

By: Lozano

H.B. No. 863

A BILL TO BE ENTITLED

AN ACT

relating to a supplemental payment for retirees of the Teacher Retirement System of Texas and the unfunded actuarial liabilities allowed under that system.

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

SECTION 1. Section 821.006, Government Code, is amended by adding Subsections (c), (d), and (e) to read as follows:

(c) Notwithstanding Subsections (a) and (b), the retirement system may provide a one-time supplemental payment to an annuitant eligible to receive:

(1) a standard retirement annuity payment;

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

(3) a life annuity payment under Section 824.402(a)(4);

(4) an annuity for a guaranteed period of 60 months under Section 824.402(a)(3); or

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

(d) A one-time supplemental payment under Subsection (c) is authorized, even if the amortization period for the unfunded actuarial liabilities of the retirement system exceeds 30 years by one or more years, only if the board of trustees determines that at the time of the supplemental payment the payment can be made while

1 preserving the ability of the retirement system to meet at least 80
2 percent of the system's pension obligations.

3 (e) The funding for a supplemental payment under Subsection
4 (c) must come from the earnings the retirement system makes on its
5 investments as provided by this subsection. A supplemental payment
6 may be made at any time during the period beginning on September 1
7 and ending on December 31 only if, during the preceding fiscal year,
8 the return on investments, as provided by the actuarial valuation
9 on August 31 of that year, exceeds eight percent by an amount
10 sufficient to pay for the supplemental payment. Subsections (c)
11 and (d) and this subsection expire January 1, 2018.

12 SECTION 2. (a) The Teacher Retirement System of Texas shall
13 make a one-time supplemental payment of a retirement or death
14 benefit, as provided by Section 821.006, Government Code, as
15 amended by this Act, and this section.

16 (b) The supplemental payment is payable not later than
17 December 31, 2017, and, to the extent practicable, on a date or
18 dates that coincide with the regular annuity payment payable to
19 each eligible annuitant.

20 (c) The amount of the supplemental payment is equal to the
21 lesser of:

22 (1) the gross amount of the regular annuity payment to
23 which the eligible annuitant is otherwise entitled for the month of
24 August 2015; or

25 (2) \$2,400.

26 (d) The supplemental payment is payable without regard to
27 any forfeiture of benefits under Section 824.601, Government Code.

1 The Teacher Retirement System of Texas shall make applicable tax
2 withholding and other legally required deductions before
3 disbursing the supplemental payment. A supplemental payment under
4 this section is in addition to and not in lieu of the regular
5 monthly annuity payment to which the eligible annuitant is
6 otherwise entitled.

7 (e) Subject to Subsection (f) of this section, to be
8 eligible for the supplemental payment, a person must be, for the
9 month of August 2015, and disregarding any forfeiture of benefits
10 under Section 824.601, Government Code, an annuitant eligible to
11 receive:

12 (1) a standard retirement annuity payment;

13 (2) an optional retirement annuity payment as either a
14 retiree or beneficiary;

15 (3) a life annuity payment under Section
16 824.402(a)(4), Government Code;

17 (4) an annuity for a guaranteed period of 60 months
18 under Section 824.402(a)(3), Government Code; or

19 (5) an alternate payee annuity payment under Section
20 804.005, Government Code.

21 (f) If the annuitant is a retiree or a beneficiary under an
22 optional retirement payment plan, to be eligible for the
23 supplemental payment, the effective date of the retirement of the
24 member of the Teacher Retirement System of Texas must have been on
25 or before December 31, 2012. If the annuitant is a beneficiary
26 under Section 824.402(a)(3) or (4), Government Code, to be eligible
27 for the supplemental payment, the date of death of the member of the

1 retirement system must have been on or before December 31, 2012.
2 The supplemental payment shall be made to an alternate payee who is
3 an annuitant under Section 804.005, Government Code, only if the
4 annuity payment to the alternate payee commenced on or before
5 December 31, 2012. The supplemental payment is in addition to the
6 guaranteed number of payments under Section 824.402(a)(3),
7 824.204(c)(3) or (4), or 824.308(c)(3) or (4), Government Code, and
8 may not be counted as one of the guaranteed monthly payments.

9 (g) The supplemental payment does not apply to payments
10 under:

11 (1) Section 824.304(a), Government Code, relating to
12 disability retirees with less than 10 years of service credit;

13 (2) Section 824.804(b), Government Code, relating to
14 participants in the deferred retirement option plan with regard to
15 payments from their deferred retirement option plan accounts;

16 (3) Section 824.501(a), Government Code, relating to
17 retiree survivor beneficiaries who receive a survivor annuity in an
18 amount fixed by statute; or

19 (4) Section 824.404(a), Government Code, relating to
20 active member survivor beneficiaries who receive a survivor annuity
21 in an amount fixed by statute.

22 (h) Except as provided by this section, the board of
23 trustees of the Teacher Retirement System of Texas shall determine
24 the eligibility for and the amount and timing of a supplemental
25 payment and the manner in which the payment is made.

26 SECTION 3. This Act takes effect September 1, 2015.