

## **BILL ANALYSIS**

C.S.H.B. 1884  
By: Callegari  
Pensions  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas Legislature periodically evaluates the laws relating to the Teacher Retirement System of Texas (TRS) and makes changes to address the needs of the legislature and TRS. C.S.H.B. 1884 seeks to revise applicable laws relating to the operation and administration of TRS.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1884 amends the Government Code to revise the existing conditions for the eligibility of a member of the Teacher Retirement System of Texas (TRS) to retire and receive a standard service retirement annuity. The bill establishes that such a member is eligible to retire and receive such an annuity under either of the following conditions: the member is at least 65 years old and has at least five years of service credit in TRS or the member is at least 62 years old, has at least five years of service credit in the retirement system, and the sum of the member's age and amount of service credit in TRS equals 80. The bill removes provisions establishing a member's eligibility at the minimum ages of 60 and 50 with the requisite number of years of service to meet the rule of 80 and revises provisions relating to the percentage reductions in the standard annuity that are based on a member's age at the date of retirement and the minimum years of service credit. The bill decreases the standard annuity by five percent for each year of age under 62 years for a member who is eligible to retire regardless of age, either because the member meets the rule of 80 with at least five years of service credit or because the member has at least 30 years of service. The bill decreases the standard annuity by two percent for each year of age under 62 for a retiree who is eligible to retire regardless of age for either of those reasons who has at least five years of TRS service credit on or before August 31, 2104, and retires on or after September 1, 2014. The bill repeals certain provisions relating to a TRS member who becomes a member of TRS on or after September 1, 2007.

C.S.H.B. 1884 exempts from its provisions revising these eligibility requirements a person who retires under TRS on or after September 1, 2014, and who meets one or more of the following requirements on or before August 31, 2014: the person has attained age 50; the person's age and amount of service credit in the retirement system equal 70 or greater; or the person has at least 25 years of service credit in TRS. The bill restricts such eligibility determinations to service actually credited in TRS, the Employees Retirement System of Texas (ERS), or a retirement system participating in the proportionate retirement program on or before August 31, 2014. The bill specifies that purchased service credit in TRS is not considered actually credited if the service credit is established only after completion of an installment payment plan under which any installment payment is required to be made after August 31, 2014, but provides that such service credit is considered actually credited if payment in full for the purchase of service credit is made by a direct rollover or otherwise on or before August 31, 2014, or if payment in full by direct rollover or otherwise is made after that date and the member's request to purchase service

credit occurred on or before August 31, 2014, and payment to purchase the service credit is made in accordance with uniform administrative requirements established by TRS. The bill provides that the reduction will be two percent for each year the member is less than age 60, instead of the five percent reduction for each year the member is less than age 60, for eligible TRS members who otherwise would be subject to the provisions removed by the bill that apply to a person who becomes a member of TRS on or after September 1, 2007.

C.S.H.B. 1884, effective September 1, 2013, requires TRS to make a one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity. The bill establishes that in order to be eligible for the adjustment a person must be, on the effective date of the adjustment and disregarding any forfeiture of benefits, eligible to receive a standard annuity or disability retirement annuity payment, an optional service or disability retirement annuity payment as either a retiree or beneficiary, an annuity payment for certain beneficiaries of deceased active members or disability retirees, or an alternate payee annuity payment under a qualified domestic relations order. The bill specifies that in order for a retiree annuitant or a beneficiary under an optional retirement payment plan to be eligible for the cost-of-living adjustment, the annuitant must be living on the effective date of the adjustment and the effective date of the TRS member's retirement must have been on or before August 31, 1994. The bill specifies that in order for a beneficiary of a deceased active member or disability retiree to be eligible for the cost-of-living adjustment, the annuitant must be living on the effective date of the adjustment and the TRS member's date of death must have been on or before August 31, 1994. The bill specifies that in order for an alternate payee under a qualified domestic relations order to be eligible for the cost-of-living adjustment, the effective date of the election to receive the annuity payment must be on or before August 31, 1994.

C.S.H.B. 1884 establishes that a cost-of-living adjustment does not apply to payments made under statutory provisions prescribing annuity payments for retirees who receive a standard annuity in an amount fixed by statute, for disability retirees with less than 10 years of service credit, for disability retirees who receive a disability annuity in an amount fixed by statute, for active member survivor beneficiaries who receive a survivor annuity in an amount fixed by statute, for retiree survivor beneficiaries who receive a survivor annuity in an amount fixed by statute, or for participants in the deferred retirement option plan with regard to payments from their deferred retirement option plan accounts. The bill requires the cost-of-living adjustment to be made beginning with an annuity payable for the month of September 2013 and limits the amount of the adjustment to the lesser of an amount equal to three percent of the monthly benefit subject to the increase or \$100 a month. The bill requires the TRS board of trustees to determine the eligibility for and the amount of any adjustment in monthly annuities in accordance with the bill's provisions regarding cost-of-living adjustments.

C.S.H.B. 1884 decreases from five to two percent the annual, prorated interest rate creditable to a member's account in TRS's deferred retirement option during the period of participation in the plan and until all benefits are distributed. The bill decreases from five to two percent the annual interest rate used to calculate the monthly interest earned on a member's contribution to the member's individual account within TRS. The bill specifies the rate of contributions for each TRS member, and provides that for service rendered on or after September 1, 2014, the rate of contributions for each member is the greater of 6.4 percent of the member's annual compensation or a percent of the member's annual compensation equal to the state contribution rate, but prohibits a member contribution from exceeding 6.9 percent. The bill removes provisions granting the TRS board of trustees the authority to increase the rate of contributions for each TRS member to not more than 6.58 percent of the member's annual compensation under certain conditions, prohibiting the TRS board of trustees from making a supplemental payment or imposing an increase in the rate of contributions if the board finds that after making the payment and imposing the increase the amortization period for the unfunded actuarial liabilities of the retirement system would exceed 30 years by one or more years, and granting authority to the board to delay making a supplemental payment required or authorized by the legislature by law as necessary to make certain determinations.

C.S.H.B. 1884 requires an employer, for each member the employer reports to TRS and for whom the employer is not making contributions to the federal Old-Age, Survivors, and Disability Insurance (OASDI) program, to contribute monthly to TRS for each such member an amount equal to one percent of the member's compensation. The bill requires the employer, in addition to any contributions required under statutory provisions prescribing contributions based on compensation above the statutory minimum, to make a monthly contribution to TRS for each member entitled to the minimum salary for certain school personnel under applicable current or former Education Code provisions an amount equal to one percent of the statutory minimum salary determined under those provisions. The bill specifies that such contributions are subject to the requirements of statutory provisions prescribing interest due from certain employers for unpaid or undocumented membership fees and contributions and must be used to fund the normal cost of TRS. The bill excludes an employer that is an institution of higher education from these provisions.

C.S.H.B. 1884 amends the Insurance Code, for purposes of the Texas Public School Retired Employees Group Benefits Act, to make a service retiree and any dependent of a service retiree ineligible to participate in an optional group health benefit plan, unless the retiree is at least 62 years of age or older and is ineligible under the Texas Employees Group Benefits Act and the State University Employees Uniform Insurance Benefits Act and meets other conditions prescribed in statute relating to taking a service retirement under TRS. The bill authorizes such a retiree, on the date the retiree reaches 62 years of age and under rules adopted by the trustee, to enroll in any coverage tier under the group program and to enroll, in the same coverage tier, the retiree's dependents who are enrolled in the group program as of the date the retiree reaches 62 years of age. The bill exempts from these provisions a person who takes a service retirement under TRS on or after September 1, 2014, and for whom, on or before August 31, 2014, the sum of the person's age and amount of service credit in the retirement system equals 70 or greater or who, on or before August 31, 2014, has at least 25 years of service credit in TRS. The bill restricts such eligibility determinations to service actually credited in TRS or ERS on or before August 31, 2014. The bill specifies that purchased service credit in TRS is not considered actually credited if the service credit is established only after completion of an installment payment plan under which any installment payment is required to be made after August 31, 2014, but provides that such service credit is considered actually credited if payment in full for the purchase of service credit is made by a direct rollover or otherwise on or before August 31, 2014, or if payment in full by direct rollover or otherwise is made after that date and the member's request to purchase service credit occurred on or before August 31, 2014, and payment to purchase the service credit is made in accordance with uniform administrative requirements established by TRS.

C.S.H.B. 1884, effective September 1, 2013, repeals a provision in the Texas School Employees Uniform Group Health Coverage Act requiring the coverage provided under a primary care coverage plan to be comparable in scope and, to the greatest extent possible, in cost to the coverage provided under the Texas Employees Group Benefits Act.

C.S.H.B. 1884 repeals the following provisions:

- Sections 824.202(a-1) and (b-1), Government Code
- Section 1579.103, Insurance Code

### **EFFECTIVE DATE**

Except as otherwise provided, September 1, 2014.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1884 may differ from the original in minor or nonsubstantive ways, the

following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### INTRODUCED

SECTION 1. Sections 824.1012(a) and (b), Government Code, are amended to read as follows:

(a) As an exception to Section 824.101(c), a retiree who selected an optional service retirement annuity under Section 824.204(c)(1), (c)(2), or (c)(5) or an optional disability retirement annuity under Section 824.308(c)(1), (c)(2), or (c)(5) and who has received at least one payment under the plan selected may change the optional annuity selection made by the retiree to a standard service or disability retirement annuity as provided for in this section ~~[revoke the designation of the beneficiary to receive the annuity on the death of the retiree].~~ If the beneficiary is the spouse or former spouse of the retiree, the beneficiary must sign a notarized consent to the change, or ~~[,if]~~ a court in a divorce proceeding involving the retiree and beneficiary must approve ~~[approves]~~ or order ~~[orders]~~ the change ~~[revocation]~~ in the divorce decree or acceptance of a property settlement ~~[or if the beneficiary is the spouse, or a former spouse, or an adult child of the retiree and signs a notarized consent to the revocation].~~ The change in plan selection ~~[revocation]~~ takes effect when the retirement system receives it.

(b) A change ~~[revocation]~~ described by Subsection (a) cancels the optional annuity selection made by the retiree, effective with the beginning of payments of the annuity as recomputed under this subsection. The retiree is entitled to receive payments of a standard service or disability retirement annuity, as applicable, reduced for early retirement, if applicable, beginning with the payment for the month after the month in which the retirement system receives the notice of change ~~[revocation]~~ and ending on the death of the retiree. The change also cancels the designation of beneficiary with respect to the optional annuity benefit but does not cancel a designation with respect to any other benefit payable by the retirement system on the death of the retiree.

#### HOUSE COMMITTEE SUBSTITUTE

No equivalent provision.

SECTION 2. Section 824.1013(b) is amended to read as follows:

(b) If the beneficiary designated at the time of the retiree's retirement is the spouse ~~or former spouse~~ of the retiree at the time of the designation:

(1) the spouse ~~or former spouse~~ must give written, notarized consent to the change;

(2) if the parties divorced after the designation, the former spouse who was designated beneficiary must give written, notarized consent to the change; or

(3) ~~(2)~~ a court with jurisdiction over the marriage must have ordered the change.

No equivalent provision.

SECTION 3. Section 1575.003(1), Insurance Code, is amended to read as follows:

(1) "Dependent" means:

(A) the spouse of a retiree;

(B) a ~~an unmarried~~ child of a retiree or deceased active member if the child is younger than 26 ~~[25]~~ years of age, including:

(i) an adopted child or child who is lawfully placed for legal adoption;

(ii) a foster child, stepchild, or other child who is in a regular parent-child relationship; or

(iii) a ~~recognized~~ natural child;

(C) a retiree's ~~recognized~~ natural child, adopted child, foster child, stepchild, or other child who is in a regular parent-child relationship and who lives with or has his or her care provided by the retiree or surviving spouse on a regular basis regardless of the child's age, if the child has a mental disability or is physically incapacitated to an extent that the child is dependent on the retiree or surviving spouse for care or support, as determined by the trustee; or

(D) a deceased active member's ~~recognized~~ natural child, adopted child, foster child, stepchild, or other child who is in a regular parent-child relationship, without regard to the age of the child, if, while the active member was alive, the child:

(i) lived with or had the child's care provided by the active member on a regular basis; and

(ii) had a mental disability or was physically incapacitated to an extent that

No equivalent provision.

the child was dependent on the active member or surviving spouse for care or support, as determined by the trustee.

SECTION 4. Section 1579.004, Insurance Code, is amended to read as follows:

Sec. 1579.004. DEFINITION OF DEPENDENT. In this chapter, "dependent" means:

- (1) a spouse of a full-time employee or part-time employee;
- (2) ~~a [an-unmarried]~~ child of a full-time or part-time employee if the child is younger than 26 ~~[25]~~ years of age, including:
  - (A) an adopted child or child who is lawfully placed for adoption;
  - (B) a foster child, stepchild, or other child who is in a regular parent-child relationship; and
  - (C) a ~~[recognized]~~ natural child;
- (3) a full-time or part-time employee's ~~[recognized]~~ natural child, adopted child, foster child, stepchild, or other child who is in a regular parent-child relationship and who lives with or has his or her care provided by the employee or the surviving spouse on a regular basis, regardless of the child's age, if the child has a mental disability or is physically incapacitated to an extent that the child is dependent on the employee or surviving spouse for care or support, as determined by the board of trustees; and
- (4) notwithstanding any other provision of this code, any other dependent of a full-time or part-time employee specified by rules adopted by the board of trustees.

No equivalent provision.

No equivalent provision.

SECTION 1. Section 824.202, Government Code, is amended by amending Subsections (a), (b), (d), and (d-1) to read as follows:

- (a) ~~A [Except as provided by Subsection (a-4), a]~~ member is eligible to retire and receive a standard service retirement annuity if:
- (1) the member is at least 65 years old and has at least five years of service credit in the retirement system; or
  - (2) the member is at least 62 ~~[60]~~ years old and has at least five ~~[20]~~ years of service credit in the retirement system, and;
  - ~~(3) the member is at least 50 years old and has at least 30 years of service credit in the retirement system; or~~

~~(4)~~ the sum of the member's age and amount of service credit in the retirement system equals the number 80.

(b) This subsection applies only to a person who is not subject to Subsection ~~[(b-1) or]~~ (d) or (d-1). If a member subject to this subsection is at least 55 years old and has at least five years of service credit in the retirement system, the member is eligible to retire and receive a service retirement annuity reduced from the standard service retirement annuity available under Subsection (a)(1), to a percentage derived from the following table:

Age at date of retirement					
55	56	57	58	59	60
61	62	63	64	65	
Percentage of standard annuity receivable					
47%	51%	55%	59%	63%	67%
73%	80%	87%	93%	100%	

(d) This subsection applies only to a person who has at least five years of service credit in the retirement system on or before August 31, 2014 and who retires on or after September 1, 2014 ~~[is not subject to Subsection (d-1)]~~. If the sum of the member's age and amount of service credit in the retirement system equals the number 80, with at least five years of service credit, or if the [a] member ~~[subject to this subsection]~~ has at least 30 ~~[20]~~ years of service credit in the retirement system, the member is eligible to retire regardless of age and receive a service retirement annuity consisting of the standard service retirement annuity available under Subsection (a)(2) ~~[(a)]~~ decreased by two percent for each year of age under 62 years.

~~(d-1) [This subsection applies only to a person who becomes a member of the retirement system on or after September 1, 2007.]~~ If the sum of the member's age and amount of service credit in the retirement system equals the number 80, with at least five years of service credit, or if the member has at least 30 years of service credit in the retirement system, the member is eligible to retire regardless of age and receive a service retirement annuity consisting of ~~[, reduced from]~~ the standard service retirement annuity available under Subsection (a)(2) decreased by five percent for each year of age under 62 years ~~[, to a percentage derived from the following table:~~

<del>Age at date of retirement</del>					
<del>50</del>	<del>51</del>	<del>52</del>	<del>53</del>	<del>54</del>	<del>55</del>

~~56 57 58 59 60~~

~~Minimum years of service credit required~~

~~30 29 28 27 26 25~~

~~24 23 22 21 20~~

~~Percentage of standard annuity receivable~~

~~50% 55% 60% 65% 70% 75%~~

~~80% 85% 90% 95% 100%~~

~~For each year of age under 50 years with 30 years of service credit, the standard service retirement annuity shall be five percent less than the percentage for age 50 with 30 years of service credit].~~

No equivalent provision.

SECTION 2. Subchapter H, Chapter 824, Government Code, is amended by adding Section 824.702 to read as follows:

Sec. 824.702. COST-OF-LIVING ADJUSTMENT. (a) The retirement system shall make a one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity, as provided by this section.

(b) Subject to Subsections (c) and (d), to be eligible for the adjustment, a person must be, on the effective date of the adjustment and disregarding any forfeiture of benefits under Section 824.601, an annuitant eligible to receive:

(1) a standard service or disability retirement annuity payment;

(2) an optional service or disability retirement annuity payment as either a retiree or beneficiary;

(3) an annuity payment under Section 824.402(a)(3) or (4);

(4) an annuity payment under Section 824.502; or

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

(c) If the annuitant:

(1) is a retiree, or is a beneficiary under an optional retirement payment plan, to be eligible for the adjustment under this section:

(A) the annuitant must be living on the effective date of the adjustment; and

(B) the effective date of the retirement of the member of the Teacher Retirement System of Texas must have been on or before August 31, 1994;

(2) is a beneficiary under Section 824.402(a)(3) or (4) or 824.502, to be eligible for the adjustment

(A) the annuitant must be living on the effective date of the adjustment; and

(B) the date of death of the member of the



retirement system must have been on or before August 31, 1994;

(3) is an alternate payee under Section 804.005, the annuitant is eligible for the adjustment only if the effective date of the election to receive the annuity payment was on or before August 31, 1994.

(d) An adjustment made under this section does not apply to payments under:

(1) Section 824.203(d), relating to retirees who receive a standard service retirement annuity in an amount fixed by statute;

(2) Section 824.304(a), relating to disability retirees with less than 10 years of service credit;

(3) Section 824.304(b)(2), relating to disability retirees who receive a disability annuity in an amount fixed by statute;

(4) Section 824.404(a), relating to active member survivor beneficiaries who receive a survivor annuity in an amount fixed by statute;

(5) Section 824.501(a), relating to retiree survivor beneficiaries who receive a survivor annuity in an amount fixed by statute; or

(6) Section 824.804(b), relating to participants in the deferred retirement option plan with regard to payments from their deferred retirement option plan accounts.

(e) An adjustment under this section

(1) must be made beginning with an annuity payable for the month of September 2013; and

(2) is limited to the lesser of:

(A) an amount equal to three percent of the monthly benefit subject to the increase; or

(B) \$100 a month.

(f) The board of trustees shall determine the eligibility for and the amount of any adjustment in monthly annuities in accordance with this section.

No equivalent provision.

SECTION 3. Section 824.807, Government Code, is amended to read as follows:

Sec. 824.807. INTEREST. Interest is creditable to a member's account in the deferred retirement option account at an annual, prorated rate equal to two [~~five~~] percent during the period of participation in the plan and until all benefits are distributed.

No equivalent provision.

SECTION 4. Section 825.307(b), Government Code, is amended to read as follows:

(b) Interest on a member's contribution is

earned monthly and computed at the rate of two ~~[five]~~ percent a year. Except as provided by Subsection (c), interest is computed based on the mean balance in the member's account during that fiscal year and shall be credited on August 31 of each year.

No equivalent provision.

SECTION 5. 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, and before September 1, 2014; and

(6) for service rendered on or after September 1, 2014, the greater of:

(A) 6.4 percent of the member's annual compensation; or

(B) a percent of the member's annual compensation equal to the state contribution rate, except that the member contribution may not exceed 6.9 percent~~[-subject to Subsection (b)].~~

~~[(b) Subject to Subsection (c), the board of trustees may by order require that the rate of contributions for each member of the retirement system under Subsection (a) is increased to not more than 6.58 percent of the member's annual compensation for service rendered after the date of the order if:~~

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

~~(2) the board of trustees finds, as of the time~~

~~the payment is to be made, that after the payment is made the amortization period for the unfunded actuarial liabilities of the retirement system would exceed 30 years by one or more years.~~

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

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

No equivalent provision.

SECTION 6. Section 825.403(a), Government Code, is amended to read as follows:

(a) Each payroll period, each employer shall deduct from the compensation of each member employed by the employer the [an] amount required by Section 825.402 [equal to 6.4 percent of the member's compensation for that period].

No equivalent provision.

SECTION 7. Subchapter E, Chapter 825, Government Code, is amended by adding Section 825.4035 to read as follows:

Sec. 825.4035. EMPLOYER CONTRIBUTIONS FOR CERTAIN EMPLOYED MEMBERS FOR WHOM THE EMPLOYER IS NOT MAKING CONTRIBUTIONS TO THE FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM.

(a) This section:

(1) applies to an employer who reports to the retirement system under Section 825.403 the employment of a member for whom the employer is not making contributions to the federal Old-Age, Survivors, and Disability Insurance (OASDI) program; and

(2) does not apply to an employer that is an institution of higher education.

(b) Except as provided in Subsection (c), for each member the employer reports to the retirement system and for whom the

employer is not making contributions to the OASDI program, the employer shall contribute monthly to the retirement system for each such member an amount equal to one percent of the member's compensation.

(c) If a member is entitled to the minimum salary for certain school personnel under Section 21.402, Education Code, or if a member would have been entitled to the minimum salary for certain school personnel under former Section 16.056, Education Code, as that section existed on January 1, 1995, the employer shall, in addition to any contributions required under Section 825.405, contribute monthly to the retirement system for each such member an amount equal to one percent of the statutory minimum salary determined under Section 825.405(b).

(d) Contributions under this section:

(1) are subject to the requirements of Section 825.408; and

(2) must be used to fund the normal cost of the retirement system.

No equivalent provision.

SECTION 8. Section 1575.158(a), Insurance Code, is amended to read as follows:

(a) Subject to Section 1575.1581, the [The] trustee may, in addition to providing a basic plan, contract for and make available an optional group health benefit plan for retirees, dependents, surviving spouses, or surviving dependent children.

No equivalent provision.

SECTION 9. Chapter 1575, Insurance Code, is amended by adding Section 1575.1581 to read as follows:

Sec. 1575.1581. LIMITATION ON ENROLLMENT IN OPTIONAL GROUP HEALTH BENEFIT PLAN. (a) A service retiree and any dependent of a service retiree are not eligible to participate in an optional group health benefit plan made available under Section 1571.158, unless the retiree:

(1) is at least 62 years of age or older; and

(2) meets the definition of retiree under Section 1575.004(a)(1).

(b) A retiree subject to Subsection (a) may, on the date the retiree reaches 62 years of age, under rules adopted by the trustee:

(1) enroll in any coverage tier under the group program; and

(2) enroll, in the same coverage tier, the retiree's dependents who are enrolled in the group program as of the date the retiree

reaches 62 years of age.

No equivalent provision.

SECTION 10. The following provisions are repealed:

- (a) Sections 824.202(a-1) and (b-1), Government Code; and
- (b) Section 1579.103, Insurance Code.

No equivalent provision.

SECTION 11. (a) Except as provided in this section, the changes in law made by this Act to Section 824.202, Government Code, do not apply to, and the former law is continued in effect for, a person who retires under the Teacher Retirement System of Texas on or after September 1, 2014, and who meets one or more of the following requirements on or before August 31, 2014:

- (1) the person has attained age 50;
- (2) the sum of the person's age and amount of service credit in the retirement system equals 70 or greater; or
- (3) the person has at least 25 years of service credit in the retirement system.

(b) Only service actually credited in the Teacher Retirement System of Texas, the Employees Retirement System of Texas, or a retirement system participating in the proportionate retirement program under Chapter 803, Government Code, on or before August 31, 2014, may be used to determine eligibility under Subsection (a)(2) and (3) of this section. Purchased service credit in the retirement system is:

- (1) not considered actually credited in the retirement system for purposes of Subsection (a)(2) or (3) of this section, as applicable, if the service credit is established only after completion of an installment payment plan under which any installment payment is required to be made after August 31, 2014; and
- (2) considered actually credited in the retirement system for purposes of Subsection (a)(2) or (3) of this section, as applicable, if:
  - (A) payment in full for the purchase of service credit is made by a direct rollover or otherwise on or before August 31, 2014; or
  - (B) payment in full by direct rollover or otherwise is made after August 31, 2014, if:
    - (i) the member's request to purchase service credit occurred on or before August 31, 2014; and
    - (ii) payment to purchase the service credit is made in accordance with uniform administrative requirements, including

payment deadlines, established by the retirement system.

(c) For members who meet the eligibility requirements of Subsection (a) of this section and who otherwise would be subject to Section 824.202(d-1) as it formerly existed before being amended by this Act, instead of the five percent reduction for each year the member is less than age 60, the reduction will be two percent for each year the member is less than age 60.

No equivalent provision.

SECTION 12. Sections 824.807 and 825.307(b), Government Code, as amended by this Act, apply only to interest accrued on or after the effective date of this Act. Interest accrued before the effective date of this Act is governed by the law in effect on the date the interest accrued, and that law is continued in effect for that purpose.

No equivalent provision.

SECTION 13. (a) The change in law made by this Act to Chapter 1575, Insurance Code, does not apply to, and the former law is continued in effect for, a person who takes a service retirement under the Teacher Retirement System of Texas on or after September 1, 2014, and who meets one or more of the following requirements on or before August 31, 2014:

(1) the sum of the person's age and amount of service credit in the retirement system equals 70 or greater; or

(2) the person has at least 25 years of service credit in the retirement system.

(b) Only service actually credited in the Teacher Retirement System of Texas or the Employees Retirement System of Texas, on or before August 31, 2014, may be used to determine eligibility under this section. Purchased service credit in the retirement system is:

(1) not considered actually credited in the retirement system for purposes of this section if the service credit is established only after completion of an installment payment plan under which any installment payment is required to be made after August 31, 2014; and

(2) considered actually credited in the retirement system for purposes of this section if:

(A) payment in full for the purchase of service credit is made by a direct rollover or otherwise on or before August 31, 2014; or

(B) payment in full by direct rollover or otherwise is made after August 31, 2014, if:  
(i) the member's request to purchase service credit occurred on or before August 31, 2014; and  
(ii) payment to purchase the service credit is made in accordance with uniform administrative requirements, including payment deadlines, established by the retirement system.

SECTION 5. This Act takes effect September 1, 2013.

SECTION 14. (a) Except as provided by Subsection (b) of this section, this Act takes effect September 1, 2014.

(b) Section 824.702, Government Code, as added by this Act, and the repeal by this Act of Section 1579.103, Insurance Code, take effect September 1, 2013.