

1-1 By: Huffman S.B. No. 463
 1-2 (In the Senate - Filed February 5, 2015; February 10, 2015,
 1-3 read first time and referred to Committee on State Affairs;
 1-4 March 16, 2015, reported favorably by the following vote: Yeas 9,
 1-5 Nays 0; March 16, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Huffman	X			
1-8 Ellis	X			
1-9 Birdwell	X			
1-10 Creighton	X			
1-11 Estes	X			
1-12 Fraser	X			
1-13 Nelson	X			
1-14 Schwertner	X			
1-15 Zaffirini	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the restructuring of certain fund accounts of the Texas
 1-20 County and District Retirement System.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 842.056, Government Code, is amended to
 1-23 read as follows:

1-24 Sec. 842.056. CLASS C. If any assets remain after the
 1-25 transfers are made under Sections 842.054 and 842.055, the
 1-26 retirement system shall make a transfer to the closed subdivision
 1-27 [~~current service~~] annuity reserve fund in an amount computed as
 1-28 necessary to fund the basic and supplemental annuities of the
 1-29 annuitants of the subdivision and a transfer to the individual
 1-30 account of each member of the class eligible to retire in an amount
 1-31 that equals the multiple matching credits and prior service credits
 1-32 of the member. If necessary, the retirement system shall
 1-33 proportionately reduce an individual's total credits or
 1-34 supplemental annuity, as applicable, based on the ratio that the
 1-35 individual's total actuarial equivalent of benefits described by
 1-36 this section bears to the aggregate total actuarial equivalent of
 1-37 all those benefits of the class.

1-38 SECTION 2. Section 844.002(b), Government Code, is amended
 1-39 to read as follows:

1-40 (b) A basic annuity is an amount payable from the
 1-41 subdivision accumulation [~~current service annuity reserve~~] fund
 1-42 and is actuarially determined from the sum of a member's:

- 1-43 (1) accumulated contributions; and
- 1-44 (2) current service credit.

1-45 SECTION 3. Section 844.309(a), Government Code, is amended
 1-46 to read as follows:

1-47 (a) If a disability retirement is canceled and the
 1-48 retirement annuity terminated under this subchapter, the person
 1-49 automatically resumes membership in the retirement system and the
 1-50 retirement system shall transfer[+]

1-51 [~~(1)~~] from the subdivision accumulation [~~current~~
 1-52 ~~service annuity reserve~~] fund and credit to the person's individual
 1-53 account in the employees saving fund an amount equal to the amount
 1-54 of accumulated contributions transferred to the subdivision
 1-55 accumulation [~~current service annuity reserve~~] fund at the time of
 1-56 retirement reduced by one percent for each year or part of a year
 1-57 during which disability annuity payments were made[+, and

1-58 [~~(2)~~] from the ~~current service annuity reserve fund to~~
 1-59 ~~the subdivision accumulation fund an amount equal to the amount~~
 1-60 ~~transferred from the subdivision accumulation fund to the current~~
 1-61 ~~service annuity reserve fund at the time of retirement reduced by~~

2-1 ~~one percent for each year or part of a year during which disability~~
 2-2 ~~annuity payments were made].~~

2-3 SECTION 4. Section 844.402, Government Code, is amended by
 2-4 amending Subsection (c) and adding Subsection (d) to read as
 2-5 follows:

2-6 (c) The benefit provided by this section is payable from the
 2-7 ~~[current service annuity reserve fund and the]~~ subdivision
 2-8 accumulation fund ~~[in the ratio that the parts of the retirement~~
 2-9 ~~annuity that were payable from the funds bear to the entire benefit~~
 2-10 ~~as determined on the effective date of retirement].~~

2-11 (d) For plans terminated under Subchapter A-1, Chapter 842,
 2-12 the benefit provided by this section is payable from the closed
 2-13 subdivision annuity reserve fund.

2-14 SECTION 5. Section 845.305(b), Government Code, is amended
 2-15 to read as follows:

2-16 (b) All assets of the pension trust of the retirement system
 2-17 shall be credited according to the purpose for which they are held
 2-18 to one of the following funds:

- 2-19 (1) employees saving fund;
 2-20 (2) subdivision accumulation fund;
 2-21 (3) closed subdivision ~~[current service]~~ annuity
 2-22 reserve fund;
 2-23 (4) income fund;
 2-24 (5) endowment fund; or
 2-25 (6) expense fund.

2-26 SECTION 6. Section 845.307(b), Government Code, is amended
 2-27 to read as follows:

2-28 (b) Subject to Subsection (c), the retirement system shall
 2-29 pay from the subdivision accumulation fund all payments for
 2-30 annuities and other benefit payments [under prior service annuities
 2-31 granted before January 1, 1978, and currently in force and all
 2-32 payments under supplemental annuities from credits] granted by a
 2-33 participating subdivision. [The retirement system shall charge
 2-34 payments from the fund to the participating subdivision's account.]

2-35 SECTION 7. Section 845.308, Government Code, is amended to
 2-36 read as follows:

2-37 Sec. 845.308. CLOSED SUBDIVISION [CURRENT SERVICE] ANNUITY
 2-38 RESERVE FUND. (a) The retirement system shall deposit and hold in
 2-39 the closed subdivision [current service] annuity reserve fund all
 2-40 reserves for annuities payable to annuitants who were members of
 2-41 subdivisions that terminated participation with the retirement
 2-42 system under Subchapter A-1, Chapter 842[+]

2-43 ~~[(1) current service annuities in force that were~~
 2-44 ~~granted before January 1, 1978, and~~

2-45 ~~[(2) all basic annuities granted on or after January~~
 2-46 ~~1, 1978].~~

2-47 (b) The retirement system shall pay from the closed
 2-48 subdivision [current service] annuity reserve fund annuities
 2-49 described by Subsection (a) and all benefits in lieu of those
 2-50 annuities as provided by this subtitle.

2-51 SECTION 8. Section 845.315(a), Government Code, is amended
 2-52 to read as follows:

2-53 (a) As of December 31 of each year, the board of trustees
 2-54 shall make the following allocations that in the aggregate equal
 2-55 the net investment income or loss for the year:

2-56 (1) to the closed subdivision [current service]
 2-57 annuity reserve fund, interest as allowed under this subtitle on
 2-58 the mean amount in the closed subdivision [current service] annuity
 2-59 reserve fund during that year;

2-60 (2) to the optional group term life fund, interest as
 2-61 allowed under this subtitle on the mean amount in the optional group
 2-62 term life fund during that year;

2-63 (3) to the general reserves account of the endowment
 2-64 fund, a positive or negative amount determined by the board;

2-65 (4) to the employees saving fund, current interest as
 2-66 allowed under this subtitle on the member account balances on
 2-67 January 1 of that year of all persons who are members on December 31
 2-68 of that year;

2-69 (5) to the accounts of subdivisions, other than

3-1 subdivisions otherwise described by this section, positive or
3-2 negative amounts as determined under rules adopted by the board
3-3 prescribing the allocation methodology for the accounts; and

3-4 (6) to the accounts of subdivisions to which Section
3-5 842.052 or 842.053 applies, positive or negative amounts as
3-6 determined by the board, and if a subdivision terminates
3-7 participation before December 31 of that year, the board shall
3-8 determine the allocation amount and transfer date before December
3-9 31 of that year.

3-10 SECTION 9. Section 845.316, Government Code, is amended by
3-11 amending Subsection (a) and adding Subsection (b) to read as
3-12 follows:

3-13 (a) When a member retires, the retirement system shall
3-14 transfer[+]

3-15 [~~(1)~~] from the employees saving fund to the
3-16 subdivision accumulation [~~current service annuity reserve~~] fund,
3-17 the member's accumulated contributions[+, and

3-18 [~~(2)~~ from the subdivision accumulation fund to the
3-19 current service annuity reserve fund, an amount equal to the
3-20 member's current service credit].

3-21 (b) When a member retires from a subdivision that has
3-22 terminated participation with the retirement system under
3-23 Subchapter A-1, Chapter 842, the retirement system shall transfer
3-24 the member's individual account to the closed subdivision annuity
3-25 reserve fund.

3-26 SECTION 10. (a) Effective January 1, 2017, the current
3-27 service annuity reserve fund is renamed the closed subdivision
3-28 annuity reserve fund and consists of the assets and liabilities of
3-29 each of the respective accounts in the current service annuity
3-30 reserve fund for each formerly participating subdivision that has
3-31 terminated participation with the Texas County and District
3-32 Retirement System under Subchapter A-1, Chapter 842, Government
3-33 Code.

3-34 (b) Effective January 1, 2017, the Texas County and District
3-35 Retirement System shall transfer, if appropriate, the assets and
3-36 corresponding liabilities of each participating subdivision's
3-37 accounts in the closed subdivision annuity reserve fund, formerly
3-38 known as the current service annuity reserve fund, to the
3-39 appropriate account in the subdivision accumulation fund, as
3-40 determined by the board of trustees of the retirement system in
3-41 consultation with the retirement system's actuary.

3-42 (c) In administering Subtitle F, Title 8, Government Code,
3-43 as amended by this Act, including crediting interest and conducting
3-44 the actuarial valuation required under that subtitle, the Texas
3-45 County and District Retirement System shall make all necessary
3-46 computations to reflect the transfers of assets and liabilities
3-47 required by Subsection (b) of this section based on a valuation date
3-48 of December 31, 2016.

3-49 SECTION 11. This Act takes effect immediately if it
3-50 receives a vote of two-thirds of all the members elected to each
3-51 house, as provided by Section 39, Article III, Texas Constitution.
3-52 If this Act does not receive the vote necessary for immediate
3-53 effect, this Act takes effect January 1, 2016.

3-54 * * * * *