

## **BILL ANALYSIS**

Senate Research Center

S.B. 1436  
By: Paxton  
State Affairs  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Annuity benefits for retired judges are established under Section 834.102(c) (relating to prohibiting the service retirement annuity from being greater than 100 percent of the applicable salary), and Sections 839.102(d) and (f), Government Code. The service retirement annuity of a member qualifying for retirement is 50 percent of the salary of a judge in the same court on which the judge served at retirement plus the product of 2.3 percent multiplied by the number of years of service credit. This 2.3 percent multiplier was increased from 2.0 percent by the 80th Legislature via H.B. 2882 in 2007. If the judge has been out of office for less than a year or served as a visiting judge within the first year after retirement, the annuity is increased by 10 percent.

Currently, the service retirement annuity may not be greater than 90 percent of the salary being paid a judge of a court of the same classification as the court on which the retiree last served before retirement. This 90 percent cap was increased from an 80 percent cap by the 80th Legislature via H.B. 2882 in 2007.

S.B. 1436 specifies that an annuity can not be more than 100 percent of the salary being paid a judge of the court of the same classification as the court on which the retiree last served before retirement. The bill will not change the multiplier for determining the annuity for retired judges in Judicial Retirement System of Texas (JRS) Plan One and JRS Plan Two.

The bill encourages judges to stay on the bench rather than retiring when they are first eligible by raising the maximum annuity amount to 100 percent of a sitting judge's salary. This change will provide a stronger incentive for judges to continue to serve in order to qualify for a higher pension benefit.

The bill will also allow judges to continue to save for their retirement through JRS Plan One and JRS Plan Two instead of having to invest privately once their annuity reaches 90 percent of their salary.

As proposed, S.B. 1436 amends current law relating to the service retirement annuity of certain members of the Judicial Retirement System of Texas Plan One and the Judicial Retirement System of Texas Plan Two.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 834.102(c), Government Code, to prohibit the service retirement annuity under this subsection, after including any increase under Subsection (b) (relating to requiring the retirement system to increase by 10 percent of the applicable state salary amount under Subsection (a) or (c) the annuity of certain members), from being an amount that is greater than 100 percent, rather than 90 percent, of the applicable salary under Subsection (a) (relating to providing that the base service retirement annuity is equal to 50 percent of the present state

salary of a judge of a court of the same classification as the court on which the retiree last served).

SECTION 2. Amends Sections 839.102(d) and (f), Government Code, as follows:

(d) Prohibits the service retirement annuity under this subsection, after including any increase under Subsection (b) (relating to requiring the retirement system to increase by 10 percent of the applicable state salary amount under Subsection (a) or (d) the annuity of certain members), from being an amount that is greater than 100 percent, rather than 90 percent, of the applicable salary under Subsection (a) (relating to providing that the standard service retirement annuity is equal to 50 percent of the present state salary of a judge of a court of the same classification as the court on which the retiree was last appointed or elected).

(f) Prohibits the service retirement annuity under this subsection, after including any increase under Subsection (b), from being an amount that is greater than 100 percent, rather than 90 percent, of the applicable salary under Subsection (a).

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2013.