

By: Kuempel

H.B. No. 766

Substitute the following for H.B. No. 766:

By: Paul

C.S.H.B. No. 766

A BILL TO BE ENTITLED

AN ACT

relating to the restructuring of certain fund accounts of the Texas County and District Retirement System.

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

SECTION 1. Section 842.056, Government Code, is amended to read as follows:

Sec. 842.056. CLASS C. If any assets remain after the transfers are made under Sections 842.054 and 842.055, the retirement system shall make a transfer to the closed subdivision [~~current service~~] annuity reserve fund in an amount computed as necessary to fund the basic and supplemental annuities of the annuitants of the subdivision and a transfer to the individual account of each member of the class eligible to retire in an amount that equals the multiple matching credits and prior service credits of the member. If necessary, the retirement system shall proportionately reduce an individual's total credits or supplemental annuity, as applicable, based on the ratio that the individual's total actuarial equivalent of benefits described by this section bears to the aggregate total actuarial equivalent of all those benefits of the class.

SECTION 2. Section 844.002(b), Government Code, is amended to read as follows:

(b) A basic annuity is an amount payable from the subdivision accumulation [~~current service annuity reserve~~] fund

1 and is actuarially determined from the sum of a member's:

2 (1) accumulated contributions; and

3 (2) current service credit.

4 SECTION 3. Section 844.309(a), Government Code, is amended
5 to read as follows:

6 (a) If a disability retirement is canceled and the
7 retirement annuity terminated under this subchapter, the person
8 automatically resumes membership in the retirement system and the
9 retirement system shall transfer[+]

10 [~~(1)~~] from the subdivision accumulation [~~current~~
11 ~~service annuity reserve~~] fund and credit to the person's individual
12 account in the employees saving fund an amount equal to the amount
13 of accumulated contributions transferred to the subdivision
14 accumulation [~~current service annuity reserve~~] fund at the time of
15 retirement reduced by one percent for each year or part of a year
16 during which disability annuity payments were made[+ and

17 [~~(2) from the current service annuity reserve fund to~~
18 ~~the subdivision accumulation fund an amount equal to the amount~~
19 ~~transferred from the subdivision accumulation fund to the current~~
20 ~~service annuity reserve fund at the time of retirement reduced by~~
21 ~~one percent for each year or part of a year during which disability~~
22 ~~annuity payments were made].~~

23 SECTION 4. Section 844.402, Government Code, is amended by
24 amending Subsection (c) and adding Subsection (d) to read as
25 follows:

26 (c) The benefit provided by this section is payable from the
27 [~~current service annuity reserve fund and the~~] subdivision

1 accumulation fund [~~in the ratio that the parts of the retirement~~
2 ~~annuity that were payable from the funds bear to the entire benefit~~
3 ~~as determined on the effective date of retirement]~~.

4 (d) For plans terminated under Subchapter A-1, Chapter 842,
5 the benefit provided by this section is payable from the closed
6 subdivision annuity reserve fund.

7 SECTION 5. Section 845.305(b), Government Code, is amended
8 to read as follows:

9 (b) All assets of the pension trust of the retirement system
10 shall be credited according to the purpose for which they are held
11 to one of the following funds:

- 12 (1) employees saving fund;
- 13 (2) subdivision accumulation fund;
- 14 (3) closed subdivision [~~current service~~] annuity
15 reserve fund;
- 16 (4) income fund;
- 17 (5) endowment fund; or
- 18 (6) expense fund.

19 SECTION 6. Section 845.307(b), Government Code, is amended
20 to read as follows:

21 (b) Subject to Subsection (c), the retirement system shall
22 pay from the subdivision accumulation fund all payments for
23 annuities and other benefit payments [~~under prior service annuities~~
24 ~~granted before January 1, 1978, and currently in force and all~~
25 ~~payments under supplemental annuities from credits]~~ granted by a
26 participating subdivision. [~~The retirement system shall charge~~
27 ~~payments from the fund to the participating subdivision's account.~~]

1 SECTION 7. Section 845.308, Government Code, is amended to
2 read as follows:

3 Sec. 845.308. CLOSED SUBDIVISION [~~CURRENT SERVICE~~] ANNUITY
4 RESERVE FUND. (a) The retirement system shall deposit and hold in
5 the closed subdivision [~~current service~~] annuity reserve fund all
6 reserves for annuities payable to annuitants who were members of
7 subdivisions that terminated participation with the retirement
8 system under Subchapter A-1, Chapter 842 [+

9 [~~(1) current service annuities in force that were~~
10 ~~granted before January 1, 1978; and~~

11 [~~(2) all basic annuities granted on or after January~~
12 ~~1, 1978]~~.

13 (b) The retirement system shall pay from the closed
14 subdivision [~~current service~~] annuity reserve fund annuities
15 described by Subsection (a) and all benefits in lieu of those
16 annuities as provided by this subtitle.

17 SECTION 8. Section 845.315(a), Government Code, is amended
18 to read as follows:

19 (a) As of December 31 of each year, the board of trustees
20 shall make the following allocations that in the aggregate equal
21 the net investment income or loss for the year:

22 (1) to the closed subdivision [~~current service~~]
23 annuity reserve fund, interest as allowed under this subtitle on
24 the mean amount in the closed subdivision [~~current service~~] annuity
25 reserve fund during that year;

26 (2) to the optional group term life fund, interest as
27 allowed under this subtitle on the mean amount in the optional group

1 term life fund during that year;

2 (3) to the general reserves account of the endowment
3 fund, a positive or negative amount determined by the board;

4 (4) to the employees saving fund, current interest as
5 allowed under this subtitle on the member account balances on
6 January 1 of that year of all persons who are members on December 31
7 of that year;

8 (5) to the accounts of subdivisions, other than
9 subdivisions otherwise described by this section, positive or
10 negative amounts as determined under rules adopted by the board
11 prescribing the allocation methodology for the accounts; and

12 (6) to the accounts of subdivisions to which Section
13 842.052 or 842.053 applies, positive or negative amounts as
14 determined by the board, and if a subdivision terminates
15 participation before December 31 of that year, the board shall
16 determine the allocation amount and transfer date before December
17 31 of that year.

18 SECTION 9. Section 845.316, Government Code, is amended by
19 amending Subsection (a) and adding Subsection (b) to read as
20 follows:

21 (a) When a member retires, the retirement system shall
22 transfer[+]

23 [~~(1)~~] from the employees saving fund to the
24 subdivision accumulation [~~current service annuity reserve~~] fund,
25 the member's accumulated contributions[~~, and~~

26 [~~(2) from the subdivision accumulation fund to the~~
27 ~~current service annuity reserve fund, an amount equal to the~~

1 ~~member's current service credit]~~.

2 (b) When a member retires from a subdivision that has
3 terminated participation with the retirement system under
4 Subchapter A-1, Chapter 842, the retirement system shall transfer
5 the member's individual account to the closed subdivision annuity
6 reserve fund.

7 SECTION 10. (a) Effective January 1, 2017, the current
8 service annuity reserve fund is renamed the closed subdivision
9 annuity reserve fund and consists of the assets and liabilities of
10 each of the respective accounts in the current service annuity
11 reserve fund for each formerly participating subdivision that has
12 terminated participation with the Texas County and District
13 Retirement System under Subchapter A-1, Chapter 842, Government
14 Code.

15 (b) Effective January 1, 2017, the Texas County and District
16 Retirement System shall transfer, if appropriate, the assets and
17 corresponding liabilities of each participating subdivision's
18 accounts in the closed subdivision annuity reserve fund, formerly
19 known as the current service annuity reserve fund, to the
20 appropriate account in the subdivision accumulation fund, as
21 determined by the board of trustees of the retirement system in
22 consultation with the retirement system's actuary.

23 (c) In administering Subtitle F, Title 8, Government Code,
24 as amended by this Act, including crediting interest and conducting
25 the actuarial valuation required under that subtitle, the Texas
26 County and District Retirement System shall make all necessary
27 computations to reflect the transfers of assets and liabilities

1 required by Subsection (b) of this section based on a valuation date
2 of December 31, 2016.

3 SECTION 11. This Act takes effect immediately if it
4 receives a vote of two-thirds of all the members elected to each
5 house, as provided by Section 39, Article III, Texas Constitution.
6 If this Act does not receive the vote necessary for immediate
7 effect, this Act takes effect January 1, 2016.