

By: Duncan

S.B. No. 1664

A BILL TO BE ENTITLED

AN ACT

relating to the powers and duties of and benefits available under the Employees Retirement System of Texas.

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

SECTION 1. Subchapter A, Chapter 609, Government Code, is amended by adding Section 609.015 to read as follows:

Sec. 609.015. BENEFICIARY CAUSING DEATH OF PARTICIPATING EMPLOYEE. (a) Any benefits, funds, or account balances payable on the death of a participating employee may not be paid to a person convicted or adjudged of causing that death but instead is payable as if the convicted person had predeceased the decedent.

(b) The plan is not required to change the recipient of benefits under this section unless it receives actual notice of the conviction or adjudication of a beneficiary. However, the plan may delay payment of a benefit payable on the death of a member or annuitant pending the results of a criminal investigation or civil proceeding and of legal proceedings relating to the cause of death.

(c) For the purposes of this section, a person has been convicted or adjudicated of causing the death of a participating employee if the person:

(1) pleads guilty or nolo contendere to, or is found guilty by a court or jury in a criminal proceeding of, causing the death of the participating employee, regardless of whether sentence is imposed or probated, and has no appeal of the conviction pending

1 and the time provided for appeal has expired; or

2 (2) is found liable by a court or jury in a civil  
3 proceeding of causing the death of the participating employee, and  
4 has no appeal of the judgement pending and the time provided for  
5 appeal has expired.

6 SECTION 2. Section 813.404, Government Code, is amended to  
7 read as follows:

8 Sec. 813.404. CONTRIBUTIONS FOR SERVICE NOT PREVIOUSLY  
9 ESTABLISHED. For each month of membership, military, or equivalent  
10 membership service not previously credited in the retirement  
11 system, a member claiming credit in the elected class shall pay a  
12 contribution in an amount equal to the greater of:

13 (1) eight percent of the monthly salary paid to  
14 members of the legislature at the time the credit is established; or

15 (2) the appropriate member contribution set by Section  
16 815.402 for ~~[six percent of the monthly state salary paid to]~~ a  
17 person who holds, at the time the credit is established, the office  
18 for which credit is sought.

19 SECTION 3. Section 813.505(a), Government Code, is amended  
20 to read as follows:

21 (a) A member claiming credit in the employee class for  
22 membership service not previously established shall, for each month  
23 of the service, pay a contribution in an amount equal to the greater  
24 of:

25 (1) the appropriate member contribution set by Section  
26 815.402 ~~[six percent of the member's monthly state compensation]~~  
27 for the service during the time for which credit is sought; or

1           (2)   \$18.

2           SECTION 4.   Section 814.104(d), Government Code, is amended  
3 to read as follows:

4           (d)   Except as provided by Section 814.102 or by rule adopted  
5 under Section 813.304(d) or 803.202(a)(2), a member who was not a  
6 member on the date hired, was hired on or after September 1, 2009,  
7 and has service credit in the retirement system is eligible to  
8 retire and receive a service retirement annuity if the member:

9           (1)   is at least 65 years old and has at least 10 years  
10 of service credit in the employee class; or

11          (2)   has at least 10 [~~5~~] years of service credit in the  
12 employee class and the sum of the member's age and amount of service  
13 credit in the employee class, including months of age and credit,  
14 equals or exceeds the number 80.

15          SECTION 5.   Section 814.1075(d), Government Code, is amended  
16 to read as follows:

17          (d)   The standard combined service retirement annuity that  
18 is payable under this section is based on retirement at either the  
19 age of 55 or the age at which the sum of the member's age and amount  
20 of service credit in the employee class equals or exceeds the number  
21 80. The annuity of a law enforcement or custodial officer who  
22 retires before reaching the age of 55 under any eligibility  
23 criteria is actuarially reduced by five percent for each year the  
24 member retires before the member reaches age 55, with a maximum  
25 possible reduction of 25 percent.   The actuarial reduction  
26 described by this section is in addition to any other actuarial  
27 reduction required by law.

SECTION 6. Section 815.303, Government Code, is amended to read as follows:

Sec. 815.303. SECURITIES LENDING. (a) The retirement system may, in the exercise of its constitutional discretion to manage the assets of the retirement system, select one or more commercial banks, depository trust companies, or other entities to serve as custodian or custodians of the system's securities and to lend the securities under rules or policies adopted by the board of trustees and as required by this section.

(b) To be eligible to lend securities under this section, a bank or brokerage firm must:

(1) be experienced in the operation of a fully secured securities loan program;

(2) maintain adequate capital in the prudent judgment of the retirement system to assure the safety of the securities;

(3) execute an indemnification agreement satisfactory in form and content to the retirement system fully indemnifying the retirement system against loss resulting from borrower default in its operation of a securities loan program for the system's securities; and

(4) require any securities broker or dealer to whom it lends securities belonging to the retirement system to deliver to and maintain with the securities lending agent or custodian collateral in the form of cash, ~~or~~ United States government securities, or United States government agency securities in an amount equal to but not less than 100 percent of the market value, from time to time, as determined by the retirement system, of the

1   loaned securities.

2           SECTION 7. Subchapter D, Chapter 834, Government Code, is  
3   amended by adding Section 834.305 to read as follows:

4           Sec. 834.305. BENEFICIARY CAUSING DEATH OF MEMBER OR  
5   ANNUITANT. (a) Any benefits, funds, or account balances payable  
6   on the death of a member or annuitant may not be paid to a person  
7   convicted or adjudged of causing that death but instead is payable  
8   as if the convicted person had predeceased the decedent.

9           (b) A person who becomes eligible under this section to  
10   select death or survivor benefits may select benefits as if the  
11   person were the designated beneficiary.

12           (c) The retirement system shall reduce any annuity computed  
13   in the part on the age of the convicted or adjudicated person to a  
14   lump sum equal to the present value of the remainder of the annuity.  
15   The reduced amount is payable to a person entitled as provided by  
16   this section to receive the benefit.

17           (d) The retirement system is not required to change the  
18   recipient of benefits under this section unless it receives actual  
19   notice of the conviction or adjudication of a beneficiary.  
20   However, the retirement system may delay payment of a benefit  
21   payable on the death of a member or annuitant pending the results of  
22   a criminal investigation or civil proceeding and of legal  
23   proceedings relating to the cause of death.

24           (e) For the purposes of this section, a person has been  
25   convicted or adjudicated of causing the death of a member or  
26   annuitant if the person:

27           (1) pleads guilty or nolo contendere to, or is found

1 guilty by a court or jury in a criminal proceeding of, causing the  
2 death of the member or annuitant, regardless of whether sentence is  
3 imposed or probated, and has no appeal of the conviction pending and  
4 the time provided for appeal has expired; or

5 (2) is found liable by a court or jury in a civil  
6 proceeding of causing the death of the member or annuitant, and has  
7 no appeal of the judgment pending and the time provided for appeal  
8 has expired.

9 SECTION 8. Subchapter D, Chapter 839, Government Code, is  
10 amended by adding Section 839.306 to read as follows:

11 Sec. 839.306. BENEFICIARY CAUSING DEATH OF MEMBER OR  
12 ANNUITANT. (a) Any benefits, funds, or account balances payable  
13 on the death of a member or annuitant may not be paid to a person  
14 convicted or adjudged of causing that death but instead is payable  
15 as if the convicted person had predeceased the decendent.

16 (b) A person who becomes eligible under this section to  
17 select death or survivor benefits may select benefits as if the  
18 person were the designated beneficiary.

19 (c) The retirement system shall reduce any annuity computed  
20 in part on the age of the convicted or adjudicated person to a lump  
21 sum equal to the present value of the remainder of the annuity. The  
22 reduced amount is payable to a person entitled as provided by this  
23 section to receive the benefit.

24 (d) The retirement system is not required to change the  
25 recipient of benefits under this section unless it receives actual  
26 notice of the conviction or adjudication of a beneficiary.  
27 However, the retirement system may delay payment of a benefit

1 payable on the death of a member or annuitant pending the results of  
2 a criminal investigation or civil proceeding and of legal  
3 proceedings relating to the cause of death.

4 (e) For the purposes of this section, a person has been  
5 convicted or adjudicated of causing the death of a member or  
6 annuitant if the person:

7 (1) pleads guilty or nolo contendere to, or is found  
8 guilty by a court or jury in a criminal proceeding of, causing the  
9 death of the member or annuitant, regardless of whether sentence is  
10 imposed or probated, and has no appeal of the conviction pending and  
11 the time provided for appeal has expired; or

12 (2) is found liable by a court or jury in a civil  
13 proceeding of causing the death of the member or annuitant, and has  
14 no appeal of the judgment pending and the time provided for appeal  
15 has expired.

16 SECTION 9. Section 1551.004(a), Insurance Code, is amended  
17 to read as follows:

18 (a) In this chapter, "dependent" with respect to an  
19 individual eligible to participate in the group benefits program  
20 ~~[under Section 1551.101 or 1551.102]~~ means the individual's:

21 (1) spouse;  
22 (2) unmarried child younger than 25 years of age;  
23 (3) child of any age who the board of trustees  
24 determines lives with or has the child's care provided by the  
25 individual on a regular basis if:

26 (A) the child is mentally ~~[retarded]~~ or  
27 physically incapacitated to the extent that the child is dependent

on the individual for care or support, as determined by the board of trustees;

(B) the child's coverage under this chapter has not lapsed; and

(C) the child is at least 25 years old and was enrolled as a participant in the health benefits coverage under the group benefits program on the date of the child's 25th birthday;

(4) child of any age who is unmarried, for purposes of health benefit coverage under this chapter, on expiration of the child's continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (Pub. L. No. 99-272) and its subsequent amendments; and

(5) ward, as that term is defined by Section 601, Texas Probate Code, younger than 25 years of age.

SECTION 10. Subchapter B, Chapter 1551, Insurance Code, is amended by adding Section 1551.068 to read as follows:

Sec. 1551.068. QUALIFICATION OF GROUP BENEFITS PROGRAM. Notwithstanding any other law, it is intended that the provisions of this chapter be construed and administered in a manner that coverages under the group benefits program will be considered in compliance with applicable federal laws and regulations. The board of trustees may adopt rules that modify provisions of the this chapter by adding, deleting, or changing a provision, including rules that modify eligibility or enrollment requirements and benefits available under any group benefits program coverages.

SECTION 11. Section 1551.314, Insurance Code, is amended to read as follows:



1           Sec. 1551.314. CERTAIN STATE CONTRIBUTIONS PROHIBITED. A  
2 state contribution may not be made for coverages under this chapter  
3 selected by an individual who receives a state contribution[~~, other~~  
4 ~~than as a spouse, dependent, or beneficiary,~~] for coverages under a  
5 group benefits program provided by another state plan or by an  
6 institution of higher education, as defined by Section 61.003,  
7 Education Code.

8           SECTION 12. The change in law made by Sections 609.015,  
9 834.305, and 839.306, Government Code, as added by this Act, apply  
10 only to an offense committed on or after the effective date of this  
11 Act. An offensive comitted before the effective date of this Act is  
12 governed by the law in effect on the date the offense was committed,  
13 and the former law is continued in effect for that purpose. For  
14 purposes of this section, an offense was committed before the  
15 effective date of this Act if any element of the offense occurred  
16 before that date.

17           SECTION 13. This Act takes effect September 1, 2011.