reemploying municipality
18 under Section 855.501; and

19 (5) a reduction for any service retirement annuity
20 payments received by the person before the person's reemployment.

21 (f-1) The payments as recomputed shall be resumed in the
22 month following the month in which employment is terminated with
23 the reemploying municipality, without any other change in the
24 amount except for any increase allowed under Section 854.203 or the
25 duration of or another condition pertaining to the suspended
26 benefit. Payment of the resumed benefit may not be made for any
27 month during which the payment was suspended under this section.

1 (h) Instead of a resumption of recomputed benefits under
2 Subsection (f), [The additional service retirement benefit
3 allowable to] a person to whom this section applies may elect to
4 resume the suspended annuity payments in the month following the
5 month in which employment is terminated with the reemploying
6 municipality in the amount provided before the reemployment without
7 any change in the amount except for any increase allowed under
8 Section 854.203 and [is], at the option of that person, receive
9 either:

10 (1) a refund of accumulated contributions made since
11 reemployment plus any accrued interest on the accumulated
12 contributions allowed by the retirement system; or

13 (2) a benefit consisting of:

14 (A) a basic annuity actuarially determined from
15 the sum of the member's deposits made and accumulated since the date
16 the person last became a member, together with interest accumulated
17 on that amount since the person last became a member; or

18 (B) a greater amount authorized by the
19 municipality under Section 855.501.

20 (i) The additional benefit described by Subsection (h)(1)
21 or (2) [~~(h)~~] is payable as a standard service retirement benefit or,
22 at the election of the member, any optional benefit authorized
23 under this subtitle that is the actuarial equivalent of the
24 standard retirement benefit. The first benefit payment date under
25 this subsection is the later of the end of the month following the
26 last month of employment or the end of the month following the month
27 in which the person files an application for payment. The first

1 payment may not be made if the person has resumed employment with
2 the reemploying municipality in a position that would make the
3 person an employee.

4 SECTION 2. (a) The changes in law made by this Act to
5 Section 852.108, Government Code, apply only to the following:

6 (1) a person who resumes employment on or after the
7 effective date of this Act with the same municipality the person was
8 employed by before retiring from service; and

9 (2) a person who resumed employment before the
10 effective date of this Act with the same municipality the person was
11 employed by before retiring from service and who is in that
12 employment on the effective date of this Act.

13 (b) A person described by Subsection (a)(2) of this section
14 may elect under Section 852.108(b-2), Government Code, as added by
15 this Act, whether to resume making contributions and earn
16 additional service credit for the months of reemployment that occur
17 on and after the effective date of this Act.

18 (c) The changes in law made by this Act to Section 852.108,
19 Government Code, do not apply to a person to whom Section 852.1085,
20 Government Code, applies.

21 SECTION 3. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect September 1, 2011.